제5회 ODA 서울 국제컨퍼런스

The 5th Seoul ODA International Conference

한국의 개발경험과 효과적인 국제개발협력

Making International Development Cooperation Effective: Lessons from the Korean Development Experience

2011. 10. 13(목), 09:00~18:00 연세대학교 동문회관

Oct. 13(Thu), 2011, 09:00~18:00 Alumni Assoc. Bldg., Yonsei Uni.

결과보고서



제5회 ODA 서울 국제컨퍼런스

-결과 보고서-

2011. 11

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The 5th Seoul ODA International Conference

I. 기본사항

1. 행사개요
2. 참가자
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4. 개최 배경
5. 발표자 및 패널 주요 이력
6. 주요 내용

I. 기본사항

1. 행사개요

❑ 행사명 : 제 5 회 ODA 서울 국제컨퍼런스
The 5th Seoul ODA International Conference

❑ 행사주제 : 한국의 개발경험과 효과적인 국제개발 협력
(Making International Development Cooperation Effective : Lessons from the Korean Development Experience)

❑ 일시 및 장소 : 2011. 10. 13(목) 09:00~18:00, 연세대학교 동문회관

❑ 추진기관 : 한국국제협력단, 유엔사회개발연구소 공동주관
외교통상부, 부산세계개발원조총회(HLF-4) 준비기획단 후원

2. 참가자

❑ 기관 별 분류

구분	인원
학생	105 명
정부기관 및 국제기구	85 명
협회 및 재단	33 명
연사, 패널 및 사회자	32 명
기업인	28 명
대사 및 공관	27 명
교수	14 명
기자	1 명
기타 (무직, 미기입 등)	8 명
계	333 명

❑ 등록시기 별 분류

구분	일반	VIP	계
사전 등록	155 명	26 명	181 명
현장 등록	106 명	14 명	120 명
연사, 패널 및 사회자	21 명	11 명	32 명
계	282 명	51 명	333 명

3. 프로그램

	시간	프로그램
등록	08:30-09:00	참가자 등록
개회식	09:00-09:30	• 개회사 : 박대원 한국국제협력단 이사장 • 축 사 : 홍성화 부산세계개발원조총회 준비기획단 단장 • 기조연설 : Thandika Mkandawire 영국 London School Economics 교수
	09:30-09:40	휴식

Ⅰ. 한국의 개발 경험의 시사점 (Conference Hall Ⅰ)

• 사회 : 이일청 (유엔사회개발연구소 연구조정관)

Ⅰ세션 09:40-12:40 Conference Hall Ⅰ	09:40-09:50	**연구 개관 및 개발효과성에의 함의** • 이일청 (유엔사회개발연구소 연구조정관)
	09:50-10:10	**사회정책과 한국의 개발: 탐색** • Thandika Mkandawire (영국 London School of Economics 교수)
	10:10-10:30	**한국의 개발경험과 역량 강화 개발국가로의 21 세기적 전환** • Peter B. Evans (미국 University of California, Berkeley 교수)
	10:30-10:40	휴식
	10:40-11:00	**국내시장의 강화: 한국개발에의 새로운 접근** • Alice H. Amsden (미국 M.I.T 교수)
	11:00-11:15	**개발협력효과성 관점에서 본 한국의 경험** • 이일청 (유엔사회개발연구소 연구조정관), • Olive Cocoman (유엔사회개발연구소 연구원) • 정유아 (한국국제협력단 ODA 연구실 팀장) • 이현주 (한국국제협력단 상임연구원)
	11:15-11:30	**한국의 수원 경험과 부산 세계 총회에의 함의** • 정유아 (한국국제협력단 ODA 연구실 팀장) • 이현주 (한국국제협력단 상임연구원)
	11:30-12:10	**패널 토론** • Sebastian Rovira (유엔 라틴 아메리카 카리브 경제 위원회 연구원) • Frederick Golooba-Mutebi (우간다 Makerere University 교수) • 홍상희 (외교통상부 서기관)
	12:10-12:40	질의 응답
오찬	12:40-14:10	오찬

Ⅱ-1. 한국 사회보호 정책의 변화와 발전 (Conference Hall Ⅱ)

• 사회 : 손혁상 (경희대학교 공공대학원 교수)

Ⅱ-1 세션 14:10-16:50 Conference Hall Ⅱ	14:10-14:30	**사회복지체제와 산업화 - 한국의 사례 연구** • 이주하 (동국대학교 교수)
	14:30-14:50	**사회정책과 개발관점에서의 그 전환적 역할: 한국개발경험으로부터의 교훈** • 정무권 (연세대학교 교수)
	14:50-15:10	**한국 경제 위기에 대한 사회정책적 대응의 변화와 지속성: 1978~81 년과 1997~98 년** • 양재진 (연세대학교 행정학과 교수)
	15:10-15:20	휴식
	15:20-15:40	**사회 서비스의 발전: 한국의 교육 및 보건 정책** • 이일청 (유엔사회개발연구소 연구조정관)
	15:40-16:20	**패널토론** • Chee-khoon Chan (말레이시아 University of Malaysia 교수) • 우명숙 (중앙대학교 사회학연구소 전임연구원) • Peter B. Evans (미국 University of California, Berkeley 교수)
	16:20-16:50	질의 응답

Ⅱ-2. 한국의 개발에서 국내외적 요인과 분야별 개발 경험 (Conference Hall Ⅰ)

• 사회 : Kelechi A. Kalu (미국 The Ohio State University 교수)

Ⅱ-2 세션 14:10-17:10 Conference Hall Ⅰ	14:10-14:30	**한국의 개발 연합: 기업,노동,정부** • 김은미 (이화여자대학교 국제대학원 원장)
	14:30-14:50	**새마을 운동, 그 역사와 현재** • Michael Douglass (미국 University of Hawaii 교수)
	14:50-15:10	**개발 촉진적 국제 원조 기술 전파의 자국화 과정: 한국의 개발 경험** • 김태균 (이화여자대학교 행정학과 교수)
	15:10-15:20	휴식
	15:20-15:40	**한국의 개발과 젠더** • 이진옥 (서강대학교 사회과학연구소 상임연구원)
	15:40-16:00	**환경 변화에 대한 한국의 대응: 녹색 성장의 기원과 발전 동인, 개발에 대한 영향** • Manohar Pawar (호주 Charles Sturt University 교수) • 허태욱 (한국 NGO 학회 사무국장)
	16:00-16:50	**패널토론** • Sebastian Rovira (유엔 라틴 아메리카 카리브 경제 위원회 연구원) • 허 장 (한국농촌경제연구원 글로벌협력연구본부 국제농업협력팀장) • 임원혁 (한국개발연구원 개발연구실장) • 김은경 (한국여성정책연구원 국제개발협력팀장) • 임소영 (한국국제협력단 연구관)
	16:50-17:10	질의 응답

Ⅲ. 종합 정리 (Conference Hall Ⅰ)

• 사회 : 장현식 (한국국제협력단 이사)

종합정리 Conference Hall Ⅰ	17:10-17:30	**종합 정리** • 박은하 (외교부 개발협력국장) • Thandika Mkandawire (영국 London School of Economics 교수) • Peter B. Evans (미국 University of California, Berkeley 교수) • Alice H. Amsden (미국 M.I.T 교수)

4. 개최 배경

❑ 2000 년 새천년개발목표(MDGs) 채택을 시작으로 국제사회는 2005 년 파리선언, 2008 년 아크라 행동계획에 이르기까지 개발협력을 위한 공동의 목표와 이행체계를 설정하여, 개발도상국의 빈곤퇴치와 보다 효율적인 개발협력을 위해 많은 노력을 해 왔음. 그러나 신흥공여국의 등장, 민간 개발원조의 확대, 해외직접투자의 증가 등 개발 재원의 다양화와 함께 글로벌 경제위기, 식량위기, 기후변화 같은 세계 정치경제의 불안 요소들은 개발협력 환경을 크게 변화시키고 있으며, 이로 인해 현재의 원조 효과성 패러다임을 넘어서는 새로운 개발 협력 패러다임의 필요성이 대두되고 있음.

❑ 이에 유엔 사회개발연구소(UNRISD)와 함께 과거 수원국이던 한국이 단기간에 경제, 사회, 정치적 발전을 이루어낸 경험을 종합적으로 연구하여, 개발효과성에 대한 실증적 함의를 국제사회에 제시하고 한국의 개발 경험이 원조효과성 및 개발효과성에 주는 시사점을 논의하고자 제 5 회 ODA 서울 국제컨퍼런스가 개최됨.

❑ 또한 한국 개발 경험이 개발도상국의 경제, 사회, 정치 발전에 기여할 수 있는 정책적 시사점을 종합적으로 토론하고, 국제 개발협력 분야의 최대, 최고위급 회의인 HLF-4 에 앞서 바람직한 국제개발협력 방향을 모색하기 위하여 본 컨퍼런스가 개최됨.

5. 발표자 및 패널 주요 이력

❑ Opening Ceremony



박대원, 한국국제협력단 이사장

1974 년 외무부에 입부하여 주제네바 유엔대표부 참사관, 토론토 총영사, 주알제리 대사 등 다양한 외교경력을 쌓아왔다. 현재 한국 국제협력단 이사장으로 재직 중이다.



홍성화, 부산 세계개발원조총회 준비기획단장

1979년 외무부에 입부하여 주칠레 대사관 공사 참사관, 산업자원통상협력기획관, 외교통상부 도하개발아젠다 협상담당대사, 전 주콜롬비아 대사로 근무하면서 활발한 외교활동을 해왔다. 지금은 부산 세계개발원조총회 준비 전반을 책임지고 있다.



탄디카 므칸다위레, 영국 런던 정경대학교 교수

스톡홀롬 대학교, 짐바브웨 대학교의 교수, 덴마크 코펜하겐 개발연구센터의 연구위원과 유엔사회개발연구소장를 거쳐 현재 영국 런던 정경대학의 아프리카학 석좌교수로 재직 중이다. 유엔사회개발연구소 재직시 개발의 다양한 대안을 제시, 혁신적인 사회개발의 패러다임을 제시하고 설정하는데 주도적인 역할을 하였다.

❑ Session Ⅰ



이일청, 유엔사회개발연구소 연구조정관

말레이시아 말라야 대학교, 일본 큐슈대학교 교수를 거쳐 현재 유엔사회개발연구소 사회 정책과 발전 분야 연구조정관으로 재직 중이다. 주요 연구 분야는 빈곤, 사회 정책, 노동정책, 경제의 역사적 분석, 사회 개발 과정 등이다.



피터 에반스, 미국 캘리포니아 버클리 대학교 교수

캘리포니아 대학교 Sociology and Marjorie Meyer Eliaser 대학원 교수로 재직 중이며 브라운대학교 왓슨 국제학 연구소의 상임연구원이다. UNRISD의 이사, Effective States and Inclusive Development Research Centre의 자문위원 으로 활동하고 있다. 하버드에서 학사, 석사, 박사 학위를 취득하였으며 옥스퍼드,대학에서 석사학위를 취득하였다. 현재는 세계노동운동의 역할에 초점을 맞춰 국가와 "counter-hegemonic globalization"의 역할에 대해 연구하고 있다.



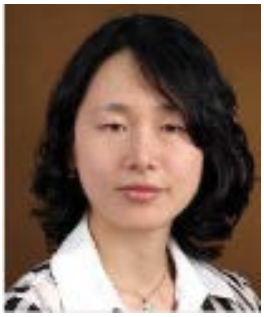
앨리스 암스덴, 미국 메사추세츠 공과대학교 교수

현재 M.I.T. 도시연구개발학과의 정치경제학 교수로 재직 중이며, MIT Center for International Studies의 연구원을 겸임하고 있다. 또한 세계은행, OECD를 비롯하여 다양한 유엔기구에서 근무한 바 있다.



올리브 코코만, 유엔 사회개발연구소 연구원

유엔 사회개발연구소의 사회정책과 발전 프로그램 분야의 연구원으로 재직 중이다. 영국 University College London에서 석사학위를 취득하고 영국 Bristol 대학에서 박사과정을 수료했다. 여러 아시아 국가의 교육 프로젝트 개발에 참여해오고 있다.



정유아, 한국국제협력단 ODA연구실 팀장

현재 KOICA ODA연구실 팀장으로 재직 중이며, 2000년부터 KOICA 에서 개발협력전문가로 일해 왔다. 주요 연구 분야는 원조효과성 및 공여국 원조시스템 비교 등이다.



이현주, 한국국제협력단 ODA연구실 상임연구원

프랑스 파리 5대학에서 국제관계학 석사를 취득한 후 유니세프 컨설턴트와 유엔군축연구소 연구원을 역임하였다. 현재 KOICA ODA연구실 상임연구원으로 근무하며 원조효과성 및 개발효과성 연구를 담당하고 있다.



세바스챤 로비라, 유엔 라틴 아메리카 카리브 경제 위원회 연구원

현재 유엔 라틴 아메리카 카리브 경제 위원회의 Production, Productivity and Management 부서의 연구원으로 재직하고 있다. 주요 연구 분야는 비교적 관점에서 본 아시아와 라틴 아메리카의 혁신과 산업발전이다.



프레데릭 골루바-무테비, 우간다 마케레레 대학교 사회학연구소 상임연구원

우간다 Makerere 대학 사회학연구소에서 상임연구원으로 재직 하고 있으며 우간다, 르완다, 남부 수단, 남아프리카 공화국등에서 활발한 연구 활동을 해왔다. 또한 정치, 보건, 지방정부, 빈곤, 난민 등과 같은 이슈들에 대해 많은 저술을 하였다.



홍상희, 외교통상부 개발정책과 2등 서기관

2006년 외무부에 입부하여 현재 개발정책과 2등서기관으로 부산 세계개발원조총회 준비를 담당하고 있다. 외교부 이전에는 한국개발연구원 주임연구원으로 근무하였고, 미국 터프츠 대학교에서 개발경제학 석사를 받았다.

❑ Session Ⅱ-1



손혁상, 경희대학교 국제개발협력연구센터장/공공대학원교수

미국 펜실베니아대학교에서 정치학 석사·박사과정 수료 후 경희대학교에서 정치학 박사학위를 취득했다. 한국정치학회 편집이사와 국제정치학회 글로벌거버넌스위원장 등을 엮임하고, 현재 한국반부패정책학회 법제이사, 한국국제개발협력학회 총무위원장, KoFID(한국국제개발협력 시민사회포럼) 운영위원, Open Forum GFG(Global Facilitating Group)위원, KOICA 자문위원/민관협력 전문위원으로 활동하고 있다.



이주하, 동국대학교 교수

현재 동국대학교 행정학과 교수로 재직하고 있으며 관심 연구분야는 복지정치, 정책집행, 비교사회정책, 거버넌스 등이다. 영국 Oxford 대학에서 사회정책학 박사학위를 취득하였다.



정무권, 연세대학교 교수

연세대학교 원주캠퍼스 행정학과 교수로 재직하고 있으며 연세대학교 학부, 석사에서 행정학을 전공하고 미국 Indiana 대학에서 정치학 박사를 받았다. 주요 연구 분야는 복지국가, 사회정책, 비교정책, 행정학, 국가론이며 현재 한국사회정책학회 회장직을 맡고 있다.



양재진, 연세대학교 행정학과 교수

연세대학교 행정학과 교수로 재직 중이며 미국 릿거스대학교에서 정치학 박사학위를 받았다. 주요 연구 분야는 복지국가론, 사회정책과 비교정치경제학이며 한국행정학회 연구이사, 한국정치학회보, 한국행정학보, 사회보장연구 등의 편집위원을 역임했다.



치쿤찬, 말라야 대학교 보건 정책 연구원

하버드 대학교에서 박사 학위를 받았으며, 현재 Malaya 대학Department of Social & Preventive Medicine의 보건 정책 연구원이다.관심 연구 분야는 과도기의 보건 시스템, 보건 사회 정책, 환경과 개발, 신종 및 재발 전염병이다.



우명숙, 중앙대학교 중앙사회학연구소 전임연구원

중앙대학교 중앙사회학연구소 연구원으로 활동하고 있으며, 서울대학교 사회학 석사학위와 미국 브라운 대학교 박사학위를 받았다. 주요연구 관심은 복지 국가와 사회정책, 노동복지정책, 여성노동정책 등에 있다.

❑ Session Ⅱ-2



켈러치 깔루, 미국 오하이오주립대학교 교수

국제정치, 분쟁, 분쟁해결 및 제3세계, 특히 아프리카 개발분야 전문가이며, 사우스웨스턴 사회과학협회 국제학분야 회장을 역임한 바 있다. 현재 한국국제교류재단의 초청 학자로 한국을 방문하여 이화여대 국제대학원에서 연구 활동 중이다.



김은미, 이화여자대학교 국제대학원 원장

1997년부터 현재까지 이화여자대학교 국제대학원의 원장 및 교수로 재직중이다. 또한 현재 이화여자대학교의 국제개발협력연구원의 원장으로, WCU 연구과제, "국제개발협력의 효율성에 대한 국제사례비교 연구" 과제책임자이며 국무총리실 산하 국제개발협력위원회 민간위원으로 활동
하고 있다.



마이클 더글라스, 미국 하와이 대학교 교수

하와이 대학교 도시계획학과의 학과장을 거쳐 현재 동대학교 세계화연구원의 원장이자 교수로 재직 중이다. UCLA 도시계획 박사학위를 취득했으며 네덜란드 Institute of Social Studies과 영국의 이스트앵글리아 대학에서 교편을 잡았다. 아시아의 다양한 연구 계획 프로젝트에 참여하였으며 아시아의 여러 중앙, 지방정부 및 국제개발 에이전시의 컨설턴트 일을 맡아왔다..



김태균, 이화여자대학교 행정학과 교수

옥스포드 대학교에서 사회정책학 박사학위를 취득하였으며 현재 존스홉킨스대학 국제정치대학원(SAIS)에서 별도의 박사학위를 수료하고 이화여자대학교 행정학과 교수로 재직하고 있다. 연구 분야는 비교사회정책, 국가-사회관계, 국제개발 등이며, 관련 분야 다수의 논문을 집필하였다.



이진옥, 서강대학교 사회과학연구소 상임연구원

영국 서섹스대학에서 젠더와 개발 분야 석사를 영국 워릭대학에서 Global Restructuring and Gender Politics in South Korea 이라는 논문으로 정치학 박사를 취득하였다. 현재 서강대학교 사회과학연구소 상임연구원으로 활동 중이다.



마노하 파와르, 찰스 스튜어트 대학교 교수

오스트레일리아 Charles Sturt University 대학 교수로 재직하고 있으며, International Consortium for Social Development의 아시아 태평양 사무소의 소장을 맡다. 주요 연구 분야는 국제 사회 개발, 사회학과 사회정책, 사회적 관점에서의 기후변화와 물, NGOs와 지역 개발 등이며 저서에는 Community Development in Asia and the Pacific 와 Social Devleopment 등이 있다.



허태욱, (사)한국NGO학회 사무국장/단국대학교 행정학과 외래강사

2011년에 브리스톨 대학교에서 사회정책학 박사학위를 취득하였으며, 현재 (사)한국NGO학회 사무국장, 단국대학교 행정학과 외래강사로 재직하고 있다. 서울시정개발연구원 및 (대통령자문)국가균형발전위원회 연구원으로 일했으며, 영국외무성장학생으로 선발되었다. 연구 분야는 거버넌스, 시민참여, 지속가능발전 및 환경 정책, 지방자치/분권 등이다.



허 장, 한국농촌경제연구원 글로벌협력연구본부 국제농업협력팀장

1985년부터 한국농촌경제연구원의 연구원으로 근무해왔으며, 베트남, 캄보디아 등 주로 아시아 저개발국의 농업·농촌 발전을 지원하는 여러 국제협력 프로젝트를 수행했다.



임원혁, 한국개발연구원 개발연구실장

미국 스탠퍼드 대학교 사학/물리학과를 졸업하고 같은 대학에서 경제학 박사학위를 취득하였다. 1996년부터 한국개발연구원(KDI) 연구위원으로 재직하고 있으며, 현재 국제개발협력센터 개발연구실장을 맡고 있다. 대통령직 인수위원회, 동북아위원회, 브루킹스연구소와 세계은행에서 근무한 바 있다.



김은경, 한국여성정책연구원 국제개발협력팀장

한국여성정책연구원에서 국제개발협력팀장으로 일하고 있으면서 한국 국제개발협력학회 이사로 활동하고 있다. 2005년 연세대학교에서 정치학 박사학위를 취득했으며, 2003년 일년간 풀브라이트 교환교수로 미국 럿거스대학 의 여성연구소에 있었다. 주요 관심분야는 여성의 정치세력화 및 의사결정 참여, 정부와 시민사회와의 거버넌스 등이다.



임소영, 한국국제협력단 연구관

서울대학교에서 공학 박사학위를 취득하고, 2008년 11월부터 한국국제협력단에서 환경과 기후변화 업무를 담당하고 있다. 주요 연구 분야는 저탄소에너지 및 저탄소 도시, 개도국 온실가스 감축 지원 등이다.

❑ Wrap-up Session



장현식, 한국국제협력단 이사

펜실베니아 주립대학에서 정치학 박사학위를 취득하였다. OECD 개발원조위원회 사무국에 근무한 바 있으며, 한국국제협력단 중국사무소장, 정책연구실장을 거쳐 2008년 6월부터 한국국제협력단 이사직을 맡고 있다.



박은하, 외교통상부 개발협력국장

1985년 외무부에 입부하여 주중국 대사관 참사관 등을 거쳐 지난 2006년 11월 유엔한국대표부 공사참사관으로 부임한 뒤 2년 동안 여성지위위원회 부의장을 지내는 등 다자외교 무대에서 다양한 경력을 쌓아왔다. 현재 외교통상부 개발협력국장으로 재직 중이며, 부산세계개발원조총회를 준비하는 OECD 원조효과 작업반의 공동부 의장이자 G20 개발 그룹 공동 의장직을 맡고 있다.

6. 주요 내용

❑ 사회정책과 한국의 개발

o 한국의 개발은 케인즈 사회복지이론을 기반으로 생산성과 성장의 측면에서 분석할 수 있음. 1960년대 성장 중심 정책 및 사회적 분위기에 의해 개발을 위한 불평등 수용과 선성장 후분배의 인식이 있었음. 그러나 개발 과정에서 사회정책이 희생되어서는 안되며 유럽의 복지국가는 공급보다 수요에 초점이 맞추어져 있음.

o 사회정책이행의 최소조건은 초기조건, 정치조건, 금융 조건 등이 있음. 한국의 초기조건은 식민지, 유교사상, 토지개혁, 정치조건은 민족주의 등이 있으며 서구의 복지 정책은 금융조건과 긴밀한 관계를 맺고 있음. 특히, 연금제도는 시장에 많은 영향을 미치고 있으며 서구 중심의 사회정책 모델 외에도 토지개혁, 농촌 친화적 정책, 마케팅 같은 수단을 통한 사회정책이 있을 수 있음.

o 사회정책에서 소득분배는 중요한 부분을 차지함. 한국은 개인소득 분배는 잘 되어 있으나 임금의 분배가 제대로 이루어져 있지 않음. 금융 및 임금 통제를 통해 국가주도적 소득창출과 경제성장을 이끌었으며 그 과정에서 강압적인 저축을 주도했음. 그 결과 1960년대 아프리카, 동남아, 라틴아메리카 등지 보다 낮았던 한국의 저축률이 급격히 높아 짐. 국가가 경제성장의 이윤을 임금 상승 대신 재투자에 이용하는 경우, 후에 혜택을 나눌 것을 협상하는 것이 일반적이나 한국은 노동자가 그 협상에서 제외되어 있음. 개도국의 경우 임금억제와 자본주의를 동시에 추진하기 때문에 부가 공평하게 분배되지 않고 재투자가 일어나지 않음. 한국의 경우 정부주도의 재투자가 이루어짐.

❑ 한국의 개발경험과 역량 강화

o 한국은 인적 역량의 강화를 통해 20세기 개발 국가에서 21세기 개발 국가의 모범사례가 됨. Senian의 이론에 따르면 인간의 역량은 개발의 목표일 뿐 아니라 사회 안녕의 척도 및 개발의 수단임. 역량개발에 대한 재개념화가 이루어지고 있으며, 무형의 INPUT으로서 인간역량의 지속적인 개발과 정책 반영을 통해 생산성을 높여 성장을 이룰 수 있음. 역량개발의 재개념화의 시사점은 1) 운집력 있는 유능한 관료 체제의 중요성 인식 2) 국가가 공동의 목표를 일관성 있게 추구할 수 있는 능력의 강조 3) 국가, 정치, 시민사회간의 강력한 연결고리의 중요성 (embeddedness) 4) 국가 효과성의 정치적 이슈화를 들 수 있음.

o 남아프리카공화국과 브라질, 중국과 미국, 한국과 대만의 사례를 통해 실증적 국가의 궤도 비

교를 할 수 있음. 남아공과 브라질은 주요 개도국 중 하나로 근래에 민주화를 이루었다는 공통점을 갖고 있으나 브라질은 역량강화면의 성과가 뛰어남. 중국과 미국은 패권국으로 신자유주의 기간 동안 역량강화를 크게 이루지 못했지만, 한국과 대만은 큰 성장을 이뤘음.

o 평균 수명으로 볼 때 미국은 유럽과 비슷했으나 신자유주의 말기에는 유럽에 비해 낮아짐. 한국은 중국보다 낮았으나 말기에는 미국보다 높아짐. 브라질과 남아공의 불평등 정도는 민주화를 겪으며 브라질은 낮아지고 남아공은 더 높아짐. Heller에 따르면 이는 브라질이 남아공보다 높은 수준의 민주화가 일어남으로써 시민사회가 정책에 영향력을 발휘 할 수 있었기 때문임. 대만과 한국은 일정한 평등 수준을 유지하고 있음. 미국과 중국의 경우 정치개혁을 통해 정치 접근은 용이해졌으나 자본에 집중 투자함으로써 역량투자가 적었음. 국가정책의 영향력 발휘 정도가 성장의 중요 요인임.

o 한국과 중국의 유아사망률을 비교함으로써 한국의 역량강화 방법을 살펴볼 수 있음. 1991년-1999년의 경제 성장률은 한국이 중국보다 낮아졌고 유아사망률 감소율은 더 높아짐. 정책 변화를 통해 역량강화가 일어나고 관련 사회정책들이 시민사회가 정치권력에 접근하도록 했기 때문임. 국가의 역량강화 효과성은 국가가 시민사회와 함께 작용하는데 달려 있으며 한국 역량강화의 성과 연구는 더욱 진행되어야 함.

❑ 국내시장의 강화

o 한국의 개발경험에서 배워야 하는 것은 자국민이 소유한 자생 기업(nationally-owned firms)을 키움으로써 고용을 창출하여 빈곤을 극복해 냈다는 것임. 생산적인 고용을 창출하는 개발의 국가 지향성의 중요성을 인식해야 하며 개도국은 빈곤퇴치를 위해서 자생기업을 키워야 함.

o 자생기업을 키워야 하는 이유는 첫째, 외국 기업은 더 이상 노동력이 싼 개도국에 직접 공장을 세우지 않고 개도국의 자생기업으로부터 필요한 부품을 아웃소싱을 하기 때문에 아웃소싱 부품 생산을 통한 일자리 창출을 위해서는 자생기업이 필요함. 둘째, 과거에는 선진국의 해외직접 투자를 통해서 개도국으로 기술이전이 되었으나, 지금은 개도국이 차관으로 해외에 있는 자국기업들에 투자하거나 외국 기업을 매입하여 운영함으로써 기술이전이 이루어지므로 외국기업을 매입하여 자생기업을 만들어 기술이전과 함께 수익창출을 해야 함.

o 자생기업을 키워야 하는 세번째 이유는 시장을 통제하면서 높은 수익을 얻기 위해서는 국가의 대표 브랜드가 필요하고 이를 위해서는 자생기업이 있어야 함. 넷째, 천연자원의 유출을 막고 외국 기업을 대신하여 이를 개발하여 수익을 창출하기 위해서는 자생기업이 필요함. 다섯째, 외국

기업에서 일하고 있는 유수한 자국 인력의 국내 고용 보장을 위해서는 자생기업이 필요함. 여섯째, 특정 부품 생산을 기업에 강요할 수 없으나 국영 자생기업에는 할 수 있으므로 외국기업의 아웃소싱 부품을 생산하기 위해서는 자생기업이 필요함.

o 그리고 첨단기술 시장에 진입하려면 R&D가 필요하나 외국 기업은 개도국의 R&D에 거의 투자하지 않으므로 이를 할 수 있는 자생기업이 필요함. 마지막으로 개도국의 SMEs는 시작단계부터 첨단기술을 가진 외국 기업이 아니므로 이 기업들을 평균 수준까지 끌어올리려면 투자가 필요함. 그러나 외국 기업은 개도국의 SMEs에 거의 투자하지 않으므로 자생기업을 통한 투자가 필요함.

o 한국의 개발 과정은 embedded automony에 의한 것이 아니라 통제에 의한 힘든 과정이었음. 그러나 고용창출이라는 보상을 통해서 그 과정에 대한 국민의 동의를 얻을 수 있었음. 따라서 고용 창출을 위해서는 자생기업이 필요함.

❑ 개발협력효과성 관점에서 본 한국의 수원경험

o 수원국이었던 한국이 어떻게 성공적인 경제개발을 이루고 빈곤을 해결하였으며 한국정부가 어떻게 국제개발원조에 발맞춰 각 정권 따라 어떤 원조 관련 정책들을 도입했는지 살펴보면 크게 주인의식, 정책 일관성, 역량, 파트너쉽, 책임성, 재분배 (Ownership, Policy coherency, Capacity, Partnership, Accountability, Redistribution) 6가지의 요인을 찾아 낼 수 있음.

o 한국 정부는 개발에 대한 큰 의지와 강력한 목표를 가지고 있었고 그 안에서 인적, 조직적 역량을 강화함으로써 개발에 대한 주인의식 (Ownership)을 키움. 한 분야에서 주인의식을 갖는 게 아니라 다양한 분야에 걸쳐서 주인의식을 가짐으로써 지속 가능한 발전을 이룸.

o 경제 개발 계획 및 경제기획원 설치를 통한 제도적 역량(Capacity) 강화, 정부 관료의 해외 연수 과정 이수, 공여국의 지식 이전 및 타 수원국과의 지식 교류를 통한 인적 역량 강화 등을 통해 효율적으로 원조를 집행하여 경제 사회 발전을 달성함.

o 한국은 박정희 정권 때 원조와 비원조 분야를 같이 통제하는 정부의 일관된 개발 정책이 있었고 이런 정책 일관성(Policy coherency) 을 가지고 거시 미시 경제를 잘 조율하여 경제 사회 발전을 이루었음.

o 정책 검토 강화, 제도 개선과 더불어 사회의 다양한 구성원들 (기업 및 시민사회)을 개발 계획에 참여시키는 파트너쉽(Partnership)을 통해 국가발전과 기업 성장을 동시에 이룸. 더불어 시민사회는 사회발전에 초점을 맞춰 민주화 운동에 힘씀.

o 공여국에 대한 책임성(Accountability)이 아닌 개발에 대한 책임성, 궁극적으로는 국민에 대한 책임성이 다양한 기회를 자본화 하여 개발에 투입할 수 있도록 정책적 여지를 남겨 줌.

o 한국은 토지 개혁이라는 재분배(Redistribution)를 통해서 경제적 사회적 평등 달성에 기여하고 경제 발전과 사회 통합을 이룰 수 있는 정치적, 경제적, 사회적 기초를 만들어 원조가 효율적으로 집행 될 수 있도록 하였음.

o 개발에 대한 올바른 접근 방법은 수원국의 정황을 잘 반영할 수 있어야 하며, 수원국은 개발 프로세스를 효율적으로 관리하기 위한 기법과 역량을 가지고 있어야 함. 또한 원조가 계획 단계부터 모니터링 단계까지 개발의 포괄적인 틀 안에서 이루어져야 개발에 효과적임. 그리고 제도적인적 역량 강화에 지속적으로 투자를 하고, 개발에 대한 범정부적 접근보다 범사회적 접근이 필요함.

※ 기타 발표 내용은 첨부된 발표자의 녹취록 참조

The 5th Seoul ODA International Conference

첨부 I. 주요 인사말 및 연설문

1. Opening Remarks
2. 개회사
3. Congratulatory Remarks
4. Keynote Speech

첨부 I. 주요 인사말 및 연설문

1. Opening Remarks

- *Dae-won Park,* President, Korea International Cooperation Agency (KOICA), RoK

This year marks the 5th ODA, Seoul ODA International Conference. Is it being interpreted? OK. Today, 5th Seoul ODA International Conference is held and I thank all the distinguished guests who came from abroad from other countries and from international organizations. Many experts are here from abroad.

And also, two years ago, Korea joined the OECD Development Assistance Committee and became officially a donor country. Since then, many young people became interested in ODA issue and they started to study more on development cooperation. They have participated in the local fields of the development cooperation. The young generation has become immensely interested in development cooperation, with which I am very pleased. Especially, we have many experts and professionals who are involved in development cooperation. And especially, in the back, we have students who study International Development here at Ewha Womans University. I extend my special welcome to you.

Also, I'd like to recognize many experts, panelists, and speakers from foreign countries. And I'd like to thank you all the participants who are here at this 5th Seoul ODA International Conference. Especially, in the upcoming November, the 4th High-Level Forum on Aid Effectiveness will be held in Busan. This conference has been designed to help the 4th High-Level Forum on Aid Effectiveness. We have Mr. Seonghoa Hong, the head of the organizing office for the 4th High-Level Forum, and I thank his presence. And I also extend my gratitude to the ambassadors. I'd like to thank your excellencies the ambassadors, who have graced us with their presence and shown their interest on Korea's ODA. I express my heartfelt appreciation to the distinguished guests.

The Seoul ODA International Conference invites the world's renowned development cooperation experts to discuss the issues related to development assistance in and out of the country. And it has been held every year to promote public understanding on development cooperation. With the first Seoul ODA International Conference in 2007, to the 4th conference in 2010 last year, we

have studied diverse issues such as the MDGs, and aid effectiveness, changing aid environment, the new challenges and various issues related to development cooperation. As a result of the discussions, we have touched upon ways to reduce poverty in developing countries, and this forum has become a representative policy review arena that looks into the future direction of Korea's development cooperation. Recently, we are faced with an unprecedented global economic crisis, climate change, natural disasters, and food crisis, which call for more attention to what is related to development cooperation. But the appearance of new donors and the increase of private development aid at other various developments financing also provide new opportunities. And we need to make good use of these chances and advance further the current development aid architecture.

The upcoming 4th high-level forum

in November will attempt to transform the previous architecture of effectiveness of aid to effectiveness of development cooperation and bring about new paradigm shift. In these relations, interest in the successful development case of Korea has increased. KOICA and the UN Research Institute for Social Development have conducted a joint research for the past one year on Korea's development experience in an effective international cooperation. Through the joint endeavor, both organizations strived to analyze the relations between Korea's politics, economy, social policies and effective development aid and draw lessons for the effective development cooperation. This conference was prepared to share the result of the research and exchange the views on the future direction of development cooperation with the world.

Until last year, the Seoul ODA International Conference had been held in a hotel, but this year we have changed the venues of the conferences. As you may know, until last year, we had held this conference in top-notch, worldly renowned hotels, and we have had extravagant occasions, but I felt it was a paradox when we talk about development cooperation and poverty reduction. So, I decided that this year we will make the occasion more frugal, and to make the occasion a way to save more budget. We should make this conference a place where we share with our development partners. So, this conference is taking place at a university to make a frugal occasion, and today's luncheon will also be quite humble. I ask for your kind understanding.

Finally, to all the distinguished guests from home and abroad who are here with us today, and I welcome you. Especially, I thank the foreign guests who have traveled (a long distance) to Korea to join us today. I hope today's gathering will provide an opportunity to produce meaningful discussions and enable an active exchange of opinions so that we make a global community

where everybody can live better together.

Thank you.

2. 개회사

- 박 대원

한국국제협력단 이사장

여러분 안녕하십니까,

저는 한국어로 인사말을 하겠습니다. 통역기를 착용해주시면 감사하겠습니다.

금년이 우리가 제 5회 ODA 컨퍼런스를 개최하는 해가 되었습니다. 오늘 ODA 국제 컨퍼런스를 위해 멀리 국제기구, 여러 국가에서 ODA와 관련된 전문 인사들이 많이 이 자리에 오셨습니다. 그리고 우리나라가 2년전 OECD에 개발원조 위원회 공여국 멤버로 가입한 이래 우리 한국에 많은 청년들이 한국의 ODA에 대해 많은 관심을 가지고 깊이 공부하고 또 현장에 참가하려는 추세가 수 년 동안 계속되고 있는 것에 대해서 대단히 만족스럽게 생각합니다. 특히 오늘 이 자리에는 우리 한국에서 ODA에 대한 전문인사들 그리고 특별히 오늘 저 뒤에 앉아 계시는 KOICA에서 초청한 이화여대 국제 개발협력 및 한국의 발전과정을 배우고 있는 학생들 역시 오늘 이 자리에 오신 것에 대해서 감사를 드립니다. 그리고 이 자리에 특별히 여러 국가에서 세션에 참가하신 발제자, 토론자들도 많이 와 계십니다. 이 컨퍼런스에 와주신 모든 참석자 여러분들께 특별한 감사를 드립니다. 아울러 금년 11월 부산에서 개최되는 HLF-4가 성공적으로 개최될 수 있도록 헌신의 노력을 하고 계시는 외교통상부 홍성화 준비기획단장님도 이 자리에 와계십니다. 바쁘신 가운데 이 자리에 와주신 여러분들께 감사 드립니다. 또 특별히 우리 서울에 주재하고 계시는 많은 대사님들 외교단 분들도 이 자리에 와 계십니다. 그만큼 우리 대한민국의 국제원조 ODA 분야에 대해서 큰 관심을 보여주시는 내외 귀빈 여러분들께 감사 드립니다.

오늘 개최되는 ODA 서울 국제 컨퍼런스는 세계의 유수한 개발협력 전문가분들이 참가해서 국내외 개발 원조 정책 및 이슈에 관해서 서로 논의하고 대한민국 국민들의 국제개발 협력에 대한 이해를 돕기 위해서 연례적으로 개최되는 행사입니다. 본 회의는 2007년 처음 시작되었고, 2010년에 4회에 걸쳐서 개최되는 동안에 UN이 정한 8개 항목의 MDG, 원조 효과성 및 국제개발협력 환경의 변화와 새로운 도전과제 등 다양한 개발협력이슈에 대해서 토론을 하였습니다. 이러한 토론의 결과 개발도상국의 빈곤퇴치와 보다 효율적인 개발협력의 방향을 모색하는 한국의 대표적인 정책포럼으로 자리매김하고 있다고 확신합니다.

최근 전대미문의 경제위기, 기후변화, 지역분쟁, 자연재해, 식량위기와 빈곤의 심화 등은 개발협력을 위해 일하는 우리에게 많은 숙제를 던지고 있습니다. 그러나 신흥 공여국의 등장, 민간 개발원조의 증가 등 다양한 개발 재원의 확대는 우리에게 새로운 기회이며, 이러한 기회를 잘 활용할 수 있도록 현재의 국제개발협력 체제를 발전시킬 필요가 있습니다.

다가오는 11월에 개최될 HLF-4는 기존의 '원조 효과성' 체제에서 '개발협력 효과성' 으로 패러다임 전환을 시도하는 좋은 계기가 될 것으로 기대되고 있으며, 이와 관련하여 성공적인 개발협력 사례인 한국에 대한 관심도 대단히 높아져 있습니다.

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오늘 이 컨퍼런스는 이 연구의 결과를 국제사회와 공유하고 앞으로 나아가야 할 효과적인 개발협력의 방향을 토론하고자 마련하였습니다. 금년도 이전까지 참가하신 여러 참석자 분들께서 오늘 작년까지와는 달리 컨퍼런스 장소가 바뀌었음을 아시게 되셨을 것입니다. 작년까지 서울의 가장 화려한 호텔에서 가장 화려한 음식을 먹고 우리가 개발도상국을 도와주자 하는 회의를 한다는 자체가 좀 모순인 것 같아 가장 검소하게 대학부설시설에서 행사를 하고 또 우리가 행사기간 동안에 먹고 마시는 모든 것도 우리가 개도국사람들을 인식하고 느끼면서 행사를 하는 것이 더 의의가 있지 않을까 싶어서 오늘 점심도 아마 작년에는 고급호텔에서 고급음식을 먹었습니다만 오늘은 주먹밥이 나가게 될 것입니다. 이해해 주시기 바랍니다.

마지막으로, 이 자리에 참석하여 주신 모든 내외 귀빈 여러분을 환영하며, 한국까지 걸음해 주신 귀빈들께 특별히 감사의 말씀을 드립니다. 오늘 이 자리가 의미 있는 토론과 교류의 장이 이루어져서 다 함께 잘사는 지구촌, 질병 없는 지구촌 이러한 것에 여러분들의 중지를 모아주실 것을 당부 드립니다.

감사합니다.

3. Congratulatory Remarks

- *Seonghoa Hong,* Head, The Organizing Office for the 4th High-Level Forum on Aid Effectiveness, RoK

Mr. Dae-won Park, the president of KOICA

Dr. Thandika Mkandawire, Professor of African Studies at the London School of Economics

Distinguished panelists

Distinguished guests

Ladies and gentlemen

First of all, I'd like to express my sincere gratitude to KOICA and to the UN Research Institute for Social Development for inviting me to the 5th Seoul ODA International Conference. It is a great honor and pleasure for me to be here with you at this important meeting with the 4th High-Level Forum on Aid Effectiveness only a month away, and with the world calling for Korea's strong leadership in aid effectiveness and development cooperation.

As we all know, Korea is recognized as a role model for development cooperation. It was once one of the world's poorest countries in the world with a national per capita income of 67 USD, inevitably depending on aid from aid donor countries to reconstruct the nation after the outbreak of the devastating Korean War. Nonetheless, about half a century later, Korea's economy has grown more than 800 folds and its per capita GDP has reached over 20,000 USD. It has also become a member of the OECD Develop Assistance Committee. Korea's success in poverty reduction and its development achievements are often attributed to the effective use of foreign aid that the country received until the early 1990s, along with strong country ownership and appropriate investment in social and human development.

Korea's development experience presents the possibility of success, hope and vision, not only to developing countries that are exerting their utmost efforts for development, but also, to donors suffering from a sort of aid fatigue. The experience of escaping aid traps and successfully using aid as a catalyst for development provides important implications to the discussions on effective

aid and development, which serves as the main topic in the development community today. In this regard, Korea wishes to contribute to the reduction of global poverty and in the achievement of the MDGs using its knowledge and experience to share what made aid effective and how it eventually managed to exit from receiving aid.

Despite our modest resources for development assistance, the Korean government is fully committed to its pledge to triple its ODA budget by 2015 to around three billion USD or 0.25 percent of the GNI. We have also strengthened our capacity as a donor by undergoing fundamental reforms in the development cooperation system, and by concentrating on the sectors and countries where our comparative advantages lie.

With the global development landscape becoming more complex, with the dramatic increase of new actors and approaches, and with daunting challenges presented by multiple global crises and their subsequent impact on the lives of many people in developing countries, Korea wishes to play a role in building a new global aid architecture, in which all development actors can work together with a shared goal and mutual respect, learning from each other's strength. During the G20 Seoul Summit in November last year, the Korean government played the leading role in placing development at the central location in the G20 agenda by facilitating the adoption of the Seoul Development Consensus for Shared Growth and its Multi-Year Action Plan.

Korea is now preparing for the Busan High-Level Forum on Aid Effectiveness with the same enthusiasm and a sense of responsibility. With just four years remaining until the target year of the UN MDGs, Korea believes that the Busan forum should serve as an opportunity to generate a fresh global momentum for the MDGs, and to establish a more strengthened and inclusive global partnership for development, engaging new actors and embracing new ideas on development. Since aid needs to be seen as a catalyst for development that interacts with other development resources and non-aid policies, the Busan forum will seek a new paradigm addressing not only aid, but also a broader theme of effective development. The Busan forum will also define operational development effectiveness and identify a complementary relationship among the UN, the High-Level Forum for Aid Effectiveness and the G20 process.

The increasing attention and expectations for the Busan forum around the world is clearly demonstrated by the number and the level of confirmed participants. As of now, more than 124 ministers and 47 heads of international organizations, in particular, high profile figures such as UN secretary general, OECD secretary general, U.S. secretary of state, Ethiopian prime minister, and chairperson of the African Union have confirmed their participation in the forum. Over 50

parliamentarians from both donor and partner countries, 300 representatives of civil society organizations, 70 private foundations and enterprises and 100 members of academia are also expected to attend, making the Busan forum a truly multi-stakeholder event.

Interactive dialogues and deep understanding among participants will be encouraged through the main meetings and various events. Knowledge and innovation space will be used to showcase innovative ideas, tools and initiatives in development cooperation, and to encourage experience sharing among countries. There will also be side events that will cover a wider range of development cooperation topics. The organizing office for the High-Level Forum on Aid Effectiveness is sparing no efforts to ensure the success of the Busan forum.

I believe that this Seoul ODA International Conference, attended by prominent members of academia and experts of Korean Development to discuss the findings of the joint research by KOICA and the UN Research Institute for Social Development, is held at the most opportune time just before the upcoming High-Level Forum on Aid Effectiveness. I have a complete confidence that the discussions on the research project will contribute to the advancement of Korean ODA policies, aiming to share relevant insights and policy lessons from Korea's development experiences with developing countries in terms of aid and development effectiveness. This conference will also pave the way to a successful Busan forum in providing a new vision and paradigm in the field of development cooperation.

I hope each and every one of you will enjoy discussing and sharing your invaluable thoughts and experiences throughout the conference.

Thank you very much for your attention.

4. Keynote Speech

- *Thandika Mkandawire,* Professor of African Studies, London School of Economics, U.K.

❑ 발표자료



Political drivers of aid and development

- Ideas Ideology and the Politics of Legitimation
- Nationalism and nation-building
- Ideas of "catch-up"
- Solidarity
- National interests CONTENT

The case for aid

- Developmental arguments
  - "Poverty Trap" Argument
    - Bridge gap between available domestic savings and investment needs
  - Two Gap Argument
    - Bridge gap between need import of producers goods and Import capacity
- Geopolitical arguments
- Humanitarian Arguments
- CONTENT

Key Assumptions

- External conditions
  - Export Pessimism
  - Pessimism about private financial flows
- Internal conditions
  - Nation-building and developmentalist ideologies
  - Capable state
- CONTENT

Theoretical Foundations

Neoclassical approach	Structural approach
Assumptions	
Factor returns equal marginal productivity in all uses	Income-related demand changes in internal
No economies of and lags scale	Constrained external markets in adjustment
Perfect foresight and continuous equilibrium in all markets	Transformation of productive structure producing disequilibria in factor markets
Empirical implications	
Relatively high elasticities of substitution in demand and trade	Low price elasticity and lags in adjustment
Limited need for sector disaggregation	Segmented factor markets
	Lags in adopting new technology
Sources of growth	
Capital accumulation	Neoclassical sources plus:
Increase in labour quantity and quality	Reallocation of resources to higher productivity sectors
Increase in intermediate inputs	Economies of scale and learning by doing
Total factor productivity growth within sectors	Reduction of internal and External bottlenecks

Implications of structuralist argument for aid

- More pronounced role for state
- “Governing markets”
- ¨National development financial institutions
- Aid and structural constraints

The Truncated role of the state

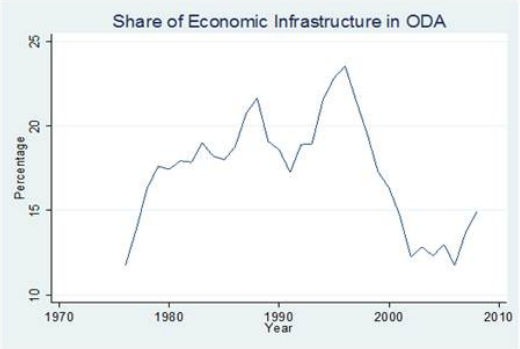
- Recipient without a plan
- Unwieldy Development Agenda
- Aid and the Non-Developmental Agenda
- Recipient without receiving institutions
  - Weakened “spending ministries”
  - Destruction or privatisation of Development Finance Institution

Implications of SAP on Aid, trade and Accumulation

- Capital inflows and Aid
- Misuse of Foreign Exchange.
- Paradox of Aid and Excess Reserves

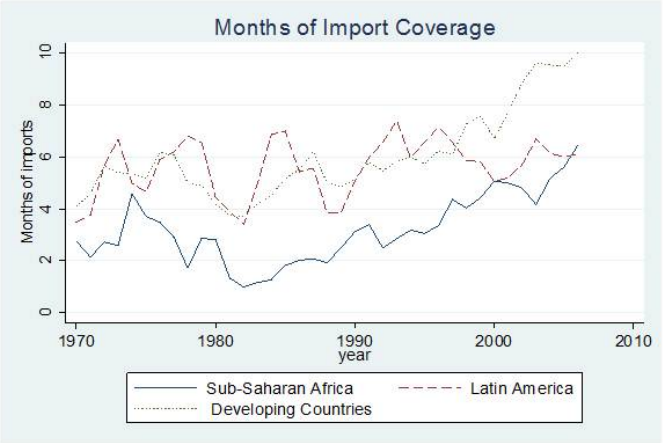
Constraints on Absorption

- Neglect of Big Ticket developmental Items
- Neglect of industrialisation
- Neglect of Infrastructure
- Neglect of Human Capital
- Neglect of agrarian transformation



The Paradox of Excess Reserves

- CONTENT

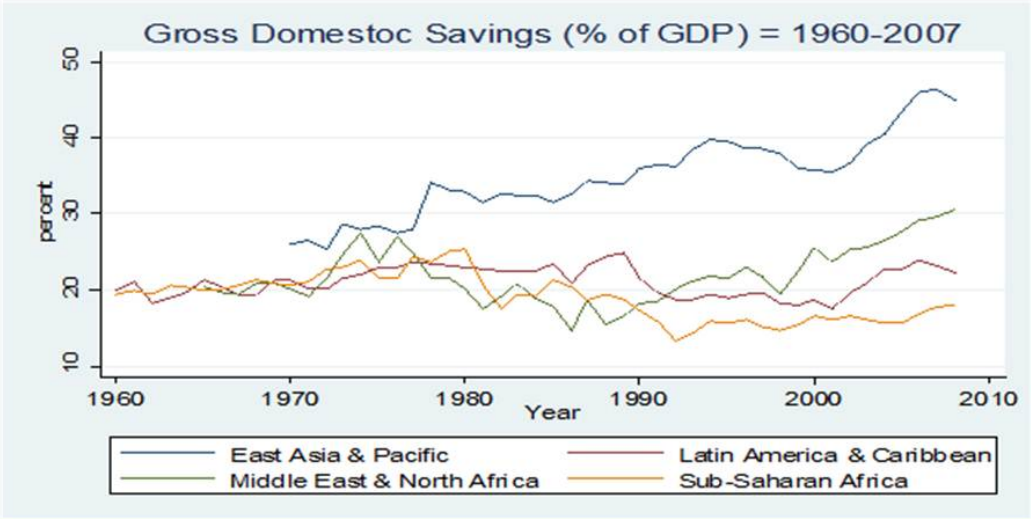


Neglect and misallocation of domestic resources

- Aid fuelling consumption booms
- No prioritisation of forex allocation

Consumption booms and low savings

- CONTENT



The 5th Seoul ODA International Conference

- "By the end of the 1990s, it became clear that much of the increased deposits and capital inflows had gone into (1) unproductive private borrowing or state enterprise debt that had to be replaced by government debt in order to bail out depositors and lenders, (2) deficit finance, and (3) central bank debt to stabilize the economy. Thus it is not surprising that the financial liberalizations of the 1990s did not live up to the high expectations regarding sustained increases in growth or credit access." [World Bank, 2005: 226]

KOICA UNRISD

Import of capital goods

VARIABLES	Fixed Effects	Random Effects
Logcap	-10.91***	-7.099***
	-3.048	-1.797
Invest	0.304***	0.302***
	-0.0635	-0.0593
Aid	-0.195***	-0.174***
	-0.0586	-0.0569
TOT	-0.00625	-0.00966
	-0.0112	-0.0108
RER	-0.0321***	-0.0340***
	-0.00607	-0.00569
Industry	0.196**	0.152**
	-0.0822	-0.0775
Constant	83.81***	61.85***
	-16.97	-10.38
Observations	241	241
R-squared	0.321	
Number Countries cid	14	14

Standard errors in parentheses*** p<0.01, ** p<0.05, * p<0.1

Quality and quantity of donors

- Korea case ' one donor
- Many donors one country case
- Average of 20 '
- Openness of structuralism and nationalist argument (war experiencing, Keynesianism and anti-communism) versus more neoliberal and triumphalism "consensus"

Distribution of Aid Recipients According To the Number and Type of Official Donors, 2000

	Type of aid donor	
	Bilateral donors only (n=22)	Bilateral and multilateral donors (n=53)
Number of recipients with 1–9 donors	34	13
Number of recipients with 10–19 donors	93	27
Number of recipients with 20–29 donors	22	69
Number of recipients with 30þ donors	0	40*
Total number of recipients	149	149
Average number of donors per recipient	14	26
Median number of donors per recipient	16	23

Consequences

- Problems of Coordination
- Fragmentation of nation bureaucracies
- “enclavisation” or “extraversion” of the bureaucracy
- Disembeding the state
- Lack of democratic accountability
- CONTENT

Misuse of Local Skills

- "Despite massive technical assistance, aid programmes have probably weakened capacity in Africa. Technical assistance has displaced local expertise. And drawn away civil servants to administer donor-funded programmes—precisely the opposite of the capacity building intentions of donors and recipients" [World Bank, 2000 #2180]

Problems of recepients

- Lack of clarity about ends and focus
- Lack of determination to reach those ends upon which agreement has been reached.
- Decline of a sense of "self-reliance"
- CONTENT

❑ 발표녹취록

President Park of KOICA,

Ladies and gentlemen and colleagues

I am deeply honored to be requested to make a keynote speech at this session. Not being a political actor, I wrote a paper instead of a speech. And the paper was too long and I can't read the paper. What I will do is to present a sketch of what I talked about.

I want to start by saying first what is important of Korea being active in the debate about aid. Korea is one of the new great successes, both as a recipient of aid, and hopefully, also eventually as a donor. I think Korea sits on extremely valuable experiences.

Last time I was here, we stayed at the KOICA residence, and there I met a lady from Kenya. She was taking a course organized by KOICA here in Korea. And she had been to Europe on a similar course. I asked her how she compared the two courses. She said, and I think this is a remarkable observation, she said, "When we are in Europe, they tell us what to do. When we are in Korea, they tell us what they have done." I hope Koreans can remember that when people are coming here, from Africa especially, what they want to hear from you is not what they should do, but how you have done it. And that requires much more open discourse, more candid discussions and lessons, trial and error, and the whole learning process.

I will be talking about aid and development. And my title of the presentation is "Aid: Bringing Development Back In". It sounds very strange, and I don't know it is on the slide there, but the idea is how to bring development back into development aid.

I start off by reminding us, what are the drivers of development, historically. And I identified it was ... Oh, that was both aid and development, sorry. I identified five of them. Obviously (there are) more drivers than that. But, I thought one was ideology, (which is) very important, and the second was nationalism and nation building, the third was the idea of catching up, the fourth was solidarity, and the last was national interest. And in many ways, these five ideas are still part of the debate about development aid. And I think we should be very candid and be aware of it that, you know, there is an interplay around these issues, and one should not be afraid of actually being explicit about.

Now, if you go back historically, to what is called the case for aid, I think it is very important to

remember that again, in more recent years, the aid has become … the debate for aid has grown to include such a huge agenda that we forget its initial purpose. In any debate about aid, there are two sort of economic arguments for aid. One was what was called as poverty trap: poor countries couldn't save enough and therefore aid was supposed to help them to bridge the gap between their savings and investment. The second argument was that since poor countries cannot manufacture capital goods, and many other essential goods, they would have to import (such goods). And to do that, they would need foreign exchange, and foreign exchange would come in the form of foreign aid. And there are other arguments like geopolitical arguments and humanitarian arguments. But I think it is very important to remember those two central arguments for aid in the early thinking.

There were also assumptions, a number of key assumptions about aid that we want to bear in mind. One assumption was related to what I call the external conditions. One of those was so-called export pessimism. That is, it was assumed it would be difficult for a poor country to export for four kinds of reasons. One was including (faremasair) the (previous) arguments of terms of trade that we decline in terms of trade and reliance in raw materials would not be sufficient to generate foreign exchange those countries needed. Therefore, they have to ask for aid. There was also basic pessimism about the flow of private investment—the chances of countries relying on foreign direct investment or borrowing abroad were very limited. Therefore, again, foreign aid was important.

The assumptions about internal conditions were that there was something going on about nation building, and what developmentalist ideologies that favored development. And there was a capable state, state that one will work with.

And here, I have a very complicated table, which I have been looking at, which summarizes the two major views about development: the neo-classical view of development, and the structural approach to development. This table is from a work of Henry (Chanery), and very briefly, it gives a case of how developing countries look like. In one case, on the right hand, the structuralist approach assumed many constraints on how markets function, the constraints on the responses by an economy to price incentives. There were constraints on how technology can be adjusted to the poor countries. There were also constraints about how the productive structure could have serious disequilibria that need to be corrected. There were problems of coordination of markets. This whole literature was about what developing countries look like. That was the dominant perception that informed much of aid, including the aid that came into Korea. And (after looking) at the Korean case, I realized, I found that some of the people, who were active in Korea, were

students of (Chanery). And there was, therefore, a strong assumption that structural constraints were important.

That thinking was replaced in the 1980s by the neo-classical approach, with much greater reliance on markets with assumption about the flexibility of economies, the whole story about perfect competition, and so on. It was a whole theory of thinking which, ironically, made the case for aid almost impossible. If you take neo-classical theory very seriously, you are left with very little arguments for aid. And I'll explain (why a little later).

The most important thing was, at least for this structuralist argument, that it had implications for the role of the state. It meant a more pronounced role of the state, it meant what (Robert Wadus) called governing markets in some sense. It meant existence of national development financial institutions, and it meant aid addressing structural constraints.

With the neo-liberal view of aid, and of development, that changed. The first major change was what I call a truncated role for the state. That is a state (whose) role has been reduced. And one of the first things that happened was that there was an end to planning. So, suddenly, you are the recipient without a plan. And aid was, therefore, suddenly to be placed in economies without a plan, which is a very big difference from the previous way of thinking about aid. And in the context without a plan, the agenda for aid became extremely unwieldy. If you take African countries, in the last 20 years, things they were asked to do in the name of aid have been incredible. They have been asked to get markets right, get institutions right, get their culture right, get distributions right, get their governance right, get their environmental policies right, and some of them were asked to get their geopraphy and their history right. So, it has been a very long agenda. But, more important, if you look at some of the debates, if within Development Assistance Committee, the range of things that poor countries were supposed to do was extremely long, and my suspicion is that this is partly a reflection of the loss of the sense of what development is supposed to be about. We see also that aid now is tied to a larger (part of) non-development agenda. In particular, there is much more (towards) humanitarian aid, there is much more (towards) political reform aid agenda and so forth.

I think what is more dramatic is that their form of agenda has actually meant that at all the receiving ends, there are no receiving institutions for aid. You have weakened, so-called spending ministries: ministries of education, of transport, of health. They are negatively described as spending ministries as opposed to financial or defense ministries, which are good ministries—the good ministries are the finance guys and the bad ones are spending ministries. Now, the aid is

supposed to be actually used by spending ministries – to build roads, to build hospitals, to build schools and so forth. And those ministries in most countries have been weakened. You can go to African countries today, and find a ministry of finance (using) high-tech, well-connected computers and all the rest. And you go to the ministry of culture, no computer, no telephone, and so forth because those are the spending ministries and they are the bad ministries. And I think that makes here aid very complicated with no receiving end.

One of the implications of Structural Adjustment Program or SAP has been, of course, one on capital flows, foreign exchange, and on aid. (and on very quickly on that.) The first part, which I'd call constraints on absorption, is that because of the Structural Adjustment Program and the belief, especially the belief that many things could be done by the private sector, aid, at least to Africa, has stopped funding the big items. By the big ticket items, I mean things that industrialization, infrastructure, human capital, and agrarian transformation. If you go to Africa today, you will find that probably the largest dams in Africa were build in the 60s and 70s. There has been no major new dam in the last 20, 30 years. It is because the most aid donors, including World Bank, they withdrew from big infrastructure and they say that this will be done by the private sector. In the case of Africa, there was also a discussion, there was a belief that teacher education was expensive that we should invest more in primary schools, primary education, so most aid donors withdrew from higher education. There was also a belief that demand constraints in Africa, (and the catch) was bad pricing, so if you close down the marketing boards, and you let the market function, you will solve your problems. And one of the consequences of that was a decline in the funding of research in agriculture, and a decline in the infrastructure for rural development, and much lower investment in the heavy infrastructure. And, of course, if you stop funding these big things, you would run into problem of absorption. So you had a very bizarre debate today: whether poor countries can absorb aid. Obviously, if you don't have those things on your agenda, they cannot absorb aid. Then there is nothing for you to aid for. These are the big items that aid has normally (been used to fund).

And another consequence of our neo-liberal view on aid was the paradox of what I call excessive reserves. Aid was supposed to help countries to access foreign goods by giving them foreign exchange to buy foreign imports. What we have today in Africa is a very bizarre situation where you have a policy agenda which forces countries to generate huge reserves for financial markets, (for money to) financial markets. So we have countries receiving aid, and at the same time, piling up reserves abroad. I saw a study (by the IMF about the usage) of the debt relief money that the IMF and donors gave. Only 25% percent had been used. So countries are in fact, on one hand,

receiving aid, which they need, on the other hand, they are piling up reserves. I have a graph that shows you that for African countries, for different countries, the increase of the reserves the countries are piling up. In fact, what they say is the African countries or developing countries are exporting their foreign exchange instead of importing foreign exchange, which was the idea of aid.

There has been also, I think one must bear in mind, what I call neglect and misallocation of domestic resources. Because there is no planning of any kind, and because the states are no longer capable or allowed to impose a certain restrictions on consumption or on investment in different sectors, you have in most countries today consumption boom. You go to a country in Africa, (and you find) our cities of the largest expansion of shopping malls. Because we don't prioritize foreign exchange, we are not allowed to prioritize foreign exchange, when foreign exchange comes in, and it must be distributed by the market.

I have a quotation and I show you here a graph, which shows, especially for the African countries, a decline in savings during this period when we had a boom. So we have a boom and declining savings. And at the same time, we need more aid. It is a paradox of excessive reserves. I have a very long quotation from the World Bank, which says, let me just read part of it, which says "By the end of the 1990s, it became clear that much of the increased deposits and capital inflows had gone into unproductive private borrowing or state enterprise debt that had to be replaced by government debt in order to bail out depositors and lenders." And the point is that the bank acknowledges something had gone wrong with the use of the money at that time.

I have somehow, (very quickly,) a calculation, which I will just skip off, but which shows there is a negative relationship for African countries between the import of capital goods and aid. The more aid you get, the less capital goods you import, which completely contradicts what aid is supposed to do. Aid is supposed to help us import those goods that we cannot produce. And somehow we have to reflect on that, why had that happened.

Finally, I come to two parts of the story, which is both the quality and quantity of donors and the recipients' behaviour. The first of this is … one lesson from Korea was that Korea had one major donor, (and that's where the World Bank comes in,) but it was essentially one-country-one-donor situation. When I read a little bit of Korean history with American aid, there were a lot of problems, a lot of fights about objectives and goals, you know, they didn't always agree. But it was only one (donor). Today, the average country in Africa has 20 donors. So, you might apply that you have fight with America 20 times. (This country) must reconcile itself with 20 different donors, who are not coordinated. At one time the assumption was that the UN or UNDP would

coordinate the donors. And unfortunately, this did not happen. So, there is basically a big fight, a constant fight between... Well, I should not say constant fight, most countries have just given up, but the other countries, there are some disagreements, and there are serious problems of coordination that (was reported on) literature from DAC especially, from OECD on issues of coordination, which are very serious.

And in terms of the quality of donors, there is one thing that I found very striking when again reading about Korea, reading about what has happened and all that. The most of the people working in the USAID after the Second World War shared some kind of Keynesian interventionist view of the state. Today, you have young neo-liberals with their laptops, who are going to Africa to dismantle the state. You meet them at the airport and (on the way to their destination they say they will) dismantle the state! because the state is bad, it's corrupt and you know, it is neo-patrimonial, ransacking the whole works. And that means that when they consider their partners on the other side essentially as ransackers, as corrupt, and therefore, working together few project important. I have a page somewhere else (keep again) that is about the number of donors in Africa and so on. I will skip that.

And I think the consequences of this large numbers of donors for a country means, of course, lack of coordination, fragmentation of national bureaucracies—some of the bureaucracies are liked by donors, well funded, while others are starved. And within the same bureaucracy, there are those who are linked to the external world, and those who are local, and they pay different salaries sometimes, (some of them are topped up.) You create, eventually what Peter Evans says in the opposite direction, of course, disembedded state—a state that is not embedded in the community or national communities.

This leads, of course, to a massive misuse of local skills. And here is a very interesting quotation again from the World Bank, which says following, "Despite massive technical assistance, aid programmes have probably weakened capacity in Africa. Technical assistance has displaced local expertise. And drawn away civil servants to administer donor-funded programmes—precisely the opposite of the capacity building intentions of donors and recipients."

And finally, there is a problem of recipients. I think that one of the lessons one again gets from Korea, although sometimes things are over idealized, but there was some sense, some kind of clarity about the ends and certain focus in Korean thinking. And there was also a determination to reach some of the goals, if you wanted, and there was in a sense realization that somewhere the country has become self-reliant. In our situation, because of the crisis we have had in the last 20

years, we have seen in a sense—again in the African debates it is very clear—the debate about a lack of focus, and the debate about what we are aiming at, and how we get there. And they need to begin to think of aid as a transient, and not as a permanent feature of a society. And that, I believe, Korea, in thinking about aid and in the debate about aid, can bring to the developing countries, quite openly, I think—I can talk at least about Africa—Korea does not have, as yet, negative image in Africa. Therefore you are free—in a sense, which others don't have—to be open and candid in discussions with the African partners. And I think that is the lesson of the Korean development experience for Africa. Thank you very much.

The 5th Seoul ODA International Conference

첨부 II. 발표원고(자료) 및 녹취록

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첨부 Ⅱ. 발표원고(자료) 및 녹취록

Session Ⅰ : 한국의 개발 경험의 시사점

1. The 1st Presentation

Overview of Research and Implications of Development Effectiveness

- *Ilcheong Yi,*

Research Coordinator, UNRISD, Switzerland

❑ 발표자료



KOICA-UNRISD Joint Research "Making International Development Cooperation Effective"

- KOICA and UNRISD's Joint Work from September, 2010 aiming at making contributions to HLF-4.
- Purpose: Extracting lessons from the Korean development experience from the perspective of Development Cooperation
- Korea, one of the most successful cases in development history, as a case
- Transformative Social Policy Approach of UNRISD with a strong emphasis on the social development of Korea

New Approaches to development and their relevance to Korean experience

1. Transformative Social Policy (Thandika Mkandawire)
2. Getting the property rights wrong and securing the home market (Alice H. Amsden)
3. Capability Enhancing Developmental State(Peter B. Evans)

Comprehensiveness of Analysis

- Context, policies and institutions for
- resource mobilization, allocation and spending
- policy linkages
- policy coherence and consistency
- responses to development contingencies
- development politics and governance.

The 5th Seoul ODA International Conference

Across the sectors

4. Aid (Yi, Cocoman, Rhee, and Chung)
5. Social Protection and Industrialization (J. Lee)
6. Social Transfers (M. Chung)
7. Social Services (I. Yi)
8. Responses to Crises (J. Yang)
9. Developmental Governance (E. Kim)
10. Rural Development (M. Douglass)
11. Knowledge Transfer, Trade, Finance and Aid (T. Kim)
12. Gender (J. Lee)
13. Environment (M. Pawar and T. Huh)

KOICA UNRISD

Learning from the Korean Experience

- Requirement for Successful Learning:
  - individual and collective will to learn,
  - capacity to learn,
  - willingness to share knowledge on both success and failure,
  - wisdom to identify really necessary functions and functional equivalents.

Plan after the conference

- Edited Volumes in English and Korean
- More opportunities to share the research in various forms within and without Korea
- Using Archived data sets and Participating in discussion
  1. Google "Eldis Community"
  2. Go to "Groups"
  3. Search groups "Making International Development Cooperation Effective UNRISD-KOICA Research"
  4. Use original dataset and participate in discussion with authors. Or go directly to

     http://community.eldis.org/.59e8a260/

❑ 발표녹취록

Thank you very much, your excellencies, distinguished guests and ladies and gentlemen. I feel very much honored to have this opportunity to share our research projects in which excellent scholars all over the world have made a great effort to achieve an excellent research for almost one year. This KOICA and UNRISD research project started September last year, and its purpose is to extract lessons from Korean experiences. The Korean cases, one of the most successful development stories in history, and we are trying to extract lessons from Korean case for developing countries. The original idea was to apply UNRISD's transformative social policy ideas to Korean case, but in the process of research, we learned from each other and now we can much more elaborate our ideas on transformation and social policy. And I think that is one of the achievements we have already had from this research process. One of the unique features of the research in this project is to suggest new approaches to development and their relevance to the Korean cases. You will find professor Thandika Mkandawire's Transformative Social Policy Approach and professor Alice H. Amsden's Getting the Property Rights Wrong and Securing the Home Market and professor Peter B. Evans, Capability Enhancing Developmental State Approach. All these approaches are aimed at overcoming theoretical and analytical problems over the previous approaches and suggesting approaches with concepts and frameworks guaranteeing in depth understanding of the past, present and the future of development. Another feature of our research we present today is its comprehensiveness of analysis. We are addressing contexts and policies, institutions for resource mobilization, allocation and spending, policy linkages, policy coherence and consistency, responses to development contingencies and development politics and governance in a holistic manner. The topics of papers we have in this conference are all the major sectors in development. As you may have noticed we consistently highlighted the role of social development in Korean experiences, which has been marginalized or even neglected by the economic growth-centered approaches. One of the important topics in this research project is about the international development cooperation. As you know, following the G20 summit last year, Korea is going to have the fourth high-level forum in Pusan, in November. The main agenda of this forum is aid effectiveness and development effectiveness. One of our papers is going to suggest a new approach namely development cooperation effectiveness approach which challenges a problem of unclear concept and donor driven policy measures. We hope this approach, development cooperation effectiveness approach can provoke more in-depth discussions on international cooperation. The whole idea of this research project is not to mystify the Korean experiences. You will listen to stories about failures and serendipity throughout the

conference. We all know that you can learn something important, only when you comprehend both good and bad and success and failure. The research project itself is trying to achieve a success by consciously avoiding only talking about success of Korean development. I think professor Mkandawire will talk about this, but learning from a country's experiences, whether it is a success or a failure, demands several requirements. I think he will talk about those things very soon. But I want to add one thing, very important thing to Mkandawire's arguments about learning. That is meaningful participation in the discussion. I think that is the quintessential of democracy which is key pillar of development. I am very confident everyone in this hall will successfully show what meaningful participation is in the Q&A session. Based on the discussion throughout the conference, we will further develop our papers and publish edited volumes both in English and Korean. And we are seeking more opportunities to share the research output within and without Korea. One of the space for that purpose is our online forum, where you can join, discuss, communicate, with authors and other participants. The information, I can't check out slides, but the Information will be on the slide. I hope we can meet with each other in that virtual spate again. Finally, I really appreciate all the staff members of KOICA who organized this conference. I think they themselves are a clear symbol of KOICA's pledge, "Making a better world together". I really appreciate their efforts. Thank you very much. And we have four excellent papers and one additional contribution from KOICA. All the themes of these papers and contributions are about new approaches to development and development cooperation effectiveness. I would like to invite Thandika Mkandawire first, and he is going to talk about social policy and South Korea's development, an interrogation. I think he is going to talk about a new approach to look at Korean experience. Let's give him a big round of applause. .

❑ **The 2nd presentation**

Social Policy and South Korea's Development: An Interrogation

-Thandika Mkandawire,

Professor of African Studies, London School of Economics, U.K.

❑ 발표자료



Problems of learning

- Theoretical "noise" interferes in looking at the past
- Problem of Bad teachers
  - The "usable past" problem and mystification of "success"
  - Collective amnesia
  - Unwillingness to share experience
    - Restrictive intellectual property regime
    - Pulling the ladder (Ha Joon Chang)

Thandika Mkandawire

Problems of Learning

- Bad learners
  - « Closed » societies
- Low investment in Institutions of learning
  - Absence of national R and D
  - Human capital
- Dependence mentality
- Lack of Direct experience with Asian Experience
  - Lessons lost in translation

Thandika Mkandawire

Competing Ontologies of "Welfarism and "Developmentalism.

- Gap between the "Welfare regimes" and "developmental state" literature
- The Linear view – welfare state as end state
- "Demand side" focus of "Keynesian Welfare state vs the Supply side" preoccupation of growth and development
- Fear of instrumentalisation of social policy

Thandika Mkandawire

Developmentalism and Social Policy

- End justifies the means
  - "Steep Ascent"
  - Acceptance on growing inequality
  - Kuyets Hzpothesis
  - Or classical view of profit, distribution and investment
  - Acceptance of authoritarian rule (authoritarian advantage(
- Amartya Sen on
- BLAST Blood Sweat and Tears view

Thandika Mkandawire

A Framework

- Initial conditions
- Political conditions
- Thriftiness conditions
- Distribution or the "Wage Bargain Conditions"
- Economic structure
- Financial conditions
- Investment conditions
- Labour Market conditions
- Technological Conditions
- International conditions

Thandika Mkandawire

Initial Conditions

- Colonial legacies
- Tradition - "Confucian values"
- Ethnic homogeneity
- Land reform

Thandika Mkandawire

Political regimes

- Ideas Ideology and the Politics of Legitimation
- Nationalism and nation-building
- Ideas of "catch-up"
-

Income Distribution and Thriftness conditions

- Personal income distribution versus functyional income distribution
- Personal income distribution concerned with such measures as GINI coefficients
- Functional income distribution – wages, profits, interest, rent

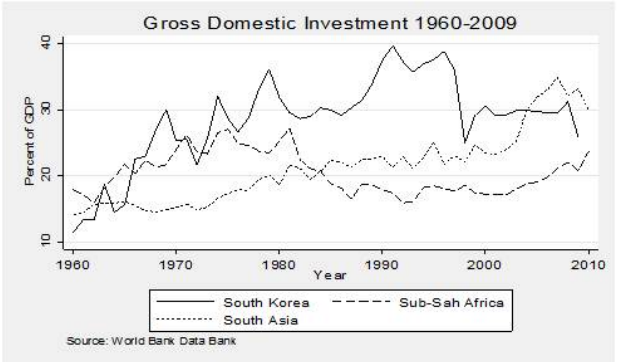
Thandika Mkandawire

Thriftness

- Forced savings
- "Culturalist arguments" (e.g. Protestant Ethic, Confucian frugality and African and Latin profligacy etc)
- Pension schemes
- Restrictions on credit for consumption
- Low wages

Thandika Mkandawire

Resource Mobilisation



Thandika Mkandawire

Labour market

- "Taxing Labour"
- Social Pacts
- Wage compression polies *e.g. "solidary wages"

Thandika Mkandawire

…And how has Investment been assured?

- "Patent capital" and "patient labour"
- Restrictive capital flows
- State involvement in Banking

Thandika Mkandawire

Financial Conditions

- "Rhein Model" vs Anglo-Saxon Banking
- Pensions and the financial sector

Thandika Mkandawire

Economic structure

- Dualism and segmented social policies
  - Problems of "labour aristocracy"
- Openness and social policy

Thandika Mkandawire

Social Policy and technology

Human capital

- The "training regime"

- Creating the "Social capability" to handle Technologies
  - Reconciling Productivity of new technologies with other values
  - Social policies and technologcal dualism

Social Policy by other means

- Land reform
- Farm subsidies
- Marketing boards
- Life-time employmnet

Thandika Mkandawire

International conditions

Thandika Mkandawire

❑ 발표녹취록

Thank you very much. (Simultaneous interpretation into Korean) I'm trying to find a way of how to ask a question about countries' experiences and what the role of social policies was. It is not an account of social policy in Korea, but the way, (I think one should), a kind of question that I had in my mind and I finally found the way of setting a frame of those questions. That is what I am going to talk about. There are serious problem in learning from other people. In my paper, I go with 7 reasons on why it is difficult to learn about, some of the problems you run into when you try to learn from the experiences from other countries. One was, what I might call, the theoretical noise that interferes with the learning. To learn about the country with both the second theory and those theories conditions, how you look at those countries, for instances, we were told that Korea was an example of neo-liberal market theories, and if you look at Korea through those lenses, you get one vision which is not true, and I think It is very important to get clear on how we look at social policy. Today much of thinking about social policy has been very much influenced by the Keynesian welfare state view in Europe which very focuses on protection of demand, demand management, and much less on production and productivity and growth. Some of the leaders, people who are writing on social policies in Korea, they look through the western, sort of Keynesian welfare state. That is not a social policy in Korea, because they don't see the things they see in a normal Keynesian welfare system. They are not visible in Korea yet. There is also question of, what I would call, bad teachers. As you know, the past, we always try to use the past for contemporary issues. It was often the problem of mystification, because the success always looks absolutely perfect and you have no headaches. And there is my question of collective amnesia. When countries actually forget their own histories and tell you to remember something else and forget something else, and they teach you things they can remember. There are many things they don't remember, because they have forgotten a number of things. I remember once being in a conference, which was (inaudible) conference, someone was telling us about how Finland, the welfare state Finland, did very well because Finish people were united (and) homogeneous people in the North, and that reminded me that you (received award in the 1930s). So I forgot about that. You know, we forget about our past and there maybe be also the questions about unwillingness to share experiences. We should not underestimate that I mean we know that there are already for instance an issue of intellectual property right, which is very strict to you. We know what Ha Joon Chang had called, 'pulling the ladder', where those who have succeeded removed the ladder and made it difficult for others to come in to learn. We also have a question of bad learner. You know also when a society is closed to ideas and are not opened to

your experiences, and when they don't invest in institutions of learning and research and development and when they have mentality dependence even last point which is very important for Africa, we have no direct experience of Asian experience. We learn about Asia through Europe or through the US. I think a lot is lost in the process of translation. I think it is important that we have, we need some institutions in Africa to study Asia. I know there are only two departments in African universities and two institutions of Asian studies on the entire continent of Africa. So we don't know much of Asian experiences. And more important, I think, dating back, there are big differences about how two of you developed welfare and what development is. And there has been very, one of my big complaints when I was (unlisted), I recently published an article. There is a big gap between the literature on welfare regimes in the Western Europe and developmental states, they have to talk to each other. And one of the explanations of that, people think of the social policy and welfare something you do after the development as end state. Therefore it's a belief that the experience of Nordic countries is irreverent for poor countries, something you do at the end of it. Much of the discussion about the welfare states in Europe, and especially its focus was very much on demand and protection, not very much attention to supply. There is also a fear you hear very much in the NGO world. When you talk about social policy and development, you think you are going to (inaudible) social policy, and you don't like that, they think social policy is about (inaudible) and ends should not be seen as an instrument. Anyway, there were many arguments for postponing thinking about social policy. When I read economics development in the 1960s we were told many things made you think that one should not think too much on social policies in developmental states. One was,(inaudiable), you know the development is a serious business and painful, you can't spend too much time worrying about the niceties of social wellbeing and focus more on the long term. There was an acceptance of growing inequality as part of the price to pay for the growth, (inaudible) it was like if you go through a valley of tears, one day you will arrive at more favorable environment. There was an acceptance that you need to have an authoritarian government in order for the development. Therefore, concerns about democracy were something you shouldn't worry too much about. There was also an acceptance what Amartya Sen called blast view of development, which was blood, sweat and tears in the development, you really go through this hard time. I think, if one looks at much larger canvas of development experiences, many of these arguments are not really justifiable. We have high growth countries which are democratic and we have countries with fairly high level of equality, doing well. Korea is a good example of that. I think the idea which Peter B. Evans pushed, which is the question of embeddedness of state, I think one should extend it (inaudible) to society at large. The society must find a way of being accepted in a larger sense. I

think purely authoritarian regime with no infrastructural authority would be somewhere along their collapse. I think that is the African experience, you can be authoritarian, but if you have no linkage with society at large, you can't make it, and social policy can help in doing that. I sort of thought of a framework, what kind of things you would ask, if you are looking at a country's social policy. I think you would obviously look at initial conditions. That is important. You look at political conditions and you look at thriftiness conditions, how the countries save, you can look at. Most of these, six of these are in Johan Robinson's article. I think these are the minimum to look at in order to understand how social policy was applied in Korea. As for initial conditions, colonial legacy, in Korea there has been a big debate about whether Japan was a good colonial master or not. I'm sure it was not a very popular topic to raise here. There is also a question of values. People talk about Confucian values, and how ethnic homogeneity of Koreans, health and also land reform as initial conditions, anyway, these are some of the initial conditions. Whatever, my own view is that some of these conditions are sometimes overdriven. We also have to look at political regimes, the ideas, geologies of this, how the style's of legitimation that the state had, and all ideas of catch up. I think central to thinking about the capitalism and social policy is an issue of income distribution and thriftiness conditions. Most of the debates today are about functioning income distribution. People measure GINI coefficient. Korea has very good GINI coefficient. But I think for capitalism what matters more is, the last one, functioning income distribution. Korea is very interesting in that sense. Functioning income distribution, wages, profits, interests rates and rent, these are what classical economists like Ricardo and Marx, that is what they were concerned with, and I believe that is still relevant. In a sense, if you look at Korea, you have very good functioning income distribution. But if you look at wage and profit share, it is different. The profit share is very high in Korea. And that was a part of policy, policy was precisely to shift profits, and you do that by suppressing rents through land reform. You suppressed the financial sector through constraining credit and you suppress wages and we will discuss how you suppressed wages. And that gives you high profits, and that was figures shown in the case of(…). How you make other people consume less is a great question. One is obviously forced savings, pension schemes, and in the case of, and this is also a culturalistic argument which says that Protestant ethics, Calvinist and Confucian legacies. To be compared with Africa and Latin America, we wasted money and Asians are more frugal and so forth. Of course low wages. The factor that actually matters is, If you look at, (this is the wrong graph to show. I don't know what happened.) A graph ordered would show you as far as savings are concerned, the story about Korea and Africa is not quite correct. Because, in fact, until the 1970s, Africa was saving more than Korea, and saving's ratio was higher in Africa than Korea. So it is not as if there was cultural, even if it was cultural, it

was always higher. It was simply specific number of policies we introduced that led high savings that were sustained. In the case of Africa, most of the high savings collapsed in the 1980s. Under, I would argue, a structural adjustment, there was dramatic collapse of savings, and I don't think Africans were more (play boys) in the 1980s. There was ja shift and savings had collapsed. But any case, suppose you have high profits, a big question about social policy I would argue is to consult two things: patient capital and patient labor. That I mean capitalists who get the profit invest if they get high profit and take that profit away, you don't have benefit very much. So you want to induce capitalists to reinvest and that is only argument for persuading workers to postpone their own demands on high wages. And there have been labor market which brings me to next question. Why labor market is very important. It is the labor market where you can either tax labor through repression or you can enter into social pact which has been used in other developmental states, the Nordic model was where you enter into the social pact that labor will accept sudden growth of wages and lower than productivity. But the state will ensure one, that capitalists reinvest two, that social wages are maintained. And you can have also wage compression again; you can compress wages by two ways, one by compression, another one by collective agreements, having solidarity. In any case, in 1970s, all economies had to do is to ensure that those who get profits invest and in many of the poor countries, what we have seen is the repression of labor and transfer profits to capitalists, who in turn transfer capital out of the country. There was no mechanism for ensuring that high profits are reinvested. I said many mechanisms which were used in countries like Korea which was controlling capital flows, involvement of the state in banking. That is also related to social policy. We don't think very much about it. The literature on welfare regime in Europe shows very clearly that the continental welfare policy was related to the financial sector. Like Rhein model banking which you have seen in Germany and Japan and in Korea where the banks are universal banks, and the Anglo-Saxon model which lies in the stock markets. There are actually some kinds of relationships, not completely functional, but it's kind of elective (inaudible) between financial conditions you have and social policy regime you have. In that respect, the way you use your pension fund affects the financial sector. The big debate in the 1980s and 1990s with respect to pension fund was the privatization of pension fund. The World Bank pushed very hard to privatize pension funds. However, historically pension funds have been very useful source of accumulation. In one of our studies on Finland shows that the electrification of Finland and the railway system was built by pension fund. If you go to Africa, today, especially in the southern Africa all the big shopping malls you see in Africa are funded with pension fund, which was in a way distorted. And the question of the issue of social policies always addressed in poor countries is a question of dualism.

Most countries by definition when they start off of are dualistic. You have high output economies and low output economies. How do you reconcile the two? Again social policy has very, very important role. It is a question of solidarity wages of compressing wages between two structures. But even more important in these poor countries when you have new technologies, social policy again plays very important role in a double sense. One, in a simple sense, human capital argument, that's understood. We all agree human capital is important. Social policy is very important in doing that. But I think, I would add two more things. One is creating the social capability of society as a whole not just in terms of skills but in terms of social cohesion and the learning, general learning about society. Social policy is extremely important. It is also important, we forget today, because we don't think (inaudible) anymore, but historically people have resisted new technologies because of high unemployment and so forth. Even in Europe, you can contrast, for instance, workers in Britain and workers in Nordic countries, how they respond to social policies and to technologies. One group feels threatened because of the unemployment, and another group feels protected and they feel much more open to technologies. So the protection social policy provides can make people much more open to new ideas and new technologies. I think one of the things I'd like to learn more about Korea is that generally most of the text books on social policy assumed the western model. The things that are listed, which are protection, childcare at least those things are social policies. And I would suggest there are social policies but other means, and land reform, for instance, an important part of it, farm subsidies, in Africa by the way there are market reforms which are stabilizing prices for pensions and expecting (inaudible),and the life-time employment so forth. I think we need more knowledge about what other things countries do to protect people and civic resources that are not what we learned conventionally. I think looking into Korea we can learn more from their experience. Thank you very much.

❑ **The 3rd presentation**

The Korean Experience and the 21st Century Transition to a Capability Enhancing Developmental State

- Peter B. Evans,

Professor of Sociology, University of California, Berkeley, U.S.

❑ 발표자료



Reconceptualizing Development

The Senian capability approach has replaced traditional accumulationist models as the prevalent paradigm of development.

The expansion of human capabilities is both the goal of development (as a measure of social well-being)
and the key means of development (enhanced human capabilities are the principle source of increased productivity).

Reconceptualizing Development

The capability approach converges with other work in modern economics:

theoretically: new growth models privilege ideas, information and other intangible inputs.

empirically: econometric analysis suggests that "HD [human development] improvements must precede growth-oriented policies if growth is to be sustained." (Boozer, Ranis, Stewart and Suri, 2003: 25).

The political side of Sen's capability approach is essential to Senian development:



Priorities must be determined via information intensive, thoroughly democratic, deliberative institutions [technocratic analysis is insufficient]

This implies a process of contestation, institutionalized in a way that encourages a focus on collective goals, safeguarding especially the ability of disprivileged groups to defend their vision of the c ollective good.

Deliberation is essential to defining goals.

It is also essential to the state's capacity for efficient implementation.

Reconceptualizing development has powerful implications for reconceptualizing the developmental state

Reconceptualizing the Developmental State

4 General Points

Reconceptualizing the Developmental State

1) **Capable public bureaucracies** are even more important than we thought they were.

Without competent, coherent public bureaucracies, capability-expanding public services will not be delivered.

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Reconceptualizing the Developmental State

2) The ability of the state to **pursue collective goals coherently,** rather than responding to the subjectively defined immediate demands of individual members of the elite, or particular elite organizations, is even more essential.

Reconceptualizing the Developmental State

3) **"Embeddedness"** – the dense sets of interactive ties that connect the apparatus of the state, administrative and political, to civil society – becomes more important and must **focus on a broad cross-section of civil society** rather than focusing simply on industrial elites.

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Reconceptualizing the Developmental State

4) The problem of state effectiveness is more clearly a **political problem**, and state-society relations are at the heart of the politics involved.

Empirical Comparisons of Capability Expansion 3 Pairs of National Trajectories

1. South Africa – Brazil:
2. China – U.S.:
3. Korea – Taiwan:

National Trajectories of Capability Expansion

1. South Africa – Brazil:

The divergent capability performance of two apparently similar, major developing countries.

Both start out with historically high levels of Inequality. Neither grows at a high rates in the 1990's or 2000's. Yet Brazil does much better at inequality reduction and capability expansion.

National Trajectories of Capability Expansion

2. China – U.S.:

The curiously convergent, disappointing capability expansion performance of rising and declining hegemons

National Trajectories of Capability Expansion

3. Korea – Taiwan:

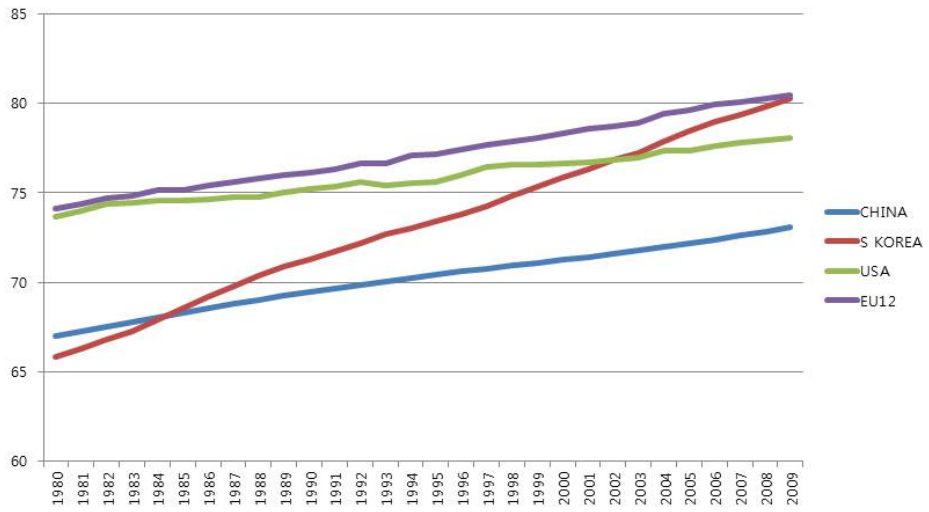
How can we explain their shared unusual success at capability expansion?

Some Data:
National trajectories
life expectancy
&
inequality

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Comparative National Trends in Life Expectancy

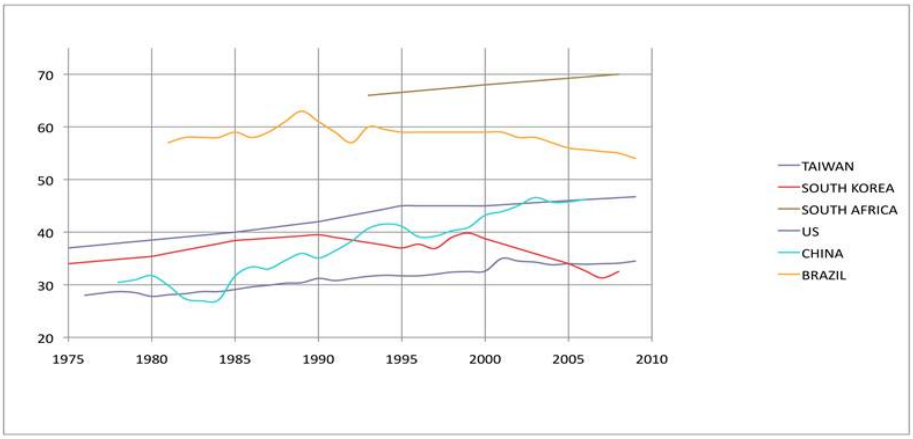
(Evolution of Life Expectancy at Birth – 1980- 2009)



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Divergent Trends in National Inequality

(Evolution of Gini Coefficients – 1975- 2008)



DATA SOURCES:
Taiwan: Major Figures of Family Income and Expenditure, National Statistics, Republic of China (Taiwan)
South Korea: "Republic of Korea: Four Decades of Equitable Growth", World Bank report. Data from Family Income and Expenditure Survey, National Statistical Office
US: OECD data, 1975-2005; Census Bureau data from American Community Survey, 2010.
Brazil: World Development Indicators and Global Development Finance. World Bank data bank.
South Africa: Leibbrandt, 2010. "Trends in South African Income Distribution and Poverty since the Fall of Apartheid", OECD Social, Employment and Migration Working Papers, No. 101, OECD Publishing. Data from SALDRU 1993, IES 2000, NIDS 2008.
China: Chen, J., et al. 2010. "The Trend of the Gini Coefficient of China". Brooks World Poverty Institute. Data from China Statistical Yearbook and other sources.

Explanations for National trajectories??

Do they make sense in terms of different patterns of state-society relations?

Explaining Trajectories of Capability Expansion
The Heller Thesis: South Africa vs Brazil:

South Africa: civil society organizations representing ordinary citizens have "become estranged from political society"

- **[see Patrick Heller, 2011: "Towards a Sociological Perspective on Democratization in the Global South: Lessons from Brazil, India & South Africa"**

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Explaining Trajectories of Capability Expansion
The Heller Thesis: South Africa vs Brazil:

Brazil: a "relatively autonomous civil society that can effectively engage the state" has generated "clear instances of civil society projecting itself into the state to shape policy" and "the institutionalization of a wide range of participatory structures and the strengthening of local democratic government"

- **[see Patrick Heller, 2011: "Towards a Sociological Perspective on Democratization in the Global South: Lessons from Brazil, India & South Africa"**

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Explaining Trajectories of Capability Expansion
South Africa: The Arrighi corollary

1) The South Africa state has chosen to focus on building a multiracial capitalist class rather than taking the windfall profits and have accrued from the current resource boom and investing them in capability expanding collective goods.

Arrighi, Giovanni, Nicole Aschoff , Benjamin Scully. 2010. "Accumulation by Dispossess and Its Limits: The Southern Africa Paradigm Revisited" *St Comp Int Dev [SCID] 45:435*

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Explaining Trajectories of Capability Expansion
South Africa: The Arrighi corollary

2) As a result South Africa has:
"forfeited the kind of investments in the welfare of the po pulation (housing, public transport, health and, above all, mass lower and higher education) that would have been Key developmental objectives in themselves and may well be the most essential, though by no means sufficient, con dition of renewed economic expansion."

Arrighi, Giovanni, Nicole Aschoff , Benjamin Scully. 2010. "Accumulation by Dispossess and Its Limits: The Southern Africa Paradigm Revisited" *St Comp Int Dev [SCID] 45:435*

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Explaining Trajectories of Capability Expansion

China – U.S.:

What do these two dissimilar hegemons have in common?

In both countries, the neo-liberal era saw capital gaining increasing political access to the state.

Explaining Trajectories of Capability Expansion

China + U.S.
Examples of the Arrighi Corrolary??

In China, private capital had been politically excluded prior to the 1980's(in so far as it existed at all) but has now become a political participant, particularly at the local and regional level.

In the United States, a political system in which various groups in Civil society competed politically to shape state policy was gradually replaced by one dominated by capital.
[see for example: Hacker and Pierson (2010) or Johnson (2009)]

National Trajectories of Capability Expansion

Korea

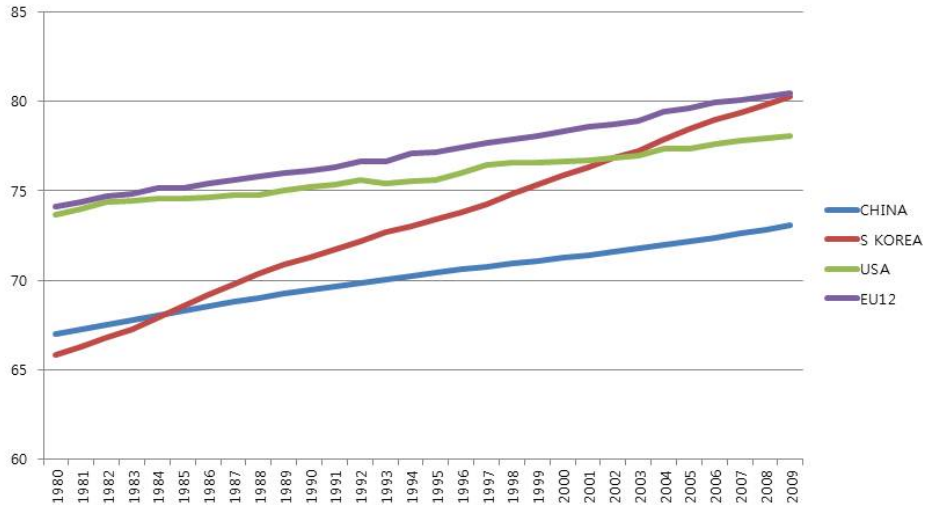
(and the similar evolution of Taiwan)

How can we explain successful capability expansion?
Does the Heller thesis work?

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Comparative National Trends in Life Expectancy

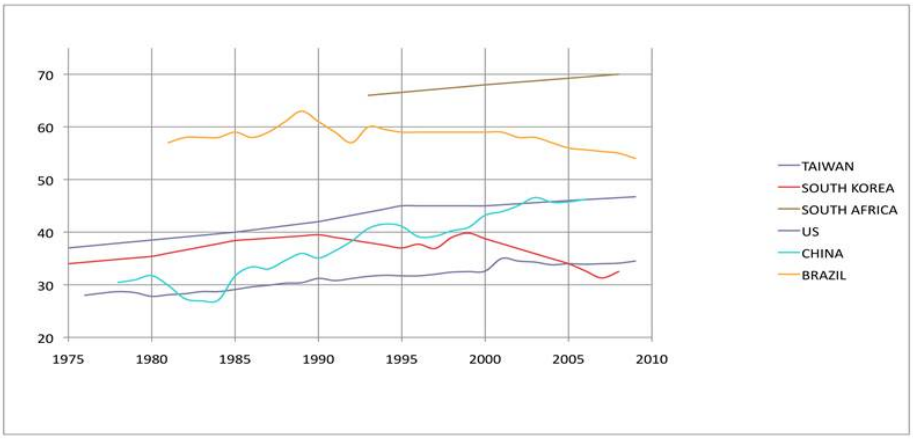
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Divergent Trends in National Inequality

(Evolution of Gini Coefficients – 1975- 2008)



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China: Chen, J., et al. 2010. "The Trend of the Gini Coefficient of China". Brooks World Poverty Institute. Data from China Statistical Yearbook and other sources.

Evolution of Infant Mortality Korea and China 1960-1999

Infant Mortality Rate (per 1,000 live births)

	1960	1981	1991	1999	Annual Rate of Decline (% per year)		
					1960-81	1981-91	1991-99
China	150	37	31	30	6.7	2.0	0.0
South Korea	85	33	23	8	4.5	3.6	13.2

Source: Dreze, Jean and Amartya Sen. 2002. *India: Development and Participation* Oxford University Press [2nd edition] Table 4.3 pg. 125

Explaining National Trajectories of Capability Expansion
Korea

Most analysts agree that increased levels of social protection and delivery of capability enhancing public goods are related to increased possibilities for political action on the part of civil society, beginning in the late 1980's.

For example: Wong (2004); McGuire (2010); Dostal (2010).

Explaining National Trajectories of Capability Expansion
Korea (cont)

Therefore Korea and Taiwan can be considered possible cases in support of the Heller thesis, but they are cases in which the processes of engagement of civil society with the state are less well studied and less well understood than in Brazil and South Africa.

Two Simple Conclusions

1. The effectiveness of the state in promoting capability expansion does seem to depend on :

a) the ability of civil society to engage the state and

b) the ability of the state to operate with some degree of independence from capital.

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Simple Conclusions 2

2. Korea's extraordinary performance with regard to capability expansion during the last thirty years makes it a key site for research aimed at refining this hypothesis.

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Simple Conclusions 2

2. Korea's extraordinary performance with regard to capability expansion during the last thirty years makes it a key site for research aimed at refining this hypothesis.

❑ 발표녹취록

I would like to thank KOICA and UNRISD for organizing this conference and for allowing me to be a participant of conference. I think it is a very great privilege to be here. For me this is a very special conference for two reasons. First of all, it marks a fundamental shift in the structure of global international relations and in the position of Korea within that structure. Second, it marks an interesting collaboration between two very different sorts of organizations. On the one hand, UNRISD, the UN Institute for Research and Social Development is a transnational organization devoted to research, and on the other hand, KOICA is a national organization devoted to the formulation and implementation of policy. Then, I will argue the richness of this conference indicates the great potential, fruitfulness of this kind of collaboration among different organizations, and I hope this kind of fruitful collaboration will continue in the future. So, my talk today, which I will summarize very briefly here, basically leads to a very simple argument. And that simple argument is that Korea having been an exemplar of the 21th century developmental state, one devoted to industrial transformation, has somewhat curiously become an exemplar of 21th century developmental state devoted to the expansion of human capabilities. First, I'm going to lay out some conceptual arguments, then I will review briefly some empirical comparisons of national trajectories, and all of this will be done in a sort of breathless sprint to the finish in order to complete my talk within the time allowed. But fortunately there is this handsome volume of papers which KOICA has produced. So, if the talk seems incomprehensible in its breathless sprint vision, you can peruse it and interrogate at length by looking at the volume. So, first, we are going to talk about the re-conceptualizing development. I would argue a Senian capability approach to development has become the prevalent paradigm both among theorists and in the policy community. The Senian paradigm argues that human capabilities are both the goal of development as a measure of human and social wellbeing and also the key means of development in so far as enhanced human capabilities are the principal source of increased productivity. Now, this re-conceptualization of development, while identified particularly with Sen actually converges with work of very (inaudible) intellectual origins and methodological styles. It converges with theoretical ideas of new growth models which privilege ideas, information and other intangible inputs. It also converges with economic, econometric analysis which suggests human development should not be seen simply as an outcome but rather improvements in human devolvement must procede growth oriented policies focused on income growth, if growth is to be sustained. When we think about re-conceptualizing development in Senian terms, we always have to remember that the Senian approach is very much a political approach, that is to

say, priorities for development have to be arrived at via information intensive, thoroughly democratic deliberative institutions. This implies a process of contestation that includes above all those who are disprivileged in terms of their current positions in the society. This re-conceptualization of development obviously has a very powerful implications for how we think about the developmental state. I'm just going to summarize some of these very quickly, four of them. First of all, if we think about the state as a capability-enhancing state, capable, coherent, public bureaucracy become even more important than we thought they were, when we looked at the role of the development state in terms of industrial transformation. Second, the ability of the state apparatus to pursue collective goals coherently rather than responding to the sort of subjectively defined immediate demands of individual members of elites or particularly-led organizations becomes even more essential. Third, embeddedness, that is to say, the dense set of interactive ties that connect the apparatus of state to civil society also becomes more important to the development process than it appeared when we were looking at the state in terms of industrial transformation. And even more important, as Thandika indicated the focus of embeddedness must be on a broad cross-section of civil society rather than focusing simply on elites. Finally, of course the problem of sate effectiveness becomes in this perspective even more clearly a political problem and state-society relations become the heart of this political problem. Ok, so, having laid out as I said very briefly this conceptual frame, let me turn to three comparisons of national trajectories of capability expansion, which I think, shed interesting light on the conceptual framework. First, I'm going to look at South Africa and Brazil then China and United States and finally Korea, Taiwan. Korea, Taiwan. I will primarily focus on Korea. First, South Africa and Brazil, what is interesting about South Africa and Brazil is that we have two major developing countries starting out in many ways in similar circumstances, that is to say, they started out with historically high levels of inequality, political, social as well as economic. They both democratized over the course of the 1990s and the beginning of the millennium. Neither one of them is a spectacular growth performer during that period. And yet Brazil performs much better in terms of capability expansion than South Africa. Second comparison that I look at is China and the United States. Here, we have two hegemons, one rising and one declining, and curiously despite the massive differences between them, both experience diminished success in terms of delivering capability-expansion during the neo-liberal era. And finally Korea, Taiwan, and the question here is how we explain their unusual success at trajectories of capability-expansion. I'm going to switch to slides you won't be able to read. But I guarantee it illustrates some of the points I made very quickly. Oh, that one you can read. This is simply a slide of changing levels of life expectancy. What you see in this slide is, I think, very interesting. First of all, we can start with

the United States. Life expectancy in the United States starts out at levels almost identical to those in Europe. But by the end of the neo-liberal era the United States has fallen behind its European fellow developed countries. Korea, on the other hand, the red line on this chart is quite spectacular starting out at levels lowers than China and ending up at levels higher than the United States. So, this red line is obviously a puzzle to be explained. O.K. this is the one you can read. This is a chart which shows trajectories of inequality and six countries over the course of the last 35 years. If I am able to get out to the front to point to this line, you would see on this chart that follows. At the top of the chart, that is to say, GINI indices which are globally most extreme, let us to say, levels of inequality, that is the most extreme as we see are Brazil and South Africa, sort of typical levels of regressive distribution in the developing world. What is interesting about this chart is as you see a brown line at the top is the South Africa, over the course of democratic period South Africa becomes more unequal. On the other hand, over the course of, particularly last 10 years, Brazil for the first time in its 400 year history became more equal. So, that is another puzzle to be solved. If we go further down on the chart we find China and the United States. China starts out the period with a legacy of relative equality inherited from its socialist past and land reform, it is by the end of the period one of the more unequal countries in the world, going from the mid '30s to the mid '40s in terms of GINI index, and United States followed the similar trajectories. The United States, starting out as a relatively more equal country at the beginning of this period becomes by the end of the period a more unequal country. So, we have these countries experiencing very different evolutions in terms of economic growth, but a parallel evolution in terms of inequality. Why would that be the case? And finally, we have the interesting cases of Taiwan and South Korea which have experienced relatively equal growth and have managed to maintain levels of equality that are unusually low in the developing world throughout the period we are talking about. In the case of Korea, it seemed as though Korea is taking Chinese route of increasing inequality at one point but in the last 10 years it has somehow managed to retain its level of inequality. O.K, so, how do we explain these differences and similarities? In the case of South Africa and Brazil, I'm going to rely on what I would call the Heller's thesis that was based on a work by Patrick Heller. Heller argues that despite apparent similarities in terms of both South Africa and Brazil being democratic countries, South Africa has experienced an evolution in which civil society organizations those representing ordinary citizens have become estranged from political society that is the state and political parties, and unable to access or influence state policies to secure their interests. On the other hand, argues Heller, Brazil has experienced a remarkable deepening of democratization in which a relatively autonomous civil society can effectively engaged the state in which civil society has been able to

project itself into the state to shape policy and in which a wide range of participatory structure had flourished at the local level. So, Heller than would argue that the differential success of South Africa and Brazil in terms of capability-expansion have precisely to do with state-society relations and the ability of Brazilian state to engaged a broad cross-section of civil society.

I just want to add quickly what I would call the Arrighi corollary in relation to South Africa. And that is that Arrighi and his collaborators argue that the South African state has in its efforts to maintain close ties with capital focused on building a multiracial capitalist class rather than trying to extract some of the windfall profits made by the capital in the current resource boom in order to invest them in capability expanding collective good. And as a result, it has forfeited the possibility of making capability expanding investment which Arrighi and his collaborators argue are important not just for social wellbeing but because they are the most essential, though not sufficient, conditions of renewed economic growth. Finally, China and the US, what do they have in common over this 30 years period? What might explain their shared diminished capacity in terms of capability expansion? I would argue that both countries share in the neo-liberal era and evolution of their political economy in which capital has gained increasing political access to the state. In the course of China, private capital of course was absent; non-existent when we look at the China 35 years ago and it has become a legitimate participant in the political process, indeed highly influential participant, certainly at least at the local and regional level. In the United States a political system that 35 years ago was one in which different segments of civil societies could be argued to contest political power has become by the current period one in which capital dominates the political process. So, finally, we get to Korea, I would look at Korea and not argue too much about Taiwan, but I think the argument is quite parallel. How do we explain the success of capability expansion? Just remind the life-expectancy chart, Korea's extraordinary performance in equality, Korea's extraordinary performance, and this is just one table I'd like to add comparing Korea and China, this is from (Jury) and Sen's book in 2002, and if we look at infant mortality, what is striking is between 1960 and 1981 when Chinese economic growth was hardly anything to (write about), China performed better than Korea in terms of infant mortality reduction despite the fact that Korea was growing more rapidly. But if we face forward to the period 1991 to 1999, reductions in infant mortality in China have virtually stopped while Korea surprisingly from 1991 to 1999, not a brilliant economic period for Korea, Korea's performance in terms of infant mortality reduction has become fastly superior to its earlier performance and has obviously become completely superior to that of China. How do we explain this? The literature on how to explain this is I think not very good, but those who have looked at Korea and Taiwan in depth and looked at the relationship between changes and policies that might relate to this expansion

of capability enhancing public goods have generally focused on the importance of a relative increase in the degree to which civil society is able to access to state and influence policies. Now, relative is of course an important word. If we look at Korea and Taiwan, I am not sure if we could argue the kind of ability of civil society projected itself into the state that Heller sees in the case of Brazil, but relative to its earlier situation, it seems civil society in Korea and Taiwan has increased its relative access and power. This is of course a just hypothesis to this point, but it's one that I think is quite fascinating in that it corresponds nicely both to the other empirical comparison and to my original conceptualization. So, Korea and Taiwan, therefore, are possible cases in support of Heller's thesis, but cases that I less well studied and I would argue we need more studies. So let me close with two very simple conclusions. First, the effectiveness of the state in becoming a 21st century developmental state, capable of promoting capability expansion does indeed seem to depend on the ability of civil society broadly speaking to engage the state and the ability of the state to operate with some degree of independence vis-a-vis capital. Finally, perhaps even more important for this conference, Korea's extraordinary performance with regard to capability expansion for the last 30 years makes it a key case for research aimed at understanding capability expanding developmental state and refining the first conclusion. Thank you very much.

***HOST**

Dr. Lee? Forgive me for interrupting. We have one quick housekeeping announcement to make. Umm… due to the overflowing enthusiasm of our speakers, there's again a bit of delay. In the interests of time, we will not be able to take the coffee break, which was originally scheduled, but since we are serving coffee outside at the lobby, for those of you who want to, you know, go get a quick grab of coffee, please do so, and I'd like to once again ask Dr. Lee for the introduction of our next speaker.

***MODERATOR: Ilcheong YI (Research Coordinator, UNRISD, Switzerland)**

Thank you very much, I'm very sorry about this, but we are under the strong constraint of time. Our next speaker is Professor Alice Amsden, Professor Barton Weller of Political Economy, MIT, the United States. She's talking about "Securing the Home Market: A New Approach to Korean Development." I think this is a very much interesting approach to Korean developing experience analysis. I'd like to invite Professor Alice Amsden to the podium to give a speech. Yes.

Maybe you can have just one minute. (You can may come to the back.)

❑ **The 4th presentation**

Securing the Home Market: A New Approach to Korean Development

- Alice Amsden,

Barton L. Weller Professor of Political Economy, M.I.T., U.S.

❑ 발표자료



국내시장의 강화: 한국개발에의 새로운 접근

Securing the Home Market: A New Approach to Korean Development



Alice H. Amsden

미국 M.I.T 교수

Barton L. Weller Professor of Political Economy,
M.I.T., U.S.

❑ 발표녹취록

Well you probably have seen these basketball games and these basketball players are playing like they're crazy and they're spending all these energy. So they interviewed them and they say, "What makes you really play so hard?" they say "Well, what we do is we pick some pretty girl in the audience and we play for her. And we're really running around." So, what I'd like to do now in a sort of comparison is to pick two cute guys in the audience and talk to them. And the two cute guys I'd like to talk to (is), one is Shaukat Ali Mukadam, and he is the ambassador for Pakistan to Korea, and the other cute guy is NgoviKitau and he is the ambassador for Kenya to Korea. And I like to think about what are these people, these honorable ambassadors, what are they going to really learn about Korea, and learn about what they can derive from the Korean aid experience?

So, I'd like to say this, if you think about Korea's economic history, right after the Independence, I think Korea had what could be called a rational revolution, meaning it decided deliberately and specifically, under Park JungHee, not to develop according to free market theories, and not to develop in a deductive way thinking about theories as a driving force behind economic development. Now, what really drove Korea was being Park of a very inductive role model that was initially led by China in the 900 BC, and ultimately was led by Japan—and it's now maybe once again led by China and Korea, etc.—that was a kind of collective learning experience. And out of that collective learning experience, it became a very very different from what was learnt from the Universalists and enlightenment type of theoretical approach to economic development, where you have free market theory, or you have comparative advantage. And what came out of this collective learning experience was, I think, instead of universalism, that everyone had to have the same economic system, everyone had to have the same commercial practices, everyone had to have the same laws, the same relations between government and merchants, which exists to this day, and which is really the sort of major tenet of the World Bank and the IMF.

What came out of this collective learning was not universalism, it was nationalism. And the idea was that every nation would pursue securing the home market, just as it had pursued getting political independence. And securing the home market, at least I say to the ambassador to Kenya and the ambassador to Pakistan, what it meant was forming nationally-owned firms. And when I say nationally-owned, I don't mean state-owned. I mean either private- or state-owned. But nationally-owned, in terms of the majority of the stockholders and the control of the enterprise are in Korean hands. And you had national industries, and you had a bureaucracy that nationally trained bureaucrats. Even if everyone went to the United States for Ph. D, they had a BA or some

other degree from a Korean university. And they understood what Korean history was, and they understood what the Korean problems were. And finally with these nationally-owned firms and national industries and a national bureaucracy, they fought poverty by creating jobs. I think that is very important to understand because now, when you listen to these aid giving agencies, it's all about fighting poverty and it's about the poorest people, etc, etc. And you forget about the importance of the national orientation to creating employment, productive employment. And that was the heart of Korea's economic development. And I think that every lesson that has to be given to the ambassadors from Kenya and Pakistan has to emphasize that point about (chats?). That's how poverty was fought, and it was a very deliberate process.

So what I wanna do today in the remaining time is just to suggest to you that in recent years the importance of having nationally-owned firms, as opposed to the foreign-owned enterprises, has increased. And that is, if you are talking about Pakistan and economic development, you must be talking about trying to build national capabilities to have nationally-owned firms. And the reasons for this have become increasingly important. And I'd like to stress these reasons. And there are eight of them, not nine, not seven, but eight of them.

The first one is this and it has to do with outsourcing. In the old days, when an electronics firm like Texas Instruments or the IBM, when they wanted to produce in a low-wage country, they would open up a foreign facility and they would have a foreign direct investments. So you would have General Dynamics Korea or you'd have Texas Instruments Taiwan. That's not true today anymore. The big international electronics firms and automobile firms, they don't want to commit their own capital to opening a foreign investment in developing countries. What they want to do is to give their technological architecture to a locally-owned Korean, or Taiwanese, or Brazilian firm and have those national firms make that products for them, and decide how to integrate all the parts and components to reduce costs and increase (speed to) market. So unless you have your own nationally-owned enterprises, you can't do outsourcing. And the very important function, it seems to me, of Korea's aid giving agencies is to teach developing countries like Kenya and Pakistan how to create outsources, how to have that whole relationship of outsourcing develop in their own countries, otherwise a large share of employment generation cannot occur.

Second, what's changed now is the nature of the direction of FDI as far as technology transfer is concerned. And one of the very important aspects and attributes of FDI is that they, foreign firms, will transfer technology to a developing country, otherwise the developing country could probably borrow the money. But they don't borrow the money, (instead) they get the foreign firm because the idea is that with that foreign firm comes technology transfer. Now, the point is now things

have changed. And a large number of emerging economies are getting their technology not by inviting foreign investors to their countries, but by borrowing money to invest in their own companies overseas. In other words, they are making outward FDI. So, for example, when China wanted to jump into the chemical industry, it bought General Electrics' company in China; GE had a foreign direct investment in China. China bought that GE factory, and instantly overnight jumped into the chemical industry. And also that GE facility in China happened to have an R&D lab attached to it. So, overnight, China got into the R&D business. Now, it sounds strange to encourage poor, developing countries like Pakistan and Kenya to buy foreign companies or to open up a foreign company's greenfield factory overseas. But that is an excellent way to get technology. That foreign firm becomes your firm, and transfers technology to you, whereas foreign direct investments are not interested in technology transfer, but they're interested in profits. So, outward foreign direct investment requires a nationally-owned firm. So if you look at Malaysia these days, instead of trying to help the local Malayan population by aiding them and supporting them in creating small and medium size enterprises owned by Malayans in Malaysia, which didn't work, the government is buying big foreign companies and giving Malayans the shares in those companies because they think that is a better way to increase profitability and to increase technological know-how.

Third, you have to have your own national companies if you are going to have brand names. And if you are going to start controlling markets, I don't care how low-tech the markets are, like Columbian coffee, you need your own brand names. And that means you need your own nationally-owned firms. It is beholden on Korea's technical assistance related to its foreign aid to help developing countries not only form nationally-owned companies, not only make outward foreign direct investments, not only become outsources, but try branding. Korea is right now at that position itself, where it is trying very hard to brand. When you think about it, there are very few companies from the developing world that have their own brands—one is Samsung, one is Giant Bicycles from Taiwan, one is Columbian coffee. There are very few others. But this branding issue is critical, if developing countries are going to start getting into textiles and getting into clothing, and are going to make some money, as opposed to (having) terribly, terribly low rates of return. The brand name, this intellect property associated with the brand name, Korea has to help developing countries understand how to do that.

Ok, let me shift away from this sort of manufacturing belt of East Asia and Latin America, and let me go to the Middle East. By the way, if there was a role model in the Far East, in the form of the Japanese role model or the East Asian role model, there's a role model in the Middle East. It

wasn't the OPEC price cartel, (but) it was OPEC development role model, which nationalized foreign international oil companies, created nationally-owned oil companies, and emphasized the importance of acquiring domestic capabilities. Now one of the reasons why very conservative Middle Eastern countries, like Saudi Arabia, (the reasons) why they nationalized the big oil companies had to do not with the price—that was the OPEC price cartel. They nationalized the big oil companies because these (international) oil companies would get concessions and then they would let those concessions lie and they maximize their global profits by pumping oil only from a few of those concessions. So, most of those concessions were useless, except that the big international oil companies could prevent other companies from producing oil. So they would hold on to these concessions. And they wouldn't use them, which meant there's no production, which meant there's no tax revenues, which meant the developing countries got nothing in the way of tax revenues (to) invest in infrastructure. So you have to have your own national company, your own national oil company to dislodge a foreign legacy position. In order to kick out those foreign companies in the way they did in the 60s, 70s, and 80s, you have to have a local company to be able to go in, and run that concession, and drill for oil, and drill for raw materials.

So again, Korea is increasingly involved in raw material-rich countries; Korea has very few raw materials of its own, it's buying mines in Australia, and it's buying mines in Africa. It is doing a lot in that general area of energy and raw materials. That is a very controversial area, in which Korea is moving. And what Korea's reputation will be in Africa will depend on how well it manages that interface. And it seems to me that interface has to recognize that one of the best ways that have been proven for the developing world to make use—profitable use, and job-intensive use—of its raw materials is to have nationally-owned companies. So when Korea is not just giving foreign aid but is actively involved with those companies, it has to, at least, recognize the importance of national ownership on the both sides of the negotiating table.

Okay, five. Why, fifth reason, why it's important for Korea to help developing countries form their own national companies. It has to do with reverse brain-drain. All these developing countries are not poor in the sense of having no top-level talents. (Thanks.) They are poor in so far as a lot of that talent migrates overseas. And I mean top talent. Now in order to get that talent to come back, in order for someone who is living in the US, making a really nice salary, having a very high position, to come back to Egypt, or to come back to one of the African countries, South African countries, you have to have a good deal for the person. They have to have a nice house, and they have to have a good job that is very responsible. And what's important about national ownership is that only a nationally-owned firm can give that top talent the top position of CEO or Chief

Financial Officer or Chief Operating Officer because, in foreign-owned companies, those reverse brain-drain people, the Koreans working overseas, they cannot make it to the top in an American-owned company. Let me give you an example of ₩Morris Chang, who is now the CEO of Taiwan's semiconductor company, which is one of the largest and best semiconductor companies in the world. He was a very high-level executive, vice president of Texas Instruments. When the Taiwan government formed a state-owned enterprise, Taiwan Semiconductor, they lured Morris Chang back home. In a newspaper interview, they said "Why did you leave such a great position in Texas Instruments?" and he said... (By the way,) I don't know if you know this expression, the glass ceiling. Women hit the glass ceiling, they don't see it, but they can't go higher. He said "Because I hit the yellow glass ceiling. Because I knew that in Texas Instruments, they never appoint an Asian to be CEO." And if you interview Africans working for Unilever, they talk about the black glass ceiling. And if you talk (with) Brazilians working in a company in Germany or Europe, they'll say "I hit the coffee glass ceiling." And they come back. Koreans come back to Korea because with Koreans-owned, nationally-owned companies, they can attract people back because they can make them the CEO, because they can give them the top position. And the point about African countries is there are a lot of brain-drain. And it's a very big challenge for aid donors to help those African countries attract that brain-drain back. And one of the ways to attract that brain-drain back is to create interesting, good opportunities in the form of nationally-owned companies that that reverse brain-drains can manage.

Okay, I have to go fast. So, the three remaining reasons that it's important to have national ownership. One is local content, by what I mean, it's not just enough for a country to do assembly operations to assemble a car. To create jobs, to create opportunities, they have to produce the parts and components. According to the World Trade Organization, you cannot force a company to do that. But you can force a local company to do that, especially if it's state-owned. So, state ownership overcomes the problem of local content.

Seven, foreign companies don't do R&D overseas. Very little. Some in China, some in India, but almost nowhere else. So, if you want to get into high-tech, if you want to produce textiles of the highest quality, you need some R&D. And usually foreign firms don't do it. So, you need nationally-owned firms. And finally, a country like Korea, a country like Pakistan, a country like Kenya, they all face the same problem of small and medium-sized enterprises. Small and medium-sized enterprises in the developing world are not like Steve Jobs. They're not like American high-tech start-ups. They are backward, they are difficult, they have to be brought up to the standard. Foreign companies don't invest in small and medium-sized enterprises. You need your own

national companies to do that. And you need your own government bureaucracies that are experienced in bringing the companies up to (the standard.)

Okay, so, by way of conclusion what am I saying. I'm saying that if Korean aid donors present Korean economic development as a process of success and increasing democratization and increasing involvement of the participatory nature of the Korean population, that, in a way, is misleading. Because one thing about Korean economic development that I think anyone who went through that process would agree is that it was tough. It was tough in every way—it was tough to form those nationally-owned companies, it was tough to form bureaucracies that weren't corrupt and that actually worked, and it was tough to create industries that had to compete against the Europeans and the Americans and the Australians and etc, etc. And that kind of toughness has to be transmitted to Kenya and to Pakistan. They have to recognize that it is not just embedded autonomy. It's a discipline. It's hard work. In order to get that unanimity in a population to agree to that hard work, there has to be some national returns. And that national returns have to be in the form of employment. To have that kind of employment, you need nationally-owned enterprises

***MODERATOR: Ilcheong YI (Research Coordinator, UNRISD, Switzerland)**

Thank you very much. Our next paper is about aid effectiveness. We have two contributions. We will look at them 15 minutes for each. And Olive Cocoman, research analyst from the UNRISD and me and other speakers of the first paper. I will talk about just the conceptual framework of development cooperation effectiveness framework. This approach is trying to overcome the problems of aid effectiveness and development effectiveness debate. And we found the problems in these debates leading up to high-level forum forward, such as weakness of various premises—they don't take seriously those variables equity and solidarity and democracy. And the silo approach, where they think aid should be, you know, they think about the aid sectors only, so we are trying to overcome those problems. Of course, those efforts can be found in develop effectiveness debates, but we are trying to strengthen that kind of trend to include both aid and non-aid process. And the third one is power relationship between the recipient and the donor. We have a strong emphasis on sovereignty and ownership. So our conceptual framework called development cooperation effectiveness approach has a strong emphasis on recipient country's sovereignty and ownership in terms of controlling policies and plannings for their development. So, based on this conceptual framework, Olive Cocoman will talk about our lessons we found from our research. I will hand over to Olive Cocoman. You got 12 minutes.

❑ **The 5th presentation:**

The Korean Experience within the Context of Development Cooperation Effectiveness

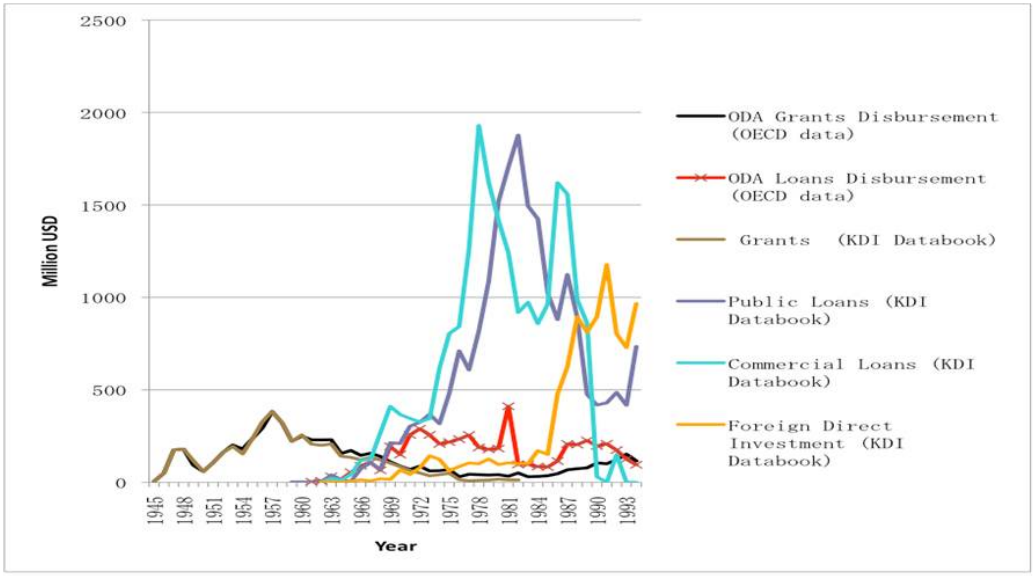
- Olive Cocoman,

Research Analyst, UNRISD, Switzerland

❑ 발표자료



Trends and Nature of Aid to Korea



OVERARCHING RESEARCH QUESTIONS:

1. How did South Korea as one of the largest aid recipients next to Egypt in the 1950's and 60's, successfully make aid effective in terms of economic growth and poverty reduction?
2. What was the nature of the international assistance to Korea and how did the Korea government respond to international development assistance?
3. How did the different political regimes organise policies around aid?

Specifically,

1. Who dominated which process and was responsible for which output?
2. What were the institutions and policies to build institutional and human capabilities in particular in terms of ownership and control over policy?

Conceptual Framework

Challenge to the mainstream views which are:

- vague about the value premises that development policies, be they aid or non-aid, should be based on, such as equity, solidarity and democracy which are the main components to fight against poverty (UNRISD, 2010)

- silo approaches rather than holistic

- considering little of power relationship and more of technicality in aid architecture

Development Cooperation Effectiveness

a concept of ***development cooperation effectiveness is defined as the extent of the coherence and consistency of aid and non-aid policies enhancing human and societal capability by partners in development cooperation (donors, recipients and stakeholders) based on the recipient country's sovereignty. In this development cooperation, synergies within and between production, redistribution, protection and reproduction are explored and created in an equitable, democratic, sustainable manner***.

Key Findings

1. Ownership
2. Policy Coherence
3. Capacity
4. Partnership
5. Accountability
6. Redistribution

Key Findings: Redistribution

Redistribution is critical to make development effective since it can make a basic political, social and economic foundation which economic development and social cohesion is built upon.

Land reform:

The distribution and redistribution of rice and significantly of land were some of the most significant economic, social and political policy actions undertaken in the development story of Korea.

Progressive land reform (decrease of tenancy rate from 73 to 40 in 1948) provided a pre-condition for further land reform and consequently contributed to generating social and economic equality.

Key Findings: Ownership

Defining ownership?

- important resources of country ownership: human and organisational capability under the government leadership with a clear mandate for development, implementation power and negotiating capital.

Ownership in one sector alone cannot guarantee sustainable development (exchange rate under the President Rhee)

Taking ownership?
Economic Planning Board - 5 mandates:
establish comprehensive economic development plan
budget planning and implementation
procuring foreign and domestic resources
coordinating investment and technology advance
managing economic cooperation with domestic and foreign institutions
Most significant is the sole mandate to compile and distribute budget based on information from other ministries – 'superministry'

Key Findings: Policy Coherence

Policy coherence should be achieved not only in aid sector but also across aid and non-aid sectors. Nationally owned planning is vital to achieve policy coherence across the sectors.

The Rhee government's coherence was fundamentally undermined by the institutional separation of budgeting and spending of aid resources and neglect of planning.

With the overarching economic development plan and a 'super ministry' planning organisation, the Park government coordinated macro and micro economic process in the way to govern the market through either inflationary or deflationary policy measures. Eg incentives, taxes

Key Findings: Capacity

Capacity should be assessed not by a standard of perfection (skill development etc) but the extent to which it reflects recipient country's context.

Capacity to plan requires:

1. Human capabilities
2. Organisational capabilities

In South Korea, good enough governance?
- not by current standards: ongoing training of bureaucrats, knowledge exchanges in learning by doing?

- checks, monitoring, human capital development

Key Findings:Partnership

Incorporating non-state actors (firms and CSOs) into the development planning

The private sector, particularly large private companies were controlled by government rather than removed from the market.
Being incorporated into the national planning these large private companies could gain the returns mutually beneficial to business growth and overall national development.

This partnership was initiated and led by the government with a strong mandate for development.

Key Findings: Accountability

Conflicting nature of accountability:
Accountability to whom, for what and how always involve power relationships and the priority of resource allocation.

Accountability towards donor alone (ex. Rhee's accountability towards US security concerns) distorts the aid management and usage of aid resources and results in short-termism in economic development planning.

Accountability for development and consequently to its citizens (under Park's period) could allow its government more policy space to capitalise on a wide range of opportunities (Korea-Japan diplomatic normalisation, and Vietnam War etc.)

❑ 발표녹취록

In fact, Ilcheong has spoken through some of these initial slides, and I'm going to move along, oh, pardon. Okay. Firstly, I want to apologize that I am coming here as an Irish person to explain to you findings from how Korea used its aid, it's a little bit cheeky. Secondly, for my nerves to follow such esteemed minds, I'll try and get through this as clearly as possible. So, the overarching research questions that Ilcheong just went through ended with that specific questions we focused upon who dominated which process and who are responsible for which output in the development process in Korea. And what were the institutions and policies to build institution and human capabilities, in particular, in terms of ownership to control over the policy As Ilcheong explained, this presentation is split, and I'm going to take you through some of the key findings that we have and Hyunjoo will follow up to focus on human and institution capabilities and that were enacted day-to-day activities in the Korean development process. Okay. So Ilcheong has already done that. So, our key findings come around these six points. And I think you're all extremely familiar with the first five. This is like de jure parlance in the development community today. It is of ownership, policy coherency, capacity, partnership, accountability. If we all have (dollars) for every time, we hear these words. We will be extremely rich, right? Redistribution, I have added this specifically to the list based on our findings, based on my political persuasion, I found a one wonderful addition to the list, trying to consider what the key factor was in Korea's success. I'm going to start with redistribution because it probably looks very odd on this list. But I'm certain it's also absolutely crucial point and factor in South Korea's development process. The redistribution of land reform, in particular, is what this refers to. So I just get to my notes. Okay. So, at the beginning, back to, you might be all quite familiar with this, back in 1949, when the US military government in Korea looked to redistribution of lands based on the lands that had been left by the Japanese, fleeing colonists, and also huge inequalities in distribution of lands. Now, in the beginning, when this was proposed by the military government, the landlord class, who constituted their majority in parliaments, resisted this type of move for clear reasons. But the military government proceeded and redistributed, I think we have the next slide, you know in 1948 alone, decreasing the tenancy rate from 73 to 40 percent. This kind of redistribution, you know, is critical to make development effective since it makes a basic political, economic, social foundation which economic development and social cohesion is built upon. In this type of reform of the lands and an additional reform of redistribution system was quite significant at this point of time of food shortages. And the reform in 1949 prompted further reforms because the landlord class felt certain insecurity that their lands may be taken from them and started to sell

quickly in 1949 at a price little higher than the redistribution by the military government (had undertaken). Nonetheless, it was an important process in the redistribution. Now, we move on to the much more common understanding of what development effectiveness is all about. And Ilcheong was illustrating the concept of development cooperation effectiveness. And this idea of ownership, in our definition of ownership for the purpose of this research, we focused on [inaudible 2010]who identifies the ownership as the control over policy choices and the implementation of those choices as opposed to just commitment to the implementation of policy choices made by others. This invokes the idea of recipient sovereignty process of their development trajectory. The key findings for us in the case of Korea were the important sources of country ownership and where the human and organization capabilities in development, that occurs under the government's leadership with clear mandate for development and implementation power and negotiating capital. So, negotiating capital is the type of deliberating that potentially the recipient country and government, or actors and stakeholders may take in the process of negotiating with their donor. And Korea exhibited quite strong, oh sorry. Could you not hear me all the time (laughter)? Okay. So, Korea is very clearly identifiable in period of ownership in Korea or actively tried to leverage ownership. One is successful, and the other is pretty unsuccessful. And I'll start with the unsuccessful one. There was an achievement of ownership. It wasn't just any productive gains. So the unsuccessful one we have noticed here is the exchange rates, manipulation under President Lee. In this process, the US, as the main donor, has asked for the condition of counterpart funds. One process for President Lee to show leverage was to set the exchange rates for the counterpart funds, an overvalued Won in relation to the donor so that he would have increased the buying potential above the aid goods and products that will be received at the US dollar prices, fertilizers, foods which constitute the majority of the aid at that time. This overvaluing and especially the (ransacking) wasn't for productive use. As I said in the counterpart fund period, by 1957, when the aid was really escalated after the Korean War and the multi-exchange rate system was introduced with various exchange rates for imports and exports and the military and the official exchange rate as well. Now, further land seeking continued at this time and particularly in the import rates where the government's inclusion was a certain business and activities, you know, sold on the market their import for prices much higher than the land it costs. Now, this kind of leveraging was undertaken due to the donor, the US's tolerance for the containment of state's idea of Korea. There were tensions of course in the US administration, you know, to build the Korean economy as a market economy, particularly like one in Japan, or the idea of containing communism outside South Korean borders. So, we managed to leverage on a course of decades. Finally, the US unilaterally devalued the Won; I think this was in 1958. Now,

this marks an unsuccessful attempt, you know, potentially those funds could have been put to a more productive use. In the period, immediately after the donor put stringent conditions on Korea, following this experience of exchange manipulations, which meant, in the next two years there were a lot of dissatisfactions, what our research has found among citizens and politicians and parliament alike. And this seems to be a moment to spur the change the Korean response to their donors because the interim government, after redressed the nation, started a process of development planning. And it was just immediately after the Park regime completely got out of force. And this IF [inaudible] taking ownership, because this process of taking ownership, a major example and a key institutional policy of this taking ownership, that was undertaken by the Korean government was in the setting of economic planning with its five mandates. And I'm sorry. My numbers are missing here. So, first (was) to establish a comprehensive economic development plans, secondly, for budget planning and implementation, and thirdly, procuring foreign and domestic resources, and coordinating investments and technological advance, and managing economic cooperation between domestic and foreign institutions. Now, this idea of spur was the understanding that stringent conditions placed on Korea by the donors, I mean, in this period of 1958 to 1959 meant that it was very variable options to look for further resources, further foreign and alternative resources towards domestic economy. And the most significant Seoul mandate is to compile and to distribute the budget based on information from other ministries, which meant this economic planning board, this institution in fact became what is referred to as a super ministry directing all development plans and coordinating all from industrial to trade policy to agriculture policy across the board. This was the type of planning that is referred to today, one? One minute, oh my god. This is not a [inaudible] plan. Right. I only have short time left. Because Hyunjoo is going to really go through in much more detail, what I'm going to proceed is the idea of policy coherence, partnerships and accountability. And also for other papers, others will be going to talk about a lot more in details about partnerships, making civil and business alliance, civil society. Policy coherence for us in our development cooperation effectiveness framework sits under the idea that if you have control in this super ministry in your aid and non-aid sectors, this is crucial for coherence in developing policies. Lee undermined this by the separation of the planning of budgeting he had attempted, with a ministry of planning in one area and a ministry of procurement separately under the President's office. But the Park government's super ministry was coordinating the macro and micro economic process and later incorporating social and economic development into the plan that followed. It is certainly, you know, the crucial aspect for us in ownership of development in Korea. As I said, Hyunjoo is going to get right into the idea of capacities. Will I leave it there?

***MODERATOR: Ilcheong YI (Research Coordinator, UNRISD, Switzerland)**

Thank you very much. I like to invite Hyunjoo Lee. She is a ODA researcher of KOICA and she is going to talk about "Managing Aid in Korea Implications for High-level Forum Forward."

❑ **The 6th presentation:**

The Korean Experience within the Context of Development Cooperation Effectiveness

- *Hyunjoo Rhee,*

Policy Analyst, KOICA

❑ 발표자료



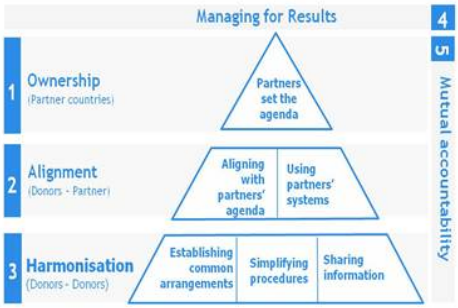
4TH HIGH-LEVEL FORUM ON AID EFFECTIVENESS

- 2011.11.29 ~12.1 in Busan, Korea
- Culmination of the Paris Declaration process
  - HLF-1 in Rome (2003) : Aid harmonization
  - HLF-2 in Paris (2005) : Aid effectiveness principles
  - HLF-3 in Accra (2008) : Ownership, results, partnership
- Objectives
  - Review the progress since the 2005 Paris Declaration
  - Address the impact and the role of aid in the broader development agenda
  - Draw on evidence to develop aid quality framework towards 2015 (MDGs) and beyond

FROM PARIS TO BUSAN: WHAT IS AT STAKE?

2005
Paris Declaration on Aid Effectiveness

HOW TO DELIVER AID EFFECTIVELY?



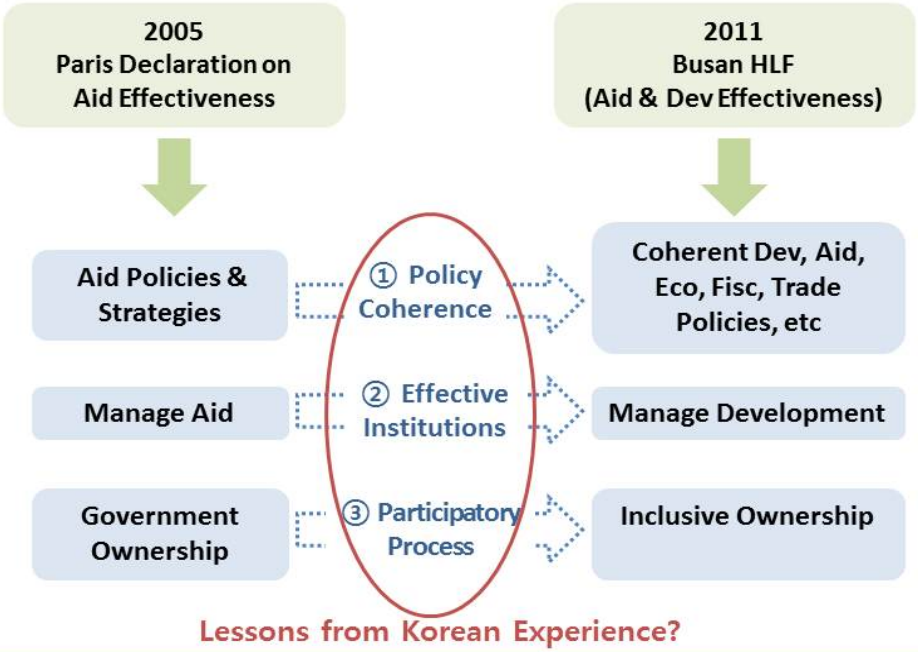
2011
Busan HLF
(Aid & Dev Effectiveness)

HOW TO MANAGE DEVELOPMENT EFFECTIVELY?

- Building Blocks -

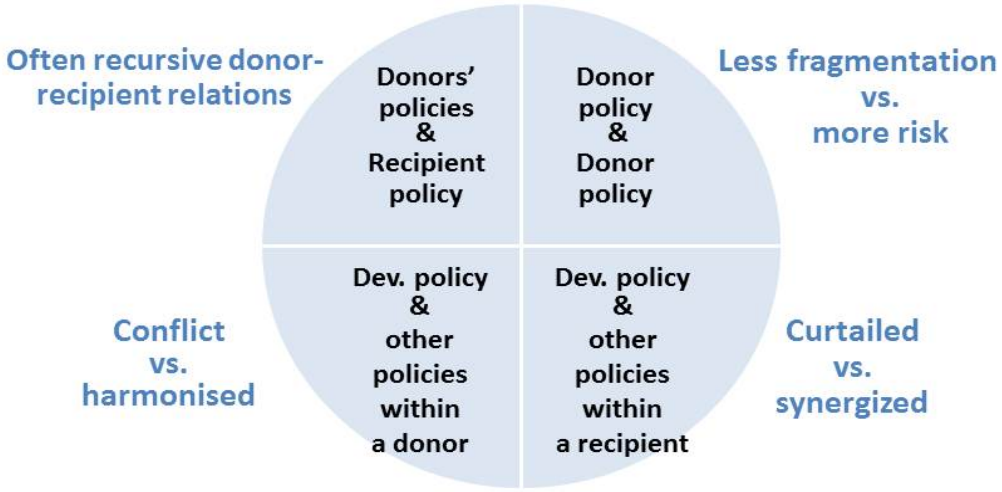
- Managing Fragmentation
- Effective Institutions
- South-South cooperation
- Transparency
- Results framework
- Private sector
- .....

FROM PARIS TO BUSAN: WHAT IS AT STAKE?



① POLICY COHERENCE

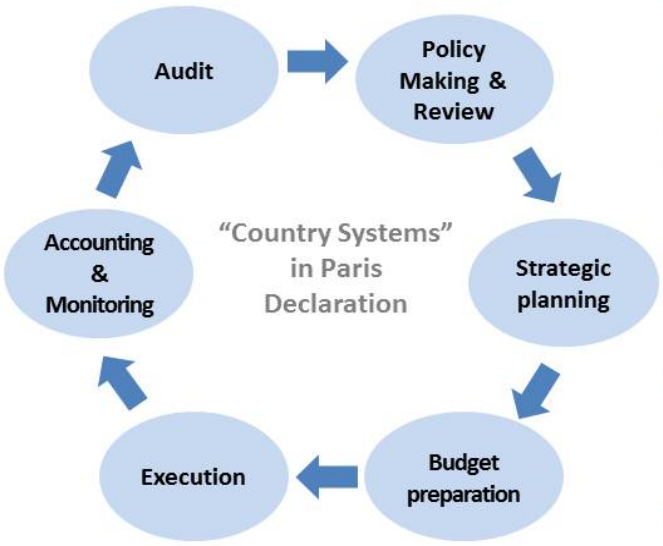
< OECD Framework for Policy Coherence for Development >



→ Donor power vs. recipient country's weak bargaining capacity

→ Importance of recipient's capacities for managing development

② EFFECTIVE INSTITUTIONS: COMPREHENSIVE SETTING



- Comprehensive legislative measures
- 5-Year Economic Dev. Plan (EDP)
- Economic Planning Board (EPB)
- Public financial management institutions and mechanisms
  - Public Procurement Service (PPS)
  - The Board of Audit and Inspection (BAI)
- Results monitoring framework
  - Meetings for Promoting Import and Export
  - Monthly reporting meetings…
- Information management and sharing
  - Yearly Loans Inducement Report

② EFFECTIVE INSTITUTIONS: CAPACITY DEVELOPMENT

- Diversity of initiatives
  - Training programs abroad (UN, US, etc)
  - North-South knowledge transfer
  - South-South knowledge exchange (India)
  - Meritocratic bureaucracy
- Comprehensiveness of capacity development approaches
  - Institutional capacities, individual capacities, societal capacities
  - Anti-corruption efforts as integral part of institutional capacity building and reforms

③ PARTICIPATORY PROCESS: LOPSIDED MEASURES

- **Public-Private Partnership**
  - Private sector widely involved in government's policy making and review process
  - Private sector considered as integral partner for the effective implementation of EDPs
- **Parliament**
  - Approval procedures were set forth, but progressively deviated (1973 Public Loans Inducement Law)
  - Parliamentary engagement considerably weakened under the Yushin regime in the 1970s
- **Civil society**
  - Rare development NGOs
  - Focus on democracy movement rather than development

The 5th Seoul ODA International Conference

IMPACTS FOR DEVELOPMENT: MIXED RESULTS

- Enabled comprehensive framework for planning, implementation and results monitoring encompassing all resource flows → contributed to the consistent, opportune and effective use of aid for development
- Engagement of private sector in policy planning and implementation process → effective government-industry alliance and synergies
- Negatives: Crippled legitimacy left legacies with long-term impacts, i.e. immature parliamentary capacity, weak whole-of-society policy deliberation

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IMPLICATIONS FOR HLF-4

1. No one-size-fits-all: Approaches for development must be reflective of country context.

2. Against shifts in donor policies, it is critical for recipient countries to have effective tools and capacities to manage development process effectively.

3. Aid would be effective for development when it is addressed within a holistic framework of development from planning to monitoring stage.

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IMPLICATIONS FOR HLF-4

4. Sustained efforts to build up institutional and human capacities to manage development are needed.
   - Value learning-by-doing effect and long-term perspective
   - Innovative approaches, e.g. South-South Knowledge Exchange
   - Anti-corruption as part of institutional and human CD

5. From Whole-of-government approach (20th century) to Whole-of-society approach (21st century)
   - Systematic inclusion of dev. actors in policy making and execution
   - Innovative approaches to be conceived in order to engage actors in the process : PPP, NGOs, community-level process
   - Sustainability of development, maturity of democracy that has lasting impact in the future

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❑ 발표녹취록

Okay. Do you hear me? I'm going to present the implications for high-level forum based on the presentation made by Dr. Yi and Olive Cocoman. Sorry, this doesn't work? Excuse me? Well, the forth high-level forum on aid effectiveness will be held in Busan next November. It is actual accumulation of the Paris Declaration process that has been undertaken for the past ten years, almost ten years. In 2003, in the first high-level forum in Rome, the aid community debated over how to harmonize aid practices. Then in 2005 in Paris, a set of aid effectiveness principles were agreed and entails ownership, accountability, alignment, harmonization and managing for resort. Then in Accra, in 2008, the key concepts, deriving from aid effectiveness principles like ownership and the results in the global development partnership were emerged. The key objectives of the high-level forum in aid effectiveness are, first, to review the progress made since the Paris Declaration, and then to address the issues of aid in the broader development context. From Paris to Busan, Paris was just the starting point of all process and Busan might be the final destination of the high-level forum. Probably there are going to be some kind of pauses, you know, in the Busan framework, but it's not yet decided. So, the Busan high-level forum will be some kind of closure for the high-level forum process. In Paris, we discussed aid effectiveness, but in Busan, as I already said earlier, we are going to talk about aid, but also the questions of development. The logics in the Paris Declaration, the key question was how to manage effectively, how to manage aid and deliver aid effectively. So, the international community has established the set of principles, ownership, alignment, harmonization, managing for result, and accountability. I think almost all of you already very well about the principles. But since the Paris declaration, there has been a major shift in the international development cooperation landscape with the introduction of the new development actors like the private sectors and the emergence of new donors like India, China, and Brazil. And the private development assistance coming from philanthropists and the NGOs are increasing. And then, at the same time, there are new issues coming like food security and climate change that require very much-coordinated actions in the world of development. So, against this change, the key question has extended toward how to manage development effectively and consider aid within the framework of the whole development. There are several discussions going on now in this preparation to the high-level forum. It is to organize several building blocks. The first one is about managing aid fragmentation and then establishing effective institutions, and South-South cooperation as a means to enhance capacity development and promote knowledge exchange at the global level. The issues of transparency, the result framework were also highlighted. And the questions of development cooperation partnership

including private sector are on the agenda. So the key questions and the key logics in the Paris Declaration and the Busan process are different, so in terms of the mechanism of development implement, each concept is different. The Paris declaration, umm, I made a brief summary on differences in terms of the nature of the policies, the focus on management, and then who is responsible for development, and who is leading the development. First one, the aid policy and strategy was the case for the Paris declaration, but in Busan, we are going to debate a broader context of policies including development, aid, economic and financial trade and policies. And we are thinking about issues and policies, coherence between those policies to make tangible development results. In Paris Declaration, the key focus of managing aid, and then, as I already explained earlier, the key issue will be managing development. In Paris, the focus was all this process of development was managed by the government, and it has expanded toward increasing ownership, which comprises all actors of development in the society. Well the problem that OECD and other international aid communities are now facing are, there are clearly some missing links between the two concepts and how to link the Paris declaration to the Busan framework. So there are several key concepts coming from recent discussions at OECD. Policy coherence, effective institutions and participatory process are those key concepts, and maybe we thought that we can have some lessons from the Korean experience for these three frameworks. First for the policy coherence, OECD already has established in the beginning of 2000, a whole framework of policy coherence for development. It has four dimensions. One is to align donor's policies to the recipient countries' policy and to ensure harmonization between the donors, donors practices, then to ensure the coherence between development policies and other policies as well within the donor countries, then ensure development polices and other policies within the recipient country. In the case of Korea, we have already seen, it is already looked at in our paper and it is very well explained by Ms. Cocoman, and well the donor recipient relations are often times recursive and Korean government was really, didn't really have an upper hand when it comes to development policies and US policies which was the most powerful donor. Then when it comes to the fragmentation, Korea was very much lucky because we had two major donors, Japan and the US. But we have to recognize that also the last fragmentation involves more risks because if one country decides to withdraw from Korea, it was the case in the beginning of the 1960s, it was not a full withdrawal, but when the US decided to cut down slowly the grants and return to the loans for Korea, we have already undertaken significant policy changes to better deal with this. Then we have already looked at, and within a country, within a recipient country, for example the US, there was a kind of a conflict in development policies and other policies within Korean government itself, there were development policies and other policies that were often times curtailed by or

also synergized by, it depends on. So, as a small conclusion, I would like to say that there was a consistent conflict between the donors and recipient country because recipient country has a very much weak bargaining capacity. Against this inevitable changes in developmental policies in donor countries which happens most often times today. The most important thing is recipient country's capacity to manage development and manage resources in an effective way. So the questions of effective institutions are very much close to those kinds of the policy creation issues and the Paris Declaration has already established a set of frameworks for the country's system and the country's system in Paris Declaration, it is more focused on the public finance management and procurement system, because Paris Declaration consider those kinds of functions were the key functions for country to behave and those functions as a real sovereign country. It involves planning, budget preparation, execution, monitoring, auditing and etc. and in Korean case, we had a comprehensive set of frameworks and institutions that worked quite well. I listed on the right side all the institutions and frameworks we had in the 1960s to the 1980s legislations and the 5 year economic development plan, and economic planning board was, all these were explained by Ms. Cocoman so I will skip this. Then we had other public finance management and institutions and mechanisms, like procurement services and board of audit and inspection. Then we had the (resultment) of framework and there was informal and formal monthly and weekly meetings to monitor the target, to monitor the progress against the targets already set. And it was very much led by the leadership of the top of the government, and also there were initiatives to ensure the transparency, the information management that sharing was not exactly what is going on now because we are, in the aid communities we are talking about making all available information on the web and to let everybody know about the issues of the information but clearly, in the 1960s and 70s we clearly didn't have that kind of technology so, but we had yearly reports to be submitted to the government and to the national assembly. But those kinds of effective institutions that were the bases for the development of Korea were not built in a day that is clear. And I think the capacity development aspect will have more implications for the developing countries nowadays. I would like to high light two characteristics of Korea's capacity development initiative. First one is that we used various initiatives to make capacity development work. We dispatched government officials to abroad to be trained and the UN and US have provided a lot of training programs for the government officials to be trained for planning, execution and how to monitor and how to manage development in an overall sense. Then, we constantly learned constantly from developed countries about what should we do. What we should do as Mr.Thandika Mkandawire already explained, we have learned what we should do from the south-south cooperation, we learned that how to do, how to deal with this, for instance from India,

when Korea decided to establish the first economic development plan, the Korean government has dispatched delegation to India, India just have finalized their EDP and the sort of a EDP, and we learned valuable lessons from them including lessons that were aid and domestic resources must be undertaken, under a single budgetary framework and under a single comprehensive development framework. And meritocratic bureaucracy incentivized government officials to further strive for the lopment as well. The other aspects of the capacity development in Korea, I would like to mention the comprehensiveness of approaches that is very much highlighted in aid communities nowadays UNDP has already established a set of capacity for developing frameworks. UNDP says that institution capacity, individual capacity, and society wide capacity must be undertaken at the same time under a comprehensive framework for capacity development. And it was the case for Korea plus the anti-corruption was undertaken as an integral part of reform and the capacity development process. The participatory process and the public-private partnership that I would like to mention just that the private partnership, the private sector was widely involved in governmental policy process then but parliament in the civic society case was not exactly the same, there were kind of lopsided (measures) because the parliamentary was progressively deviated from the approval procedure for development and the aid inducements. And it was almost the same for civic society who had very much a weak capacity. So we had a very much mixed result, it was really good in terms of the comprehensive framework that enabled effective development and engaging the private sectors in the development process, but there were negatives like crippled legitimacy that has left long term legacies like immature parliamentary capacity that is lasting nowadays. I just summarized five key implications for high level forum, first no-one-size-fits-all I wouldn't explain a lot about this because everyone knows that, then in terms of donor policies, it is critical for the recipient countries to have their capacity and tools to manage development process more effectively and aid should be regarded within a comprehensive development framework, and in terms of capacity development we have to have a long term perspective as it takes time and at the same time we have to figure out innovative approaches like south-south learning process and the issues of integrating anti-corruption issues within the capacity development framework. From the whole of government approach in the 20th century, we have already seen the systematic inclusion of development actors like private sector was included in development process, but in the 21st century we really have to think of the whole of society process, that is inclusive to development NGOs, parliamentary, and all the development actors in the society. So that we can have, we can ensure the sustainability of development. Thank you.

❑ Panel Discussion

- Panels

Sevastian Rovira,

Researcher, Division of Production, Productivity and Management, ECLAC-United Nations, Chile

Frederick Golooba-Mutebi,

Senior Research Fellow, Institute of Social Research, Makerere University, Uganda

Sang Hee Hong,

Second Secretary, Ministry of Foreign Affairs and Trade, RoK

***MODERATOR: Ilcheong YI (Research Coordinator, UNRISD, Switzerland)**

We had three distinguished discussions. Mr. Sebastian Rovira, I would say Dr. Sebastian Rovira, researcher, division of production, productivity and management ECLAC-United Nations based on Chile. And Dr. Frederick Golooba-Mutebi, Senior research fellow, Institute of Social Research, Mekarere University, Uganda. And Ms. Sang Hee Hong, Second Secretary of Ministry of Foreign Affairs and Trade of the Republic of Korea. Because we are seeing a little constraints of time so I'm going to allocate some time for your discussion. Sebastian discusses Alice's paper, so I'll give you six minutes.

PANEL: Sebastian Rovira (Researcher, Division of production, productivity and management ECLAC-United Nations, Chile)

Okay, thank you because you told me that we have five minutes, (moderator:six minutes),okay you give me one more. Just to thank all the organizers of the meeting and also to congratulate the people that works in this, on this because some had this opportunity to read two papers. And actually, they really complemented each other, and once you start to listen, all the other paper is incredible how they complement. And I have also thanks the fact that I have the honor to commend such an important author such as Ms. Alice H. And so the paper actually is very interesting paper, actually the paper is as brilliant as your presentation. Trying to understand the industrial policy empirically, they also used their role models, conceptualized two models.

One from manufacturing as she said and one from natural resource concentrate based on the OPEC development role. She puts very clear that difference on the industrial policy conception between market theories where industrial policy correct market failure and de-colonized generation's role models where industrial policy secures the home market are nationalistic and vary between countries. One important element of nationalism is the ownership, as the author pointed out, of corporate asset being a main issue of industrial policy. And this is shown by many various interesting examples, this is essential for development to have national ownership of productive assets such as private or public.

The author pointed out that the benefit from foreign direct investment must be analyzed carefully, known as comparing for indirect investment against non-foreign direct investment. We should compare foreign direct investment with the fact that the investment is done by a national actor, private or public because foreign owner enterprises could crowd out national enterprises. In this sense, I would go farther into analysis and consider also some other possible effects of foreign direct investment in the economy as for example FDC. Apart from this, the paper presents at least six major contributions. The first one is to fully recover that political economic dimension of industrial policy.

The role of nationalism and state ownership in shape and the ability of each country to encourage learning on development in technology-based industry is truly acknowledged in the paper. Problems of race and nationality in the common of large firms are really really serious as you saw. And new industrial policy is challenged because of this and because also foreign owner enterprise is scarcely undertaking local research and development. Another important element analyzed is the fact that the private sector in the developing world remains weak. This must be built as solid market at home and then could compete abroad, and in this sense, timing is very important. Although this (wasn't) in many countries, the private sector is still weak so industrial policy will continue to play a major role in developing countries, says the author. Third, the

comparison approaches to industrial policy as deductive approach against an inductive approach based on partner's role models is an interesting perspective.

Fourth, it shows with many examples to tell how it is possible to overcome the constraints supposedly this time by the World Trade Organization. Size restrictions are not really so hard to cure. Moreover to the extent that the WTO tends to penalize protection opposed to policy in favor of technology intense industries. And at the end of the day, the WTO restriction may help to adopt the correct policy to advance industrial development. In the second part of the paper, the author briefly explains why the imports of institutional policy have so many different results in Latin America and in Asia showing the sequential is critical. Because first securing their home market and then leveraging know-how is a main point and then in the second place you have to scale and move into the foreign market. There must be an import or export oriented policy that complements the EC1. To do that, you know, you will need well prepared bureaucracy with examples comparing in this case Korea and Argentina. But I'd add also other elements, for example, which is the role of elites in each country. It's not just about the government capacity but also real compromise with the development of the industrial sector that it was not in our country.

Finally, the exercise of continuing industrial policy to promote small and medium sized enterprises is excellent work that could be replicated for other countries. It could be also interesting to understand how the SMEs have been involved in each field and how their requirements were considered and met. Some points could be also developed about nationalism and state ownership at progressive forces in many resource based industries. But not in all cases they have worked with the same efficacy. Even within Latin America, the experiences of Petrobras and Pemex are very different. It would be very interesting to discuss in more detail is there any possible failure or success in the different experience in the developing economies. Second, the same case, the same can be said as regard to very different experience of industrial policy. The concern of Evans quoted in the paper regarded the embedded autonomy should receive more attention. How has the developing country have necessary institutional capability to foster technological base and policy while they still obey to the law of the WTO? Related to this, the space and capacity to use intellectual property right as an instrument to help develop national industries as well as facilitating technological diffusion should be deeply considered into analysis. It seems that and the last point is that it seems that the difference between role models and abstract thinking advice perhaps have two emphasis. Is it really independent variables? To what extent, this view on development reflects more basic programs like the productive structure and political economy of

industrial policy.

***MODERATOR: Ilcheong YI (Research Coordinator, UNRISD, Switzerland)**

Thank you very much. Mr. Frederick, it's impossible to discuss this in details so I'll give you ten minutes. You have to do this mission impossible

PANEL: Dr. Frederick Golooba-Mutebi (Senior Research Fellow, Institute of Social Research, Mekarere University, Uganda)

Thank you very much. Ladies and Gentlemen, as Il-cheong Yi pointed out it's almost a mission impossible to discuss this too very weighted paper at least from the point of view of conventional discussion paper. I have decided to approach slight differently from the way that it is approached usually. Simply point out what I think about both papers in the belief,in doing so, I'm going to highlight points that we might be interested in discussion when it comes to question and answer session.

I would start by making a remark about a point the professor Kandohir made, which was that in Africa we don't know about Asian experience. I would argue that we do. And what we know is not actually a complex story as presented in these both papers. We know the simple story of the Korean experience. And as a result, there is a great deal of wanting to be like Korea. We think we can emulate the Korean experience. But reading these two papers actually shows how complex the Korean experience has been and how they can really be most simple approach for emulating it. I'm going to try to stick to the theme of the conference, which is 'making international development effective lessons from the Korean experience'. My reading of the two papers shows that Korea's success has been highly multi factorial process. And that means it is really difficult to reduce this experience to simple, portable lessons that countries in Africa and elsewhere can learn easily and emulate. Of course there are broad lessons as pointed out in Professor Evans' paper of investing in people through education and health. But I'd also argue that even here what looks as simple, straightforward choice is hardly simple and hardly straightforward. Both papers in my opinion are clear on one fact. And this fact is hardly new and was pointed out for several times by different authors. And this fact is that there is no miracle solution to problems of development.

In Africa, we know it very well. It seems to me as if the issue is not that the development agencies have been oriented toward a wrong solution and now somebody has to tell them what the right solutions are. Rather, it seems to me as if the problem is that the development fraternity is always looking for miracle solutions that are applicable across the board without regard to contextual peculiarities. They look for new solutions, they look for new paradigms. But this paper seems to enjoy us all who are interested in solving problems of development to take into account. The multi-causality of change is really a starting point. The question we may want to consider in this conference especially when it comes to the general discussion is where developmental agencies are equipped to take every context as different and to tailor their programs and activities to each, according to each peculiarity.

Now this reminds me of a conversation I had about three days ago in Nairobi with a friend of mine who I went to university with and who also majored in development. And the point that I wanted to make was that it is very difficult to advise development agencies because the development agencies always look for simple, practical solutions to problems. And when you tell them that "Look! There is no simple, practical solution. These things are very complicated and every context is different." And he said to me "you know we don't want (the other ones) because we have money to spend and we want to spend it. And if you tell us that things are complicated, it means we can't actually work. And if I can't spend the money that has been allocated, I'm not going to be promoted and I might lose my job. So again, I think that the paper the two professors wrote actually do show that again simple solutions, simple practical solutions as usually looked for by traditional donors do not exist. And I think these papers are an excellent contribution to this very necessary debate, out of which different ways of approaching problems of poverty and wellbeing may emerge. So I'm going to leave it there because we are short of time and I can't pretend to have done (the discussion on the paper) that we should have had, but really, that was an impossible task. But I hope that I raised the key salient points. Thank you very much.

***MODERATOR: Ilcheong YI (Research Coordinator, UNRISD, Switzerland)**

Moderator: Thank you so much.

PANEL: Sang Hee Hong (Second Secretary of Ministry of Foreign Affairs and Trade of the Republic of Korea, RoK)

I think that is more than enough. Good morning everyone and my name is Sang Hee. Since I'm the last speaker, so I'm trying to be very brief. First of all, I'd like to thank for inviting me to this very timely and important event and also I'd like to congratulate KOICA and UNRISD on their excellent work they have done. I found the presentation very intriguing and highly relevant to the development policy work on aid and development effectiveness as well as to the preparation for the 4th high level forum on aid effectiveness which will take place in Busan late November. Actually I have been asked to focus on my vision on presentation of Korea's experience within the context of development cooperation effectiveness. I'd like to make three points, two comments and one question. First, I think the paper successfully add value to the current studies on Korea's development experience by focusing on how and context, rather than what and content with particular relevant effective agenda. As we know, the Korea's development case is a unique case. There is no one-size-fits-all solution for development. By focusing on the context, such as the political economy of development, changing global environment, and the bilateral relationship with major allies like the U.S. and Japan, ensuring both the success and failure stories, I think this paper distilled very important lessons to share with the world. I think looking at the both sides of coin is particularly important when it comes to the role of civil society, the role of private sector, and the role of women in Korea's development process. And this paper has some section on this, but I'd like to have more balanced views on this section and the paper.

Second, I generally agree with the five lessons of the paper, in particular the Korea development experience showcase the importance of the effective state or effective institutions of policies. This is not a new issue but still higher relevant factor in the context of development effectiveness. The role of effective state goes beyond just assuming political leadership and ownership. The issues of capacity building, effective governance and political economy become very important factors to provide sustainable development result. Lastly, but I'd like to comment on the last lesson on states in conflicts and post-conflict situation. I have some concerns on the recommendation that abolishing the existing institution might be an option for developing countries. I believe that in Korea the land reform has become a favorable condition for future redistribution of income. But I think this cannot be the prescription, especially for the countries with diverse ethnics and religions. So I'd like to recommend that we have more balanced views on this in the paper. Lastly, I'd like to ask a question since I'm the government official preparing for fourth high level forum so I'd like to

ask very practical questions. Busan forum will discuss both aid and development effectiveness. And our government's priority is on moving from aid to development effectiveness. And discussing development effectiveness, the catalytic role of aid is very important. So I'd like to ask whether you have witnessed any evidence in Korea's development process, how the development aid leveraged the development financing such as loans, domestic resources, and investment. I'd like to know whether it was matter of sequencing or it was intended policy by the government. Also, I'd like to know whether the aid has any particular role in promoting social equity and democracy in the Korea's development process. Thank you.

❑ **Questions and Answers (Open to Public)**

***MODERATOR: Ilcheong YI (Research Coordinator, UNRISD, Switzerland)**

Okay we are going to open the floor first. If you have any questions, please raise your hand and microphone will be delivered. Okay, gentleman over there. Please introduce your name and affiliation first, please.

QUESTIONER 1: Kelechi A. Kalu (Professor, African-American & African Studies, The Ohio State University, U.S)

Thank you for the conference. My name is Kelechi A. Kalu, a professor at Ohio State University and visiting scholar in Ewha Womans University. Africa receives more than a portion mentioned on the panel, that's where the question is coming from. Given the relevance of politics, and given also that Korea is relatively homogenous society, how might we apply the lessons you have talked about in the context in which you find many African countries multiethnic, multilingual and therefore multi-interests in sectors. How do we apply the issue of industrial policy, how do we apply the issue of enhanced development in this society with nationalism has not been properly viewed with patriotism is at the low end. I just like to get your input on this. Thank you.

***MODERATOR: Ilcheong YI (Research Coordinator, UNRISD, Switzerland)**

Okay, lady over there.

QUESTIONER 2: An anonymous lady

Thank you. I describe myself as a capacity development and monitoring specialist. I was very pleased with the comments and discussions from Makarere University that often not just donor agencies but I think major development organizations refuse to look at complexities. And I think when we think about capacity development, we are now in a decade where people believe that you just add capacity development and stir and that will solve the problems. Well, often these

kinds of approaches have actually led to capacity destruction rather than capability improvement. In my last article, I talked about trying capacity development as trying to fill the leaky bucket. And I think that I would like to ask people among you who are going to present us to make sure that people realize that any capacity development has to take good knowledge of the general context in which it takes place. For example, millions have been spent on doing capacity development of government people in Bangladesh where civil servants changed and rotate and change their ministry every five years. Now it was a part of the team that made a big review of World Bank training. And one of the findings of IEG was that most of the training that is taking place doesn't lead to any change. And the reason is simple. It's because most of the people who end up on the capacity development programs were not the one who are going to do the work later on. And this is also the case in Africa. I went to Makarere University twice over the last year to provide training. Who do we train? We trained the dean of the department, trained seniors, lecturers and we trained and invited broad senior people but these were not the ones who are going to do the job on the ground. Now, the question is, this is not new, donors know that, but donors do not like to have report in monitoring, and research and all kinds of things that are pointing to this complexity and saying that what is not working. So, in my view, we need a system to really take that into account. And this is the message that I'd like those of the member panels would be enthusiastic to share with others. Thank you.

***MODERATOR: Ilcheong YI (Research Coordinator, UNRISD, Switzerland)**

And two more questions. Gentleman over there.

QUESTIONER 3: An anonymous gentleman 1

Thank you very much all the presenters. I'm from UNDP policy centre in Seoul. I think one of the presenters made the terrific case for promotion of the national enterprises. The truthful measure is that as donors both multilaterals and bilaterals we have not been successfully working with the private sector so far. Preparing toward the high level forum in Busan, the government of Korea looks it as an opportunity to engage the private sector, make it very sort of active actor in the development effectiveness world. I want to ask you if you have any advice on how to engage them and how to give it the proper role. Thank you very much.

***MODERATOR: Ilcheong YI (Research Coordinator, UNRISD, Switzerland)**

Thank you. Gentleman over there.

QUESTIONER 4: The Kenyan ambassador to Korea

Thank you very much. My name is Ngovi Kitau, Kenyan ambassador to Seoul. I would take this opportunity first to thank the host and the organizers for giving me this opportunity to be here together. And secondly to the presenters for, what I would call a fascinating and illuminating presentation. I've been in Korea for one and a half years, and I'd like to share some experience regarding the Korea's experience. And I'd like to point out very clearly that the donors are pushing that what simple solutions do not exist. In the Korean experience, Korea is very similar to Africa in several areas. One, Korea has been colonized just like in Africa. Korea had civil wars just like in Africa. But notwithstanding, there have been efforts to come out of that part of history and races from bottom to the top in less than 50 years. Now the question is why. The difference comes in the implementation. That's why Korea has ever moved forward.

To start with, when the planned reform came into in 1962, Korea had a good (pace) with well-educated workforce. So with educated people they were able, they had the capacity to get things moving. And as of today, for every 50 meters you cover, you'll run across a professor or Ph.D owner in Korea. The lowest level has been the masters' (degree), for example like our receptionist who has mater's (degree) in marketing. Secondly, there is an issue of nationalism. Korea had what we call "Saemaeul Undong", the new village movement. And that played a very big role to bring people together. It is not a new concept. If you put Kenya, where we have two linguistic communities, you will find that was common in all communities. But why did it work in Korea and did not in other country. The reason is that Korea took it further and they came up with doctrines based on diligence, self-help and cooperation. And there were many philosophies which they talked (as good). That made the difference. And the third thing comes in the traditions we talked about. The confusion mentality of the Korean people which is practical, and that made it very easy, it is linear order but it is really easy to implement the process. And one more thing that no one touched is compulsory military training in Korea. That military training gives people a management structure to implement projects. So all I'm saying is that the donors do not realize that there are no simple solutions to the proposal we are discussing today. Thank you very much

***MODERATOR: Ilcheong YI (Research Coordinator, UNRISD, Switzerland)**

Thank you very much. I think we're gonna allocate the questions about the community movement and nationalism thing movement and maybe Thandika can explained this with the similarities between the African countries and Korea. And then the importance of the cooperation between private sector and public sector from the perspective of nationally-owned companies, maybe Alice can explain to that. I think the local context should be taken to address that question. If you have any concerns about the comments in the discussion, you can respond to that too. And if we have time left, I will respond to my discussion or otherwise I'll talk about over the lunch. Thanks.

Thandika Mkandawire (Professor of African Studies, London School of Economics, U.K.)

One of the issues raised about Africa was about multiethnic property. And couple of years ago, I bought a book in Korean airport and the book was about UNESCO and Korea something. And I was surprised that there was a chapter in one of the books probably about regionalism in Korea. And they were citing African authors on how to understand ethnic differentiation. And I was quite amused by that you know they looked at our debate on ethnicity. I think the question of multi-ethnicity in Africa is exaggerated, and in the sense that, first in fact one of the big debates now is why is it that African countries don't have so many movements for cessation. Someone quoted the secessionist deficit that we are not breaking up as we should be breaking up. That in fact, most Africans quite get used to living in multiethnic society, and which isn't a big problem. And we are thinking this myth of homogenous is misleading.

Secondly, we shouldn't forget that African countries have had a post-colonial phase. Very high rates of growth, for example, if you were in Kenya in 1975, you would have talked about the Kenyan miracle. It was growing at 6-7% per year for 15 years. I would recall that it was almost 11 % for more than 15 years. So the issue is not that we have never had development experience. The issue has been how to sustain it, and most peculiarly, why we did not adjust properly when there was a crisis in the 1980s. If you draw growth figures from Korea and African countries, we were on the same track until 1980 when the break actually takes place. And I'll explain this numbers. If you are going to have minus 5 percent for 20 years, you will change dramatically. So I don't think high growth is alien and social policy and politics is about precisely management of what you

(owe/are). We can't learn to manage (from) homogenous society, we must learn to manage multiethnic (society). And I think compared to many parts of the world; the same number of ethnic, ethnic diversity, we are not doing badly. The problem is poor countries are working badly. The problem in Africa with capacity development has been capacity development for whom. Might of the huge investment, I'll take the subject of economics; the training of economists in Africa has been directed to implement training program adjustment. So you have trained to implement projects by donors, the capacity to produce counterparts for donor projects.

I don't blame donors for doing that. They are just finding partners. I blame ourselves for not creating capacity that can look critically at what is it like outside. And the lesson from Korea is you have to build your own universities. And invest huge amount of money in them. We were told in Africa in 1983, the investment in education was too expensive and we made a mistake and we accept it. This year the World Bank has a report, big report saying that they made a mistake. That is a very costly mistake. So the point is you have to learn and create your own institutions. And only then you can progress. Finally, I think it's very important question raised by Alice on national institutions. What she is saying that the institutions which could have supported national, private capital were closed down in 1980s. The national development banks, one of the sources of funding the national institutions do not exist. The World Bank, the mother of development banks, closed down development bank in other countries. That's why now we do not have national institutions that can provide directly resources to the private sector.

***MODERATOR: Ilcheong YI (Research Coordinator, UNRISD, Switzerland)**

Thank you very much

Peter B. Evans (Professor of Sociology, University of Berkeley, U.S.)

I 'm going to respond briefly to what I thought was very important question which started out describing capacity development as filling a leaky bucket. I would like to first of all question the vision of the relationship between donors and recipient countries as involving filling some kind of an empty vessel. It seems to me that when we think about the relationship between donors and recipients of aid, the issues of state-society relation which I raised in the relationship to a national context become much more severe and difficult. If it's the case as I argue that the effective state

policy at the national level requires the ability of civil society to engage with the state to project its interest onto the state. Then, much more so the possibility of anything to be considered effective aid obviously depends on the ability of civil society groups in recipient countries to be able to have a voice to have legitimate and effective role in shaping that relationship. That obviously is not the case in recent a lot of examples of the ways in which asymmetry of aid results in aid ineffectiveness. And I think even the organizations like the World Bank which have now become converts to the idea of participation. When you actually look at what the process and structure of that participation is, it turns out to be the sort of privilege of sharing in the implementation of a project that somebody else has designed and essentially tells you what to do.

So I think you hit upon an absolutely central issue, the question of aid, which is how can you construct what is inherently asymmetrical relationship in a way that allows for the possibility of people who after all are supposed to designing and shaping the process of development in their country. How can you construct that process so that in fact the possibility of real civil society participation and engagement exist? And I think this is obviously the challenge that the traditional donors largely failed at and hopefully as Korea enters this field, it can learn some of those lessons and perhaps do better.

Alice H. Amsden (Professor of Political Economy, M.I.T., U.S)

I think the concept of capacity development is really total baloney. I think that's just the idea that the World Bank has that it's okay to intervene on the supply side to make workers more educated, to make workers have better health conditions so that they become more desirable to hire. But there are no jobs. They become unemployed or they join reversely brain drain. So you make that the government have better capacity but you don't let them electrify the country or improve irrigation. So unless you bring the demand side, and unless you let the government intervenes and creates investment to create jobs, more capacity on the part of job seekers, it is ridiculous and they just to be unemployed. Or it just makes the government better equipped but do nothing. So I think you know capacity development is sort of the World Bank way of thinking "Okay, the government is okay. But it can only intervene on the supply side. They can't create more employment. They can't create more effective policies for the government to pursue." I just wanted to mention a point that you made about nationalism. It's very interesting because looking at Korea from outside it looks like very homogenous society. But in fact, I don't think Koreans think of their society is being very homogenous. In the sense, I want to take a course on regional

development within country. And you know we looked at Brazil, South Africa, Korea and lots of other countries. And statistically, Korea has the lowest difference in per capita income between regions. And yet people who are doing the Korean analysis are saying we have big differences. Jeollado province and you know whole Gwangju problem is a big one. So throughout Korea's economic development, there have been very serious thoughts about regional development and how to bring regions up to each other. And I think there are some very good lessons to be learned there both of successes and failures. The other thing that I wanted to say is that you point about the private sector. It's interesting because when people think about economic development, they always think of the weakness of the state. But really coming out of the whole colonial experience, the weakest link was the private sector. Because under colonialism, manufacturing was discouraged, so you never got a real manufacturing elite and at the same time you have the collar bar. So the business people were discriminated against. So it was really hard to develop a private sector. And if you look at how Korea did it, it was both very strong armed response and also big incentives. So Park Jung Hee rounds up all the big businesses who made illegal illicit wealth from the sales of Japanese factories and US foreign aids and President Truman, he said, "I'll let you out if you actually invest in new plants and equipments", which they did. At the same time throughout Korea's history from the 1950s to right on today, there were enormous incentives given to the private sector to actually invest in productive assets. So I think it's very interesting combination of between force and discipline at the same time really giving very lucrative conditions to capital to do their investment.

Now I'd like to just respond to the cute guy from the audience, Mr. Kitau, the ambassador from Kenya. His thinking about why the Korea's countryside became so much richer than Kenyan countryside. And I think part of it had to do with Korea' land reform. But a big part had to do with population control. And if you look at the 30 countries in the world with the highest population growth rate, they tend to be peasant, export economy and many of them tend to be from Africa. And now the peasant, export society has very delicate balance between people and land. And you have peasant holdings. And population starts to increase, that type of economic formation is unsustainable. And I think that's what happened in Kenya. And I remember, as I told you I did my thesis there, people's attitude toward population control, this was in the 70s, and their attitude toward population control was that it's the conspiracy of the white countries to keep the black population down. There was a lot of hostility, ideological and religious or otherwise towards population control. And I think, you know, the fact that the government in Kenya had to deal with enormous growth rate of population really put a tremendous pressure on the countryside that Korea avoided through its population plan.

***MODERATOR: Ilcheong YI (Research Coordinator, UNRISD, Switzerland)**

Thank you very much. I'm going to respond to the question about financing. I think the aid is one of many resources for development. The reason why I'm talking about this is it's different from those discussion within the institution. They are talking about this because they are trying to shift resources to another by assessing efficiency and effectiveness from their own view point. But the reason of why I'm talking about this is the important thing is whether you have the sovereignty, ownership to plan, allocate and spend for your own development with those resources whichever, whatever resources that will be fine. If you can use that resource for your development, i.e. for your income generation, revenue generation for your development, that's fine. So there is no one sequence or preferred resource. I think maybe we can say domestic resource is better than external resources always. But if you need external sources, you have to think about whether you have a capability, whether you have capacity, whether there is convenience to use certain resource for using for your development. I think that is the answer to this question. So financing development should be thought from the perspective of whole process of financial resources flow from mobilization to the spending and monitoring. So that is the whole process of financing resources for development. So just think about which one is bigger, which one is much profitable. I think that is very bad way of thinking financing development. That's my answer to the question of financing. And thank you very much. We just keep the time barely. I think it's lunch time for all of us and I hope you have a wonderful lunch and I hope to see you again for wonderful discussions among our discussions and presentation.

Session Ⅱ-1: 한국 사회보호 정책의 변화와 발전

❑ **The 1st presentation :**

Institutional Linkages between Social Protection Measures and Industrialisation in Korea

- *Joo-ha Lee,*

Assistant Professor, Dongguk University, RoK

❑ 발표자료



Content

- Compatibility between Economic Policy and Social Policy
- Institutional Linkage between Economic Policy and Social Policy
- Classifications of Institutional Linkage between Economic and Social Policies

I. Compatibility b/w Economic Policy & Social Policy

- **Compatibility** (positive-sum) or **Incompatibility** (trade-off) between efficiency/economic growth/capitalism & equity/egalitarian redistribution/welfare state
- After the golden age, new incompatibility: social policy → decline in **(i)** productive sector, **(ii)** labour supply & work incentive, **(iii)** saving & investment

- Empirical evidence of trade-off arguments
  → *mixed* and *inconclusive* (e.g. Atkinson 1999)
- Globalisation and social policy:
  compensation effect (Rodrick 1997) &
  compatibility effect (Gough 1996)
- *Reciprocal, complex* and *dynamic*
  relationship b/w social & economic policies

The 5th Seoul ODA International Conference

II. Institutional Linkage b/w Economic Policy & Social Policy

- The Developmental State & **Developmental Welfare**
  - The state's role as a **regulator** & a low social spender
  - Prominent welfare role of the private sector
  - initiated & advocated by **bipartite coalitions**

  → 'Varieties of Capitalism' approach

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II-1. Institutional Linkage at the Regime Level

- **VOC** approach (e.g. Soskice 1999; Hall and Soskice 2001; Ebbinghaus and Manow 2001)
  - **Institutional complementarities** (or **elective affinities**) b/w specific social protection and particular components of production regimes

(a) **Liberal** Market Economies (LMEs)

(b) **Coordinated** Market Economies (CMEs)

(cont.) **Industry-based** coordination (Europe) & **Group-based** coordination (Japan, Korea)

- **Group-coordinated market economies**
  - state-business alliance
  - vocational training as a company-based phenomenon
  - technology diffusion and development within the group of companies
  - company-based unions

II-2. Institutional Linkage at the Policy Level

- Social policy under group-CME: **company welfare** (& **company-specific skill**)

→ **institutionally complementary** to other spheres of production regime (i.e. industrial relations, vocational training, corporate governance)

- '**Economy-first**' developmental strategy and its subordination of social welfare

The 5th Seoul ODA International Conference

- Linkage b/w *work* and *welfare* in terms of

(i) **employment** (by the high economic growth rate and rising income levels);

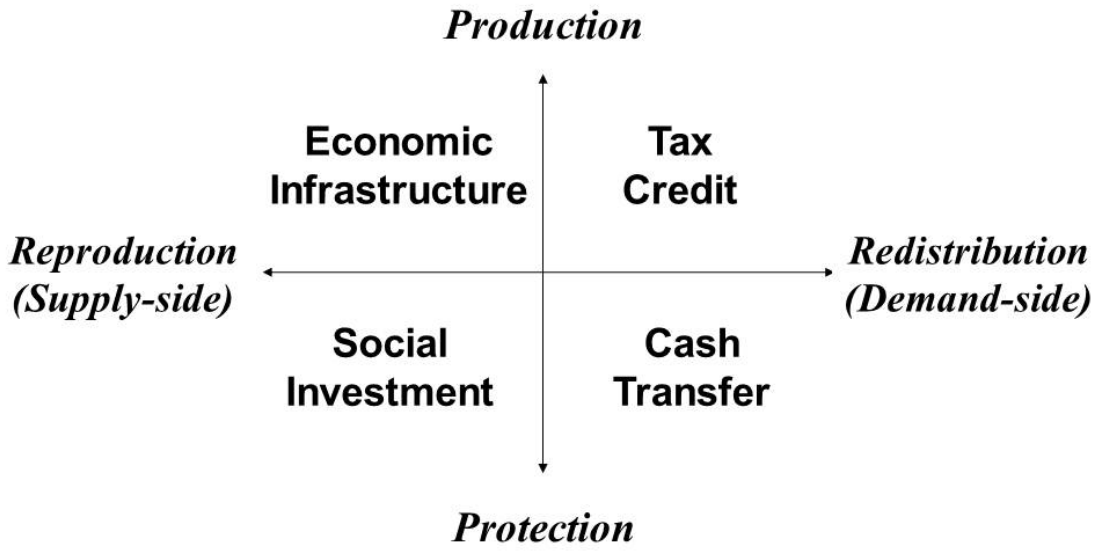
(ii) **human capital investment** (also self-reliance);

(iii) **company welfare** (with lifelong employment patterns);

(iv) work-based, **contributory social insurance** programmes

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III. Classifications of Institutional Linkage



III-1. Social Investment

- Swedish 'active manpower policy', the US 'workfare', the UK 'welfare-to-work'
- East Asian productivist social policy
- Korean social investment & Industrialisation

- Low spending on ALMP (0.1% of GDP in 1996)
- High spending on **education** (17.6% of gov't expenditure in 1972, 21% in 1983, 19.8% in 1987)

→ High participation and completion rates at all levels of formal education

- state-led vocational training system during 1970s

III-2. Economic Infrastructure

- Infra (transport, energy, information/communication technology, drinking water, sanitation and irrigation)

→ **economic growth** (raising labour productivity and lowering production and transaction costs) & **reproduction of labour force** (improving health, nutrition and education)

- Expanding infrastructure in the *early* stage of development <e.g.> **Transport infrastructure** (expressways, urban railways, container ports)

III-3. Tax Credit

- **Fiscal welfare** (Titmuss 1958)
- **Tax expenditure**: relieving tax burdens or giving tax refunds to *individuals* for social purposes
- Tax incentives and exemptions for *firms*
- A series of tax bills during the industrialisation period → to encourage firms' investment and individuals' saving
- Cash transfers → not a main policy tool before 1997

❑ 발표녹취록

***MODERATOR: Hyuk-Sang Sohn (Professor, Graduate School of Public Policy and Civic Engagement, Kyung Hee University, RoK)**

Thank you for your kind introduction. This is a kind of a reality check on the status of the social policy issues in Korea. Compared to the high attendance rate in the room next door, this room is really showing low attendance level. But that doesn't mean the wake of this issue is actually similar to the low attendance level in this room. I think this is a really rare and opportune timing for us to discuss this social policy issues in terms of international development cooperation. As you can see, as you actually discussed this morning, all the Korean models or development programs are the Korean trajectory. More or less, it is concentrated on the discussion of economic policy, the relative autonomy of state, the capacity of state, the effectiveness of state, all those policies are linked to what functions, what capabilities a state can do about. However, the missing link to the development of cooperation issue is, I think, the social policy and social protection issue. In this session, we're going to discuss this.

Before starting our session, let me share a short story on the high-level forum meeting held last week. I went to the meeting last week and there were very interesting discussion on the social protection issues. But in the Busan outcome document for high-level forum, the social protection was included in the section of South-South cooperation. The Brazilian government was really pushing for this social protection issues into the South-South cooperation issue. The social protection and social policy issues are going to be emphasized on the South-South cooperation area. I think it is very interesting developments. One of the delegates from northern countries actually said, "Social protection is a very small issue. Why are you trying to insert that issue into the Busan outcome document?" The Brazilian government said this is one of the key issues of the international development cooperation. And finally the social protection issue was included in the final Busan outcome document. That actually presents the weight and importance of our discussion today. I also think this issue will bring up other sides of Korean development trajectory. During our discussion, I hope our discussion would raise some other sides, the worst and dark sides of social policies of Korea's development.

I'll stop here and I'll introduce the first presenter, Professor Jooha Lee, he's a professor at Dongguk University, and a sociologist. He's going to present more general view on the

relationship between economic policy and social policy.

Jooha Lee (Assistant Professor, Dongguk University, RoK)

Good afternoon, everyone. This is Jooha Lee from Dongguk University. And actually I'm not a sociologist. I belong to the department of public administration. My major is social policy. It is great honor to be here to present my paper. And as you can see from the PPT materials, the aim of the paper is to scrutinize the linkage between social protection measures and industrialization in Korea before the democratization of 1987. Before we go any further, I should emphasize that it is not my intention to gloss over or excuse the ugliness and oppression of authoritarian regimes under the military dictatorship. So I should mention that first.

After a number of studies explaining the economic growth of Korea, social development or social welfare began to attract policy and academic interests. Literature on welfare system in Korea reveals that there has been a policy for redistribution, protection and reproduction as well as production, because previously studies mainly focused on productive factors, or productive areas. So now more study has paid attention to reproduction and redistribution and protection. Those four policy areas, or four policy aims were developed by Thandika and Ilcheong. It was a kind of given topic for my paper. So I need to deal with those four policy aims or policy arenas—production, protection, reproduction and redistribution. So I needed to incorporate those four policy areas into linkage between social policy and economic policy.

And the question is what kind of institutional configuration or institutional mechanism did Korean society established to make those four policy goals or arenas mutually supportive and re-enforcing; that's kind of my first question. My second question is what are the lessons for developing countries. So the presentation consists of three main parts. I will begin with looking at the issue concerning compatibility vs. tradeoff. So there are always debates like positive-sum and/or trade-off between social goals and economic goals. So I will briefly look at that debate first. Then I will move on to the second part, which is about institutional linkage between social policy and economic policy. Finally I will discuss some classifications or some types of such institutional linkage. But actually I need to tell you, actually I need to ask for excuse or understanding, because my presentation is based on the first draft of my paper. So I haven't completed some empirical part. And I haven't completed the conclusion, either. So I apologize for that. It is based on the first draft.

The first, there has been a long standing, controversial debate as to whether the welfare state or social policy is compatible with economic policy or capitalism. After WWII, there was a consensus shared on both left and right; that the state provision of welfare was compatible with developed capitalism or market economy.

But after 1970s, the Keynesian welfare state has been subject to various problems of criticism. In particular, there is a trade-off proposition that economic policy hinders, no social policy hinders economic growth. And this kind of trade-off proposition is based on three arguments. First, the social policy contributed to declining level of activities in productive sector. Second, social policy reduced work incentive and labor supply. Third, social policy induced a reduction in private savings and investment, and, hence, capital accumulations. Those are main criticisms, three main criticisms against the post-war welfare state. But even if the expansion of state welfare brings out a shrink in productive sector to some degree, it is not a fundamental or direct cause. Moreover, the expansion of public sector in some social policy like education and training can facilitate economic development.

Empirically, the first argument cannot be applied to the country with a lower level of unemployment and higher level of social expenditure. And the second argument is about high taxation and high spending. And this incentive cannot be proved in some sense, because of substitution effect and income effect. After reviewing econometrics studies about high taxation and economic performance, Atkinson concluded that empirical evidence about such relations is, here, is mixed and inconclusive. In similar way, finding the effect of social policy on private saving and investment is much more uncertain. And there are other ways to promote capital accumulation rather than reduction of state welfare. Even under economic globalization, globalization, state welfare is significant to compensate the vulnerable and disadvantaged groups. You can see there that Rodrick emphasized the compensation effect. And also state welfare is crucial to maintain and promote national competitiveness. You can refer to compatible effect suggested by Ian Gough. So what matters is how to combine economic efficiency and equity issues on the globalization. It is reasonable to argue that social policy and economic policy are closely interlinked and mutually support.

So, having said that, I move on to the second part. Based on mutual, complex and dynamic relationship between social policy and economic policy, I will deal with linkage issues. As many of you probably are well aware of, the developmental state and its developmental strategy produced so-called developmental welfarism. It is kind of a popular term among social policy scholars. Developmental welfare means that, as you can see over there, the state, Korean state as a low

social spender, was less involved in providing social programs than Western welfare states. In other words, Korean state shifted its welfare responsibility onto family and company by using its regulatory power to push forward those private sectors to provide and finance certain type of social programs. You can see over there, a regulator and a low social spender, and prominent welfare role of the private sector such as family and company, that's kind of a characteristic and essential principle, underlining Korean welfare state.

These development welfare strategies initiated and maintained by conservative coalition between developmental state and major business groups. Such state-business alliance was a key topic of "Variety of Capitalism" approaches. So there are some overlapping interest areas between development welfare study and variety of capitalism. Variety of capitalism highlights so called institutional complementarities between welfare regime and production regime. This can be regarded as institutional linkage between social policy and economic policy at the regime level. There are two different types of market economy. The first is liberal market economy and the second is coordinated market economy. Liberal market economy is based on short-term financial market and shareholder value, low-skill production and general education, etc.

In contrast, coordinated market economy is based on long-term capital, stakeholder value, high-skill production, and vocational training, etc. The coordinated market economy can be divided into two types. The first type is industry-based coordination founded in many European countries. The second type is group-based coordination founded in Japan and Korea. The main characteristics of group-coordinated market economy are, as you can see over there, vocational training as a company-based phenomenon, not an industry-based phenomenon, and technology diffusion and development within the group of companies, such as chaebol, and company-based unions. These characteristics are institutionally complementary to specific form of social production such as company welfare. For example, the large business sector was willing to provide occupational welfare and employment stability in order to secure the supply of skilled labor during the industrialization process. The company unions paid more attention to firm-level issues such as increase in company benefit or wage or working condition rather than national social economic issues such as universal welfarism. And occupational welfare provides positive incentives for workers to invest in company-specific skills. So those are the key characteristics of social protection in Korea as a group-based coordinated market economy.

In the second part, I will look at the institutional linkage at the policy level. First I will look at a linkage at the regime level, and second I will move on to the linkage at the policy level. Again, according to Ian Gough, economic policy and social policy are two sides of the same coin. There

is close connection between economic and social policies. In Korea, economic policy heavily influenced the content and evolution of social policy. (I need to speed up.) So their close relationship and economic policy has a great impact on social policy. And I'll skip this part, I already explained. So, social policy was subordinated to economic policy and economic growth.

There was linkage between work and welfare in terms of employment, human capital investment, company welfare and work-based, contribution-based social insurance programs. In Korea, previously, social need was satisfied by rising income in the labor market made by high and stable economic growth. And employment was closely connected to welfare, not only in terms of providing income, but also in terms of the way it provides access to company welfare and contribution-based social insurance. So there is close connection between work and welfare. That is kind of an institutional linkage at the policy level.

And finally, I will look at some classifications. Actually, this kind of discussion, particularly 'Variety of Capitalism' approach cannot, it is difficult to apply this kind of variety of capitalism and welfare state approach to developing countries, because developing countries have immature institutional configuration. Also, as I have mentioned earlier, I have got four major topics, policy goals or policy arenas of production, protection, redistribution, and reproduction. I tried to juggle and struggle with those concepts, and I made some, tried some classifications. So I put four policy tools according to four major policy areas. So you can see there, the economic infrastructure, tax credit, social investment, and cash transfer. But I should mention that these policy arenas of production, protection, reproduction, and redistribution are not mutually exclusive but rather closely interlinked. For instance, social investment is not simply confined to the mechanism for reproduction and protection, because it has also function for production and redistribution. So this figure is, kind of, suggests relative affinity or relative closeness between four major policy goals and linkage issues.

As I mentioned earlier at the beginning, I haven't completed the empirical parts, so I'll just briefly look at some of policy tools one by one. First, social investment strategy. According to S. P. Anderson, social investment strategy, which emphasizes lifelong learning, education and training could provide a possibly positive-sum solution to the tradeoff between jobs and equality. It is kind of positive-sum solutions. As you can see there, social investment strategy could improve Swedish 'active manpower policy', 'workfare', 'welfare-to-work' and East Asian productivist social policy

One of key concerns of Korean developmental welfarism was investment in human capital. However, before the economic crisis, the Korean government spent only low level of spending on

active labor market policy. Instead, they spent a large proportion of government expenditure on education. And you can see over there. Also, the state utilized vocational training system led by the government during the 1970s. The second type is infrastructure. Economic infrastructure can not only promote economic growth by reducing transaction cost and raising labor productivity, but also improve health, nutrition and education, which are crucial to reproduction of labor force, and reproduction of household. So again, some kind of positive-sum solutions. Korea successfully expanded economic infrastructure in the early stage of development. So here, it is very crucial to develop economic infrastructure in the early stage of industrialization. And, for instance, Transport infrastructure, but I don't have enough time to look in detail.

The third one is tax credit. Government may introduce tax benefits, I mean, tax credit or relieve tax burdens to companies and individuals for the purpose of redistribution and the purpose of production. And this can be referred to as so called 'tax expenditure' or what Titmuss called 'fiscal welfare'. Korea has a long history of using that kind of tax credit in order to increase firms' investment and also facilitate individuals' savings. So that's about tax credit. But I will not deal with tax transfer in detail because before economic crisis, Korean welfare state was based on low level of welfare budget, and low level of income maintenance programs. So I will not highlight cash transfer, it did play a very small welfare role during industrialization. Probably I should stop here. Thank you very much for listening. Thank you.

***MODERATOR: Hyuk-Sang Sohn (Professor, Graduate School of Public Policy and Civic Engagement, Kyung Hee University, RoK)**

Thank you, Professor Lee. Professor Lee actually presented compatibility, and even complementarities between social policy and economic policy. He further probed into the specific policy areas, such as social infrastructure, social investment, and tax credit. We hope you can finish your paper (laugh) with very concrete outcomes. Now, let me introduce our second presenter Professor Moo-Kwon Chung, who is teaching at the department of public administration at Yonsei University at Wonju. He is going to actually present more specific direction, the transformative role of social policy. He agrees with the, Korea is more provocatively developmental welfare state from his perspective on the variety of capitalism and the late industrialization. I think he is going to bring us more concrete role of the social policy in this area. Please go ahead.

❑ **The 2nd presentation :**

Social Policy and Its Transformative Role in a Development Context: Lessons from the Korean Experience

- *Moo-Kwon Chung,*

Professor, Department of Public Administration, Yonsei University, RoK

❑ 발표자료



Research Questions(1)

- Basic Ideas:
  - Korea has accomplished
  1) successful state-led industrialization
  2) successful transition to a stable democracy
  3) successful establishment of a comprehensive and universal social security system
  - within the past 30-40 years

Research Questions(2)

- Basic Ideas:
  - Examines a historical pathway to the development of the Korean welfare system/regime from the perspective of the transformative role of social policy
  - By focusing on what Korea has done in a distinctive way for linking social policies to the economic development under the conceptualization of the transformative role of social policy incorporating the theoretical perspectives of the 'varieties of capitalism' and the logic of late industrializers

Research Questions(3)

- Basic Ideas:
  - Drawing out some lessons to the current developing countries from the Korean experience.

Analytical Framework(1)

- Defining social Policy in the context of late industrializers
  - Necessary to extend the traditional narrow conceptualization of the social policies/social welfare based on the government's expenditures
  - There are some 'functional equivalent' policies;
    - i.e. land reform, corporate welfare, the government subsidies to the agricultural sector and some public utilities, public work-related programs, and other government's regulations
  - Needs to use the concept of "welfare regime"
  - Any single social policy cannot play a transformative role in the economy

Analytical Framework(2)

- The Role of the Developmental State and Its Institutional Features
  - State autonomy(embedded autonomy) (Evans, 1995)
  - State capacity(organizational/administrative capacity)
  - The states with these institutional features made its own society and economic more transformative than other countries without them.
  - More important is to understand the organizational and institutional arrangement of the developmental state.

Analytical Framework(3)

- 'Developmental Welfare Regime'
  - The previous scholars on the developmental state in East Asia have been less concerned about the developmental state's role in constructing the welfare system and how it linked to the successful industrialization
  - The Korean developmental state was architecture in constructing "developmental welfare regime" throughout the industrialization process.
  - The institutional features and functions support to the developmental strategies.

Ideologies and functions	●**A strong developmental ideology** deeply embedded in the welfare system as well as other social and political institutions ●**Conservative ruling coalition between the state and business**; the labor excluded or incorporated ●**Subordination of social welfare policies to the industrialization and macro-economic policies** ●**Strong fiscal conservatism**; public financing skewed to economic investment rather than welfare ●**Employment-related or industrial achievement model/ benefits through work**
Formal structure	●**Social insurance programs as a main welfare system** with the state's minimal contribution to the fund ●**Very strict provision in public assistance** ●**The least development of social services**; the least state's direct provision of social services; instead the state subsidized and regulated non-profit service organizations; especially the state regulated and subsidized non-profit organizations in the area of education and health ●**Focus on human capital development**; especially education and vocational training ●**Corporate welfare**, but different from the liberal model/initially the corporate welfare regulated or subsidized by the state
Effects	●**Minimal income protection/very low decommodification**/ high stratification/strong emphasis on work incentives ●**Dualist and regulated welfare system**: high level of public and private benefits in the large business sector and low level of public and private benefits in the small and medium industrial sector and the social marginal sector

8

Analytical Framework(4)

- Conceptualization of transformative role of social policy?
  - Current developing countries are implementing a wide range of forms of social transfer programs, but many of them are short-term relief programs to the victims of disaster or immediate needs of the poor.
  - They lack some transformative functions for triggering and sustaining the economic development
  - We need theoretical knowledge and empirical evidences for understanding the linkages between economic and social development (Mkandawire, 2004)

9

Analytical Framework(5)

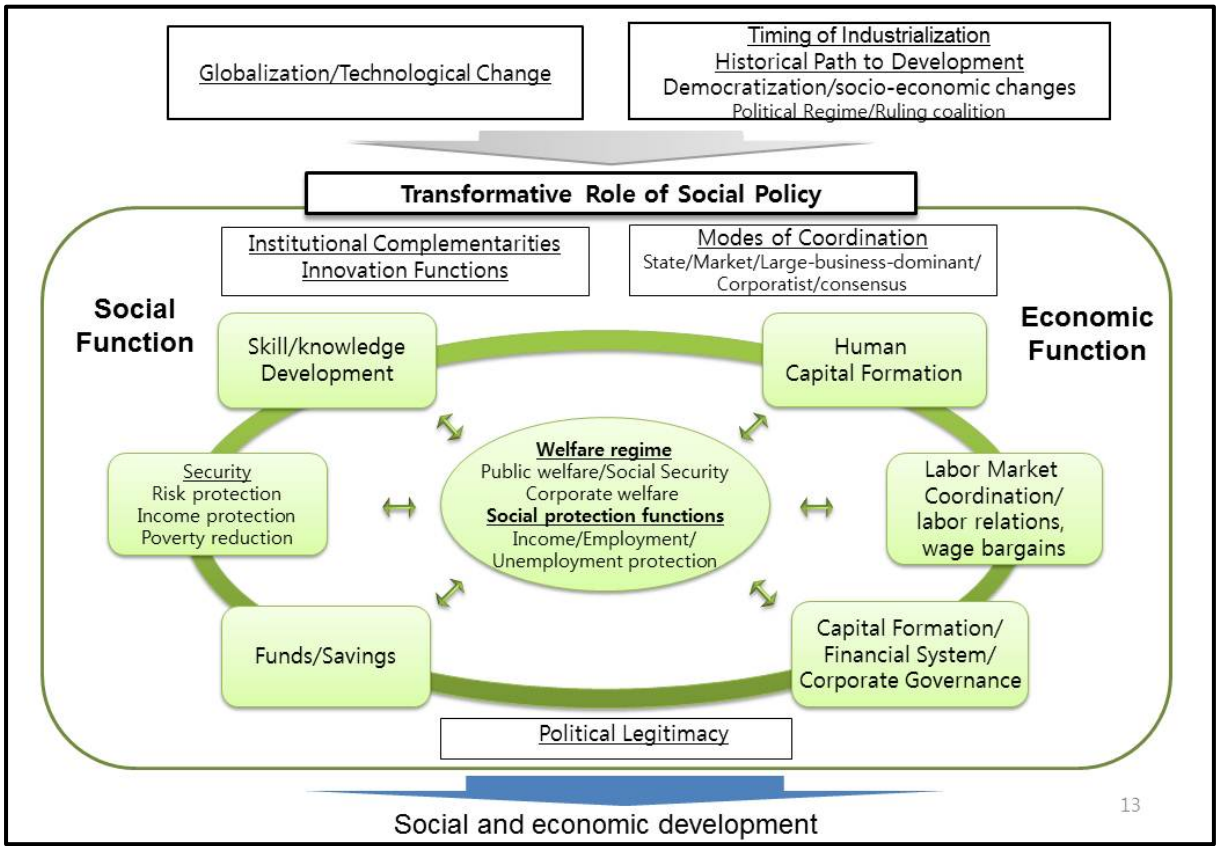
- What are the Transformative Roles of Social Policy?
  - protection, redistribution, production, reproduction (Yi, 2010)
  - Social policy organizing economic, social and political institutions for reducing poverty and inequality on the one hand, facilitating economic growth on the other (Mkanawire, 2004, 2008)

Analytical Framework(6)

- To specify causal mechanisms of transformative role of social policy: Incorporated the theoretical perspectives of 'Variety of Capitalism'
  - 'Institutional complementarities' between production and welfare regimes
  - 'Modes of coordination' within each regime and between regimes/market, state-dominant/large-business dominant
  - i.e., skill regime, income protection, employment, protection, patient capital, saving regime, corporate governance, wage restraints and bargaining, labor relations

Analytical Framework(7)

- Causal Mechanism of Transformative Role of Social Policy: Incorporating of the perspective of 'Variety of Capitalism'
- See <Figure 1>



Historical Pathway to the Korean Developmental Welfare Regime(1)

- Land Reform
  - profoundly affected class and state formations and the industrialization
  - Demise of the power of landlord classes
  - State-business alliance
  - Relatively equal distribution of wealth and income
  - Increasing social mobility

Historical Pathway to the Korean Developmental Welfare Regime(2)

- The Emergence of Developmental State: the reorganizing of state structure and calibrating the role of the state in the industrialization (1960s)
  - Administrative reforms: EPB(Economic Planning Board)
  - The recruitment of competitive bureaucrats
  - Economic planning
  - Party reform
  - Purging the political and economic corruptions

Historical Pathway to the Korean Developmental Welfare Regime(3)

- The Heavy and Chemical Industrialization and the Development Welfare Regime (1970s – 1986)
  - Emergence of social insurance programs
    - Work Injuries Compensation Insurance (19
    - National Pension Program (1973)
    - Medical Insurance (1977)
    - Covered the core workers in the industrialization
    - Fiscally and administratively efficient

Historical Pathway to the Korean Developmental Welfare Regime(4)

- Institutionalization of pro-growth developmental welfare regime

- Macro-economic policies and conservative fiscal structure

Historical Pathway to the Korean Developmental Welfare Regime(5)

- Skill regime formation for the HCI and corporate welfare
  - The government's establishment of the vocational training system
  - Regulated the business to encourage on-the-job training
  - The role of corporate welfare for keeping the high-skilled workers

Historical Pathway to the Korean Developmental Welfare Regime(6)

- The emergence of the dual labor market and the problems of wage coordination

- Rural development and Functional equivalents

Historical Pathway to the Korean Developmental Welfare Regime(7)

- Democratization and the Expansion of the Developmental Welfare Regime (1986-1997):

Historical Pathway to the Korean Developmental Welfare Regime(8)

- Economic Crisis and New Challenges: Continuity and Change of Developmental Welfare Regime
  - Neo-liberal Reforms
  - Productive Welfare Reforms under the Kim Dae Jung Government(1997-2002)
- Roh Moo-hyun Government's Vision 2030 and Social Investment State (2003-2007)

Lessons from the Korean Experience(1)

- The Korean welfare regime(developmental welfare regime) became an integral part of the successful industrialization and the production regime in Korea and supported to the successful industrialization.
- The developmental state had played an active role in coordinating the labor market, industrial relations, skill development, and the minimal security of income and risks, and enhancing the political legitimacy of the authoritarian development state.

Lessons from the Korean Experience(2)

- In the different phase of industrialization, the Korean state had played a certain role in adapting to the social and economic problems, and developed some social policies playing a certain degree transformative roles in the economic development.

Lessons from the Korean Experience(3)

- The land reform and the state reform toward a developmental state became crucial institutional conditions for the transformative role of social policy
- Especially, the Korean sate effectively mobilized human capital and skill development during the early and HCI industrialization phase.

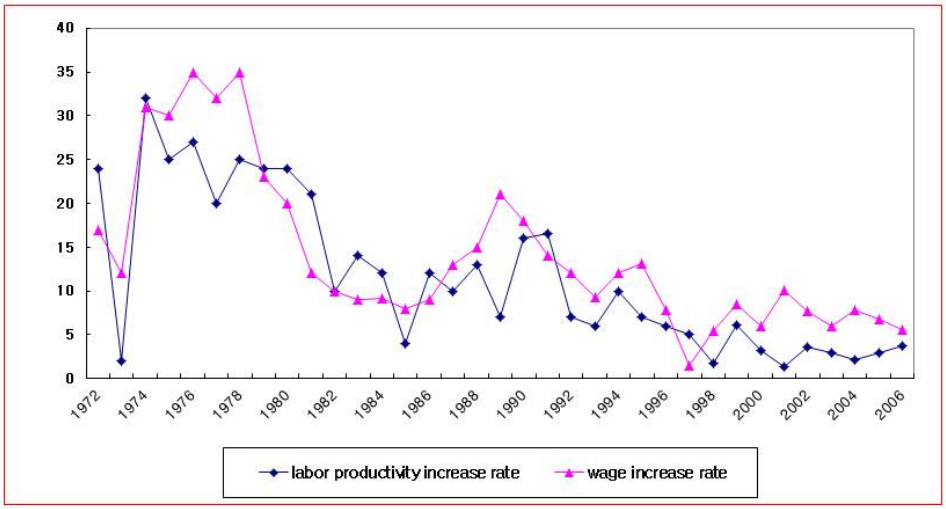
Lessons from the Korean Experience(4)

- In fact, the main role of the income protection and poverty reduction of the Korean developmental welfare regime has been minimal. Those functions had been actually performed by the high economic growth with increasing employment and other functionally equivalent policies such as land reform and the *Saemaul undong*.
- Social insurance programs played an important role in risk protection of the core workers in the early industrialization phase and ordinary citizens in the matured phase of the industrialization and after democratization.

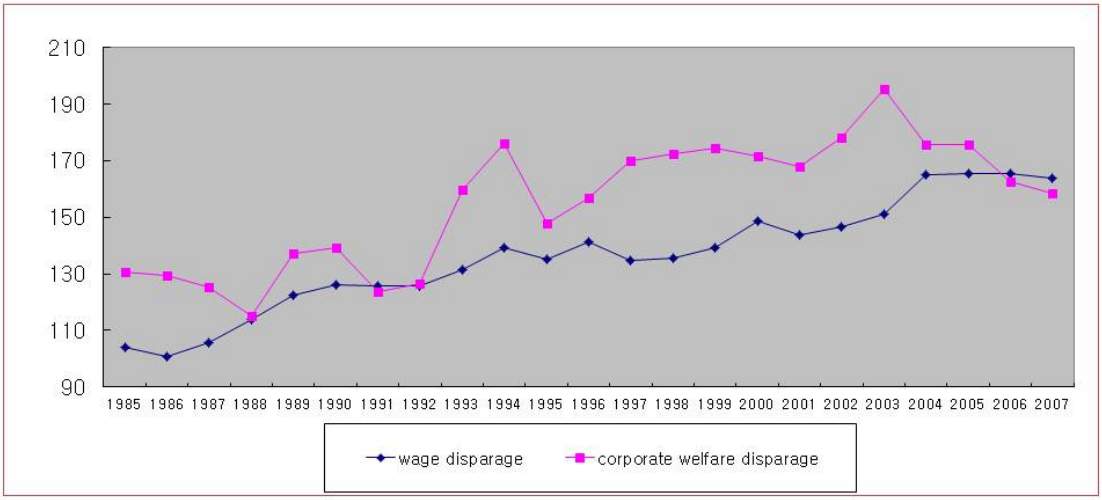
Lessons from the Korean Experience(5)

- In spite of all these positive contributions to the industrialization process, the Korean welfare system is today in crisis to meet new challenges such as the labor market change, rapid aging with low fertility, and globalization.
- Finally, these relatively successful transformative role of the Korean welfare regime were not possible without the institutional capability of the developmental state.
- In conclusion, the development of transformative social policy should be accompanied by the reforms of the state institutions.

Labor Productivity and Wage

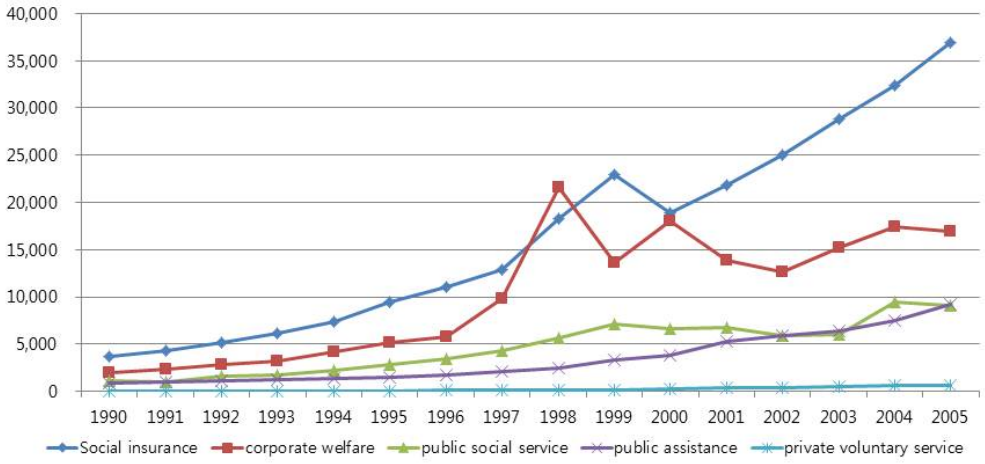


Disparages in Wage and Corporate Welfare between large, small, and medium-size Firms(thousand won)



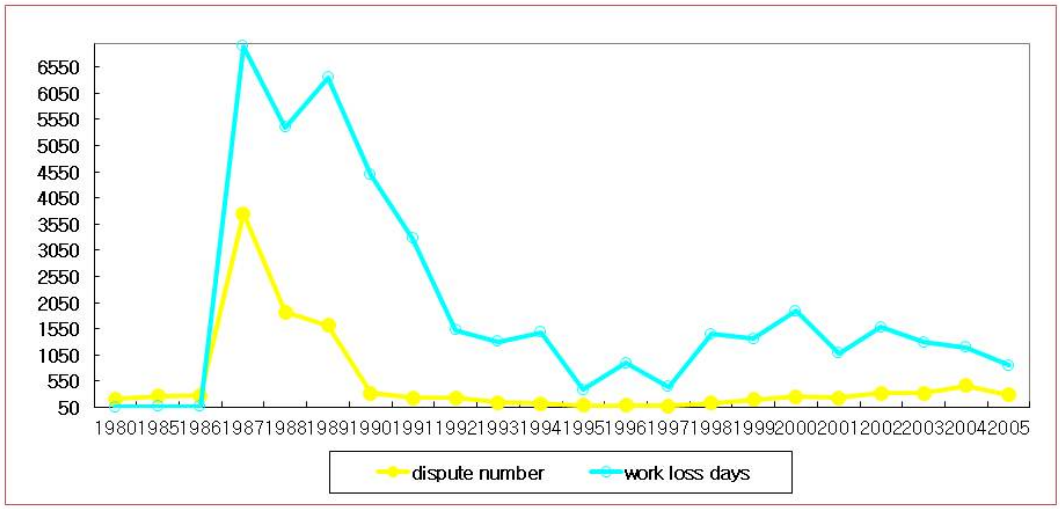
Source: Labor statistics, various years. Korea Labor Institute.

Comparison of Public and Private Welfare (1990-2005) (million won)



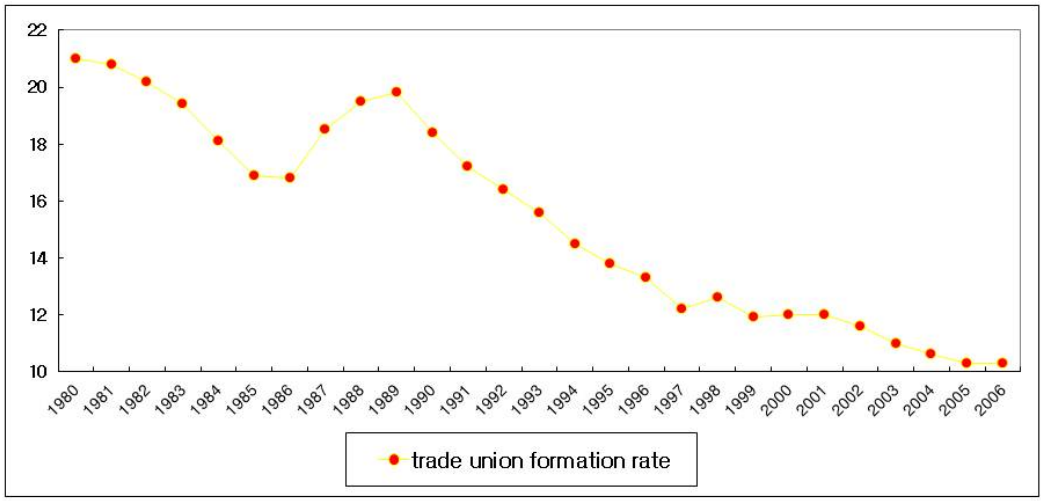
Ko and et al.(2007). P. 107.

Labor Dispute Trend in Korea



Source: Labor Statistics, Korea Labor Institute

Labor Union Density

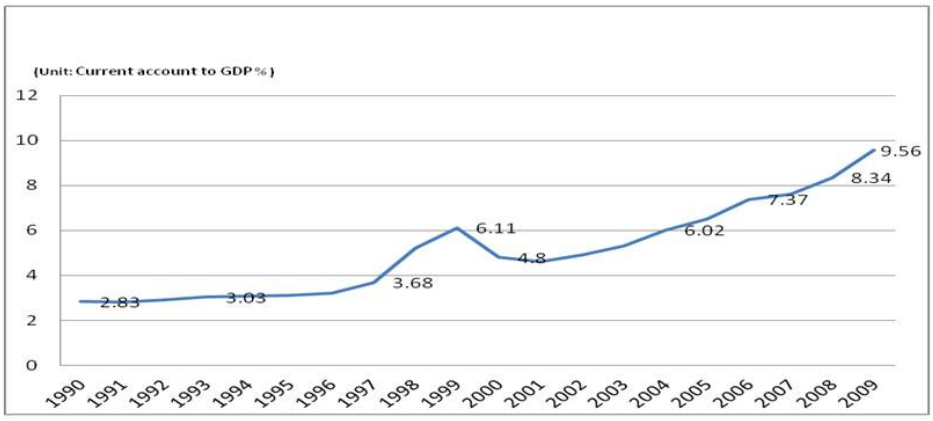


Source: Labor statistics, various years. Korea Labor Institute.

Actual receiving rate of major social insurances

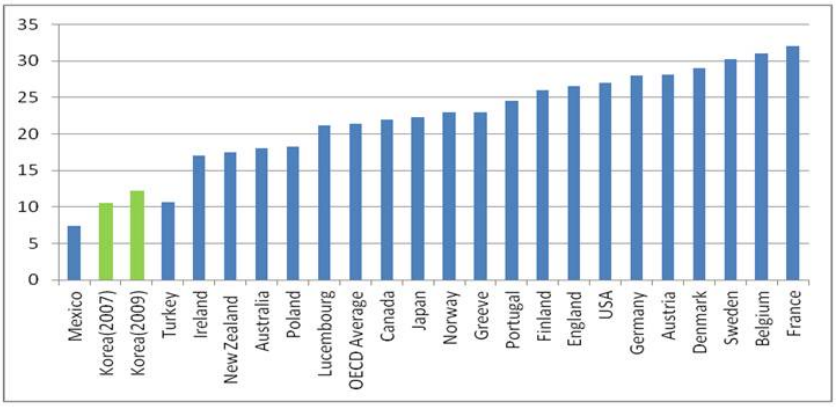
year	Total employee (thousand)	Non-agriculture employee		Social insurance real application percent			
		thousand	Tatal %	Public pensions	Health insurance	Workers's safety insurance	Unemployment insurance
1985	14,970	11,165	74.6	5.5	44.1(51.1)	40.3	•
1990	18,085	14,629	80.9	31.2	1)	51.6	•
1995	20.414	17,729	86.8	41.1	•	44.5	23.7
1996	20,853	18,237	87.5	42.2	•	44.7	23.7
1997	21,214	18,644	87.9	40.3	•	44.2	23.0
1998	19,938	17,330	88.9	38.8	•	42.8	29.7
1999	20,291	17,765	87.6	58.5(85.7)	•	41.9	34.1
2000	21,156	18,650	88.2	60.8(81.9)	•	50.9	35.2
2001	21,572	19,125	88.7	59.9(80.70	•	55.3	36.1
2002	22,169	19,771	89.2	60.4(79.6)	•	52.9	36.2
2003	22,139	20,189	91.2	62.2(82.9)	•	51.8	35.6
2004	22,557	20,732	91.9	60.0(80.8)	•	50.0	36.4
2005	22,856	21,041	92.1	60.0(80.3)	•	56.8	38.2
2006	23,151	21,366	92.3	60.7(82.0)	•	54.2	39.8
2007	23,433	21,707	92.6	61.6(83.4)	•	57.2	14.6

Trend of Public Social Expenditure in Korea (% of GDP)



Source: OECD, Social Expenditure Database

Gross Social Expenditure, International Comparison (2007)



Source: OECD, Social Expenditure Database

❑ 발표녹취록

My name is Moo-Kwon Chung at Yonsei University at Wonju campus. It is my great honor to be here to present my paper. I would like to express my thanks to the organizers of this project. My role here is to explain broadly how Korean social policy system has effected economic development. I have changed my focus on approach for this goal since our workshop started in spring of this year. This paper, at the time, is incomplete and at the stage of very rough draft. I welcome any comment on my paper, and based on your comment I will correct or reorganize to complete the paper.

The basic research questions are as follows. Sorry. Ok. Korea has (been) known as accomplishing very successful modernization in the areas of economy, politics and social welfare since its independence. From the independence until 1960s, Korea was one of the poorest countries in the world. However, Korea today has accomplished; first, successful state-led industrialization and become one of the leading countries in the areas of electronics, automobile, shipbuilding and stainless steel making and machines.
Second, Korea has accomplished successful transition to a stable democracy since late 1980s. Finally, Korea has also accomplished successful establishment of a comprehensive and universal social security system. In other words, Korea has remarkably transformed itself from one of the poorest developing countries into an advanced and modernized country. Here, this paper examines a historical pathway to the development of the Korean welfare system from the perspective of the transformative role of social policy, which UNRISD has recently emphasized as a new paradigm of social development. Here, my analysis focuses on what Korea has done in a distinctive way for linking social policies to the economic development by incorporating the logic of late industrialisers and the theoretical perspectives of the 'varieties of capitalism'. Especially for the analytical framework to explain the transformative role of social policy, I adopted theories of varieties of capitalism, which emphasize close international linkages of welfare and the productional regime. Then, this paper analyzes to what extent Korean social policies have been transformative in the economic development. This paper will focus more on social security system and other functional equivalent programs within broader concept of social policy, if they performed some transformative role of Korea's development. It is because our next speaker Dr. Ilcheong Yi will discuss education policy in this context. Finally in my conclusion, I will draw some lessons from current developing countries from Korea's experience.

Next. Ok. Here are argue that we need to extend the traditional narrow conceptualization of the

social policies which is mainly based on the internationally recognized government social expending structure such as ILO, OECD expenditure database. In the development context, there are some 'functional equivalent' policies to be considered as social policy such as land reform, regulative corporate welfare, public work programs, and various government subsidies to the agricultural sector and public utilities and so on. In this sense, we need to use concept of welfare regime rather than specific policies implicating complex of cluster of related norms, rules, organizations, and institutions in the broader area of social policies. It is because any single social policy cannot play a transformative role in the economy. So I call the Korean welfare regime as developmental welfare regime, in the sense that developmental state was a major architect in constructing the welfare system and had coordinated various social policies to support economic development.

Ok, next issue is developmental state. Next, I emphasized the role of the developmental state and its institutional features such as state autonomy and state capacity. Here, I mainly focused on what and how the developmental state has done to the construction of welfare system. But more important lessons will be drawn from what kind of institutional features made the state implement such policies successfully. And then how the current developing countries construct those organizational and institutional features by reforming their government. In other words, how to reform the government to have state capacity is another important issue to be discussed for another project later. Here, I just focused on what the Korean development state has done in constructing welfare system.

Next issue is the transformative role of social policy. I discussed the conceptualization of the transformative role of social policy. Current developing countries are implementing a wide range of forms of social transfer programs, but many of them are short-term relief programs to the victims of disasters or immediate needs of the poor. They really lack some transformative functions for triggering and sustaining the economic development. In this sense, Professor Mkandawire and Dr. Ilcheong Yi had already mentioned what transformative social policy is.

So I will skip it, but here, I want to specify the casual mechanisms of transformative social policy. In order to do that, I adopted the perspectives of 'variety of capitalism' to specify casual mechanism of international linkage regarding how social policy can play transformative roles in economic development. It is because theoretical perspectives of the 'variety of capitalism' emphasize 'Institutional complementarities' between production and welfare regimes. I had done some research on this issue in the past years in order to explain what distinctive institutional features of Korean welfare regime have, and what it has done for the social protection of the

Korean people, and how it has developed and been transformed in the political economy of Korea's development until now. So I also found out that Professor Mkandawire's article in 2008, here, he elaborated the concept of transformative role of social policy by incorporating the theoretical perspective of variety of capitalism.

This diagram shows specific casual mechanism. I developed this in following with professor Mkandawire's argument. Here, at (on) the left, the screen is small, I mean, you may not be seeing at all, but you can see the manuscript. Ok, here, left above side, 'Globalization/Technological Change' implies environmental or structural factors which can affect the structural level of linkage between social and economic policies. And the right side of the box, I emphasized some important domestic factors to make each country pursue different paths to the development. First of all, timing of industrialization is important in determining different industrialization strategies and different constraints and possibilities, and different outcomes. In a sense, the timing of Korea's industrialization after WWII, and 1960s and 1970s, it was rather lucky because for today's developing countries, there are many elements that they cannot do, but the Korea state could do under the environmental situations. Another important dimension is to understand institutional nature of political regime. That is what kind of ruling coalition was made during the industrialization and the transition to democracy. This different ruling coalition made different paths to the development. Korea, under the industrialization and democratization, has been in close relationship with business sectors. On the left side of the large box, I showed the main social functions of social policies. And the right side of the box shows the economic functions, how social policies link with economic functions, that was how to design social policy to function this transformative role is very important.

Under this analytical framework, I examined historical pathway to the transformation of Korean welfare system and how it supported industrialization process in Korea. I cannot tell all the strategies in detail here due to the time constraint. I will simply summarize.

Here I divided basically four developmental stages of Korean welfare regime. The first stage was from the early national building to the 1960s. During the time, some functional equivalent programs such as land reform were very important institutional features for later development. During this period, the formal society (inaudible) had not yet developed but universal education system greatly contributed to the formation of human capital, which became cheap and good human resources for later industrialization. In other words, in this period, developmental state emerged by various reforms of state structure and administrative system. It started from the 1960s led by Park Jeong Hee government. The second stage was from 1970s to the first half of 1980s.

The period was heavy chemical industrialization period. During this period, major social insurance program started and began to protect core workers in industrialization. Especially the health insurance, started from 1977, expanded gradually to the people. Also, during this period, the government quickly established vocational schools for expected demand of skilled workers and encouraged regulated business companies to implement on-the-job training. So corporate welfare and corporate training programs had emerged to retain high-skilled workers necessary for heavy chemical industrialization. So the government carefully regulated and supported this business-driven skill formation with constructing basic public vocational training system. During this period, basically the pro-growth nature of macro-economic policies and the government's system affected fiscally very conservative financing to the welfare. In other words, developmental nature of the welfare regime has been institutionalized in this period. Although the government support and cooperation with large business sector in the industrialization process were very effective, it resulted in the industrial imbalance in the labor market today. The social security system to regulation of the labor market and (wage moderation), all aimed at being work-oriented and in favor of business sector. The third stage was democratization from late 1980s to the IMF crisis in 1997. During this period, Korean social insurance programs have rapidly expanded their coverage and protected major social risks of the people. Although income protection level was very low and democratization allowed expansion of social insurance programs, there was no quality transformation of (inaudible) welfare regime. Finally in 1995, the government implemented insurance programs. It was greatly helpful during the IMF economic crisis. After mass unemployment, this insurance program protected income of the unemployed. If this insurance program was not implemented at that time, probably many people would have suffered from their income loss. The fourth stage started from financial crisis, when the Kim Dae Jung government conducted far extensive-level of economic reforms, and at the same time, extensive welfare reform. During this period, as a result of significant welfare reform by Kim Dae Jung government, the comprehensive and universal social security system has been established. But at the same time, this system had serious problems to meet new challenges such as dual labor market problems, democratic change, and rise of new social risks. So Korea needed other reform stage to meet new social economic problems. Therefore, in Korea today, the agenda of welfare reform has emerged in the expectation of major election in the next year. So welfare policy became the center of Korean politics today. So this is my story of the development of welfare system and its transformative role of social economic development. Finally, I will briefly summarize some lessons to the current developing countries. The development of Korean welfare system and its transformative role became an integral part of the successful industrialization in Korea. In this

process, developmental state had played an active role in coordinating labor market, industrial relations, skill development, and minimal security of income risks and enhancing political legitimacy of the authoritarian developmental state.

In retrospect, Korean developmental state played a certain role in adapting to social and economic problems at each stage of the industrialization. First of all, Korean developmental state played a major role in mobilizing human resources and skill development given the circumstances. This is the major transformative role of social policy. On the other hand, social insurance program played an important role in protecting major social risks and retaining human resources and skills. In fact, the main role of the income protection and poverty reduction in the Korean developmental welfare regime has not been minimal. Those functions had been actually performed by continuous and high economic growth in increasing employment and other functional equivalent policies. Nonetheless, Korean welfare regime played very transformative role in social policy and economic development. So the final question is how current developing countries can have this kind of institutional capacity to implement social policy which can function, transformative social policies. That is my conclusion. Thank you very much.

***MODERATOR: Hyuk-Sang Sohn (Professor, Graduate School of Public Policy and Civic Engagement, Kyung Hee University, RoK)**

Thank you, Professor Jung. Professor Jung has actually made a very bold statement compared to Professor Lee's argument. Professor Lee has actually tapped on the possibility of how to link social policy with economic policy, and he also probed on the possibility of how to go further in this specific policy area. Now, Professor Jung argues that there's a kind of causal mechanism, the causality of this social policy for the transformative outcomes to the economic and social development. I think it is very audacious and bold statement. I expect a hot debate with your panelist. I'm very excited. Now, I'm very happy to introduce Professor Jae Jin Yang. He's teaching at the department of public administration at Yonsei University, too. We're happy to invite him here to the podium, because he will bring the political argument to the discussion. In the previous presentation, we talked about more about economic and social policies, now he brings the political aspect in determining social policies. When you look at Chun Doo Hwan, and Kim Dae Jung's social policy responses to economic crises, I think we will have more insight of how to link all these economic, social and political policies to this discussion. Professor Yang, it's all yours now.

❑ **The 3rd presentation:**

Change and Continuity in Social Policy Responses to Economic Crises in South Korea: 1979~81 vs. 1997~98

- Jae-jin Yang,

Professor of Public Administration, Yonsei University, RoK

❑ 발표자료

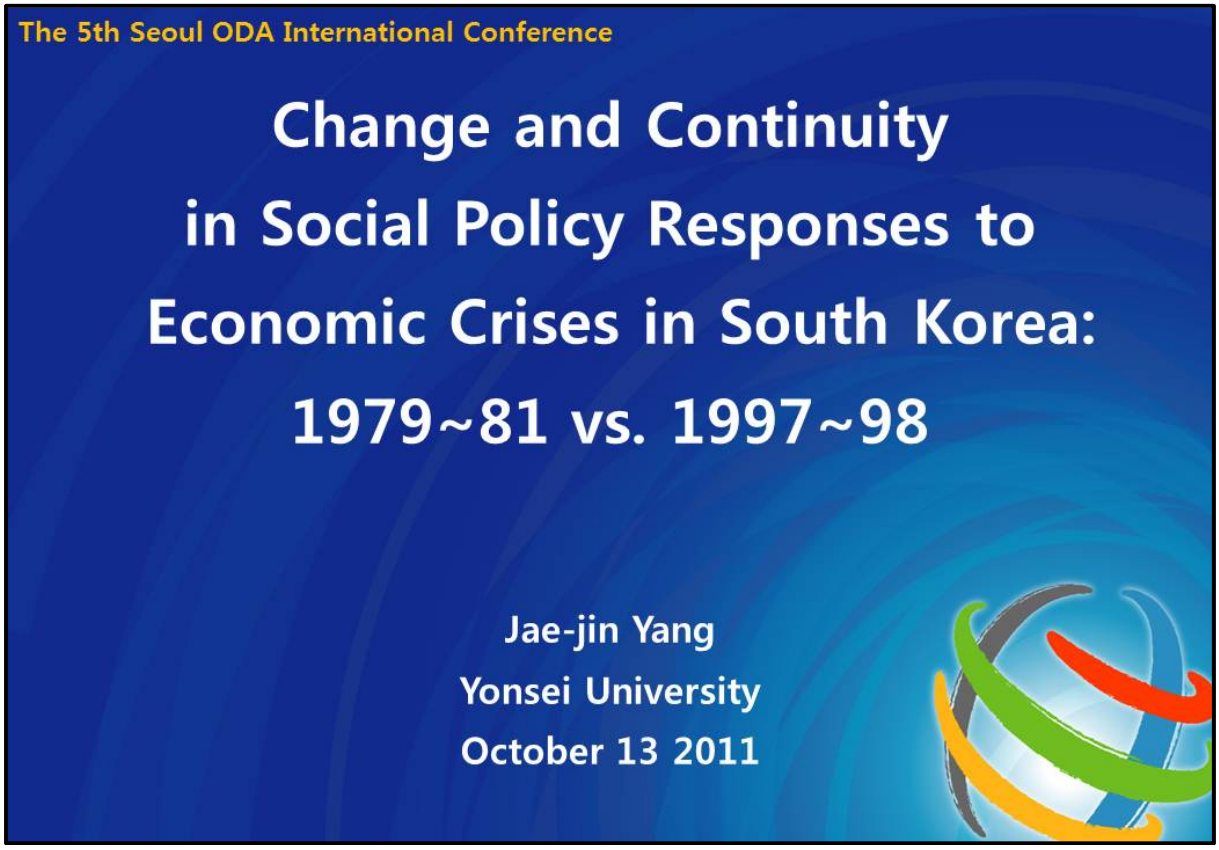


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2. Strong Principle of Contributory Social Insurance, Fiscal Conservatism and Continuity of Social Policies
3. Policy Implications for Developing Countries

V. Conclusion

The 5th Seoul ODA International Conference

I. Introduction

○ Korea as one of the advanced countries:
- The 15th largest economy in the world with a per capita income of $29,792 in 2010.
- "fully functioning modern democracy(CIA, 2008)"

○ **Puzzle:** Different social policy responses to similar economic crises in Korea
- Social policy responses
- The Change and Continuity of social policy choices

○ **Method:** Comparison of the governments' responses in 1979-81 vs. 1997-98

Chun Doo Hwan government (1980~1987)	Kim Dae Jung government (1998~2002)
Neo conservative reforms	Neoliberal economic reforms

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II. Social Policy Responses by the Chun Doo Hwan Government

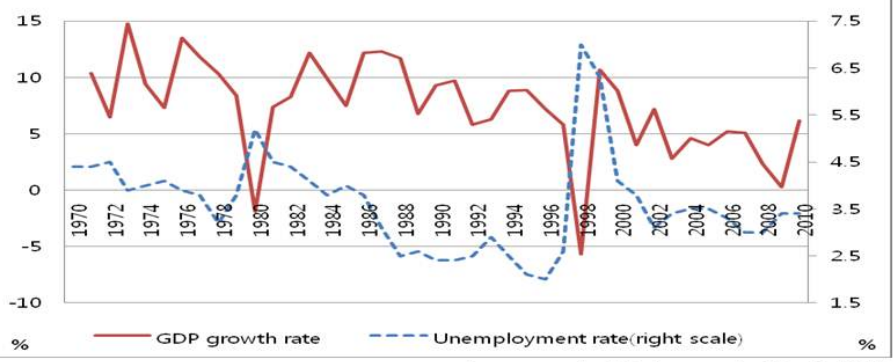
1. The Rise of the 1979-81 Economic Crisis and Economic Reforms

○ The Rise of the 1979-81 Economic Crisis

– After a relatively long period of sustained economic growth, the Korean economy began to falter in 1979. (Figure 1).

– GDP contraction, inflation, falling exports, growing current account deficit, rising unemployment rate.

Figure 1. GDP Growth Rate and Unemployment Rate (1970-2010)



Sources: www.kosis.kr (accessed on May 22, 2011)

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II. Social Policy Responses by the Chun Doo Hwan Government

1. The Rise of the 1979-81 Economic Crisis and Economic Reforms

○ A broad consensus that economic mismanagement over the 1970s was also to blame.

– an excessive increase in the total investment in heavy and chemical industrialization

– inflationary pressure, labor shortages

– the sharp surge in wage rates

– the HCI drive fostered Chaebol (family-owned business conglomerates in Korea)

<Response 1>

➢ **Fiscal austerity**

– Drastic budget cut

– substantial fiscal cuts in most Funds

– tight monetary and credit controls

<Response 2>

➢ **Reorganization of the industrial policy**

– the rationalization of six problem sectors

– reduction of economic concentration

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II. Social Policy Responses by the Chun Doo Hwan Government

2. The Consequences of Fiscal Conservatism and Social Policy Responses

<The consequences>

- ➢ **negative impact on social spending**
- ➢ **no noticeable program development**
- – **"the off season"** for the development of social welfare in Korea (Lee, Hyekyung, 1993: 73).

<Efforts to escape from the dilemma to fiscal conservatism and the political necessity>

- ➢ **the gradual expansion of the existing social Insurance Schemes(NHIS + Industrial Accident Insurance)**
- ➢ **the increase of voluntary corporate welfare through tax incentives and policy loans**
- – Corporate welfarism began to be rooted in the Chun period, signaling a widening gap between the large and small businesses in the future.

III. Social Policy Responses by the Kim Dae Jung Government

1. The 1997-98 Economic Crisis and Social Consequences

<The Economic Crisis' effect>

- ➢ **Undermining economic performance**
- – Korea's inability to service its debt payments
- – Foreign reserves dwindling to less than $8 billion
- – the Korean currency's rapid depreciation
- – The government's budget balance plunging to -4.4% of GDP in 1998

- ➢ **Serious consequences for social equality and welfare**
- – Growing poverty and inequality Increasing inequality of wealth

Table 1. Poverty and Inequality Pre- and Post-Economic Crisis in Korea

	1996	1997	1998	1999.1/4	1999.2/4	1999.3/4
Headcount Poverty Index (urban)[a]	9.6	8.6	19.2	-	-	-
Wage Income Share[b]						
- Highest 20%	37.9	37.2	39.8	41.3	39.5	39.0
- Middle 60%	53.9	54.5	52.8	51.6	53.0	53.6
- Lowest 20%	8.2	8.3	7.4	7.1	7.5	7.4
Wage Income Ratio[b]	4.63	4.49	5.41	5.85	5.24	5.29
Asset Income Ratio[c]	-	17.1	-			38.6
Gini Coefficient[b]	0.291	0.283	0.316	0.333	0.311	0.310

Note: Wage Income Ratio = Highest 20%'s share/ Lowest 20%'s share; Asset Income Ratio = Highest 10%'s share/ Lowest 10%'s share
Source: Moon and Yang (2002a: 142).

III. Social Policy Responses by the Kim Dae Jung Government

2. Economic Reforms by the Kim Dae Jung Government

○ Drastic reform measures to deregulate and liberalize the economy.

- lifting restrictions on capital movement and foreign ownership
- the government's facilitation of the laying-off of workers to increase labour market flexibility
- the government's a series of measures to make the economic system more transparent and accountable

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III. Social Policy Responses by the Kim Dae Jung Government

2. Social Policy Responses by the Kim Dae Jung Government

<Responses>

➢ **Expanding the coverage and the benefits of the four major state-administered social insurance schemes**

– due to the mass unemployment and related social problems, programs protecting individuals against unemployment grew at the fastest speed

– the state-administered pension and health insurance schemes made another rapid expansion of pension, employment insurance scheme

– Integration of NHI also contributed to the tightening of the nation's social safety net

➢ **Thoroughly overhauling the public assistance program**

– rejuvenation of public assistance programmes with fresh legislation to guarantee a minimum standard of living regardless of age or work capacity

– it marks a turning point from the Elizabethan Poor Law-style public assistance in which the state distinguishes the deserving from the non-deserving poor and protects only the former (Ministry of Planning and Budget, 1999; Ministry of Health and Welfare, 1999).

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IV. Discussions

1. Democaracy and Change in Social Policy Response

○ The Korean cases verify that the impact of economic crisis on social policy responses is neither uniform nor unidirectional.

Chun Doo Hwan government (1980~1987)	Kim Dae Jung government (1998~2002)
Inactive comprehensive social safety nets	Considerable stride toward a welfare state in economic hard times
Emergency measure: public works • temporary increase in social assistance and expanding job opportunity in the Middle East • Gradual expansion of social insurance coverage • Corporate welfare	• Social insurance coverage was expanded to cover the entire working population • fragmented health associations were unified • public assistance program was beefed up

○ Why? Democracy brought about a new playing ground for pro-welfare political forces.

- Kim Dae Jung took power and the progressive forces
- In democracies, there is no other way for politicians but to respond to growing demands on social policies and electoral competition induces greater government spending to reduce crisis-generated inequalities of risk and income(Garrett, 1998). These tendencies were stronger where leftist political forces hold onto power. South Korea in the late 1990s was the case in point. Without democracy and power shift to progressive political forces, continuity rather than change would have dominated social policy responses to economic crisis.

The 5th Seoul ODA International Conference

IV. Discussions

2. Strong Principle of Contributory Social Insurance, Fiscal Conservatism and Continuity of Social Policies

○ Substantial improvement was made during and after the 1997-98 economic crisis under the leadership of president Kim Dae Jung. But this change was also accompanied by path-dependent continuity.

- contributory social insurance was the solution
- There remains a large loophole in the social safety nets(Table 2).
- The NBLSS was tarnished by strict means test and family responsibility rule.

Table 2. Effective Coverage Rate of Social Insurances and Retirement Allowance

(August 2008, %)

		Pension	Health	Employment	Retirement Allowance
Large Firms	Regular Workers	99.1	99.7	78.7	98.3
	Non-regular Workers	83.7	96.5	74.5	71.5
SMEs	Regular Workers	78.3	95.7	63.6	70.5
	Non-regular Workers	47.6	88.9	37.0	33.4

Note: Large firms are enterprises with 300 and more employees. SMEs are abbreviation of small and medium-sized enterprises with less than 300 employees.
Source: Calculation by author based on Korean Statistical Information System (http://www.kosis.kr)

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IV. Discussions

3. Policy Implication for Developing Countries

○ We can draw some lessons from the two Korean cases

① the utility of public works

- Public works have been an effective counter-cyclical measure for income assistance and employment creation in Korea.
- But it should be noted that public works were as an emergency measure to provide unskilled and semi-skilled workers with short-term employment at lower wages than the statutory minimum wage. In order to provide protection for the entire working class, comprehensive measures such as universal social insurances are recommended.

② the necessity of pre-emptive introduction of social security schemes, especially unemployment insurance and pension programs

③ combining tax-based scheme with statutory social insurance programs(refer to table 2)

V. Conclusion

○ Social policy responses by two Korean governments to the similar economic crisis

- There are differences between Chun and Kim's Government
- Democracy and partisanship helped expand the Korean welfare state in economic hard times.
- Nevertheless, the Kim government's pro-welfare policies could not break the old mold based on strong contributory social insurance principle.
- If Korea had developed tax-injected social insurance schemes (especially EIS) earlier, then it could have more effectively protected the victims of economic crisis.
- Pre-emptive introduction of tax-injected social safety nets in good times are recommended for developing countries.

❑ 발표녹취록

It is my great honor to give this paper presentation before distinguished scholars and wonderful audience. The topic of my paper is to provide general picture of social policy response by two Korean governments during the two worst economic crises in Korea. One was in late 1970s and early 1980s, the other one was in late 1990s. Korea is regarded as an exemplary case for successful economic development. But the route was not smooth at all. There were two big economic crises and also there were several economic downturns. But Korea was successful in dealing with the economic crises. And Korean economy rebounded rapidly from the economic crises. So there are plenty of literatures that highlight the successful economic reform during the economic crises. But there are only few literatures that deal with social policy aspects and social policy response by the Korean government during this period. So I'd like to make a further gap in the literature of Korean development.

As I said, I will present social policy response during two economic crises periods. One is in this period. As you see, Korean economy contracted by almost 4% of GDP, and the second one was the worst case, the worst economic crises. Sometimes, it is called IMF crisis in 1997. As you can see, Korean economy contracted more than 5% and unemployment rate rose to 7%, which is unusually high level of unemployment by the Korean standard. Anyway, to these two periods of economic crises, the Korean government's social policy response was different. So, during my presentation, firstly I'd like to present the general picture of the economic crises and the social policy response and secondly, I'd like to point out the change and continuity of social policy response by the two different governments. Thirdly, I will explain why. And finally I'd like to draw some policy lessons from the Korea's experience. That is the general structure of my presentation. In the first economic crisis from 1979 to 1981, the major economic reform was focused on to bring about economic stabilization. So the fiscal austerity was the main area of economic reform. Before this period, as you may know, the Korean economy was inflation-ridden. So after this drastic fiscal austerity and other stabilization measures, the inflation rate went down to about 3% from the previous of almost 30%. So it was a very successful economic stabilization during this period.

But this successful economic stabilization through intense fiscal austerity had negative consequences or implications for the development of social policy. During this economic crisis, the government deployed emergency measures including wide-use of public works to generate employment among the unskilled, low-paid workers. It was the emergency measures. But except

that kind of emergency measures, there was no notice of development in social welfare policies during this period, because of this fiscal conservatism. As I said, the fiscal austerity was the main concern. Because of the successful fiscal austerity, the economy stabilized and paved a new way for the rebound of Korean economy. So, economic stabilization was the political achievement by the government led by the president Chun Doo Hwan. I'd like to read an interview. I once interviewed Sa Gong -Il, who was the chief economic secretariat at Blue House, the presidential palace. He observed that, it's on page 245, he said to me that President Chun was determined to keep inflation low. Since, he was very proud of the successful economic stabilization against pessimism and political resistance, inflation was broke down to 3% from 30% in a short period of time. He regarded it as the greatest achievement of his government. Therefore, Chun had (inaudible) reservations about social expenditure. So there was no new program for social policy. It is natural to divide social policy and provide initiatives of social policy during economic crises, because economic crises bring about poverty and other social problems. But there was no noticeable social policy response during this period, because of fiscal conservatism.

Now, let's move on to the second economic crisis period. In 1997, this economic crisis was the worst one in Korean economic history. The major or immediate cause of the economic crises was debt-ridden corporate sector and under-developed financial sector. So the major focus of economic reform in this period was quite different from the previous one. The major focus of the economic reform at this second economic crisis was to liberalize Korean economy by lifting up restrictions on financial flow in and out. Secondly the government liberalized labor market to help facilitate the restructuring of the debt-ridden corporate sector. In this period, the government led by President Kim Dae Jung, deployed wide-use of emergency measures like public works. But at the same time, he vigorously expanded social insurance programs to cover all workers. Also, he legislated a new program for better public assistance, which is called National Basic Livelihood Security Scheme. It rejuvenated the public assistance program. In the past, people aged form 18 to 64 was not eligible for state assistance, because they were deemed to be capable of work. But after this new legislation, regardless of age, regardless of capability of work, if you are poor, then the state provides assistance. Also, the national health insurance program was integrated to increase the solidarity among the Korean citizens. I mean, there was the period of welfare reform, pro-welfare period. So many scholars believed that this is the period that Korean welfare state started to rise. In contrast to the Chun period during the first economic crisis, in this period, we observed a development of welfare state and noticeable development of social policy.

Now, I'd like to explain why there was change in the second economic crisis. I think without

democracy, we cannot understand this change in social policy response. The Kim Dae-jung government was the first government that the opposition party took the political power. It was the first time in Korean history. And the opposition party was the progressive force in Korean political society. This new left government was open to social welfare. It was politically necessary to provide more social welfare. The president himself was a very pro-welfare person, and surrounding him, there emerged a new pro-welfare social policy network. Among progressive politicians, civic movement groups and also part of democratic unions, for example, the Korean Confederation of Trade Union.

Now, the participants in policy networks were having a strong informal tie, because they were kind of comrades in the democratic movement in the mid-1980s. So, these pro-welfare president and pro-welfare policy network initiated this drastic social welfare reform. And it is the year of the rise of Korean welfare state. But along with this change, there was some continuity, too, because of the strong principle of contributory social insurance and fiscal conservatism. The Kim Daejung government expanded the coverage to all workers. It is mandatory. But there was no injection by the state fund or revenue. Just they ordered the coverage expansion. But in the informal sector, and in the small, medium sized companies, the low-paid workers simply could not pay the contribution. Contribution is a kind of payroll tax. So there was a huge contribution evasion in the informal sector. But they are the victims of economic crisis. And the government expanded the coverage of social insurance, especially employment insurance to protect those workers in informal sector. But it was not effective because of the huge contribution evasion in this sector. As you can see in this table, the effective coverage rate among non-regular workers in small and medium-sized enterprise is very low. Without contribution, nobody claim benefits when they are employed. The coverage expanded but it was useless for the victims of the economic crisis. That was the problem. The reason of the problem was that there was no state funding. So without any state subsidy, they just simply give up to pay contribution. That is the problem.

Now, let me point out three policy implications especially for developing countries. First one is utility of public works. Both Kim Dae Jung government and Chun Du Hwan government used public works to create employment for unskilled workers with low wage. It was effective, I think. Under the Kim Dae Jung government, Kim Dae Jung spent 2.5 trillion Won on public works when it spent less than 2 trillion Won on public assistance program. So the public works were widely used in Korean governments and it was useful. But there were limitations, too. It is good for unskilled and low-paid workers in informal sector but it is not good enough for the general income-earners. So in order to fill this gap, you should provide income maintenance program

based on social insurance. But when you introduce social insurance you should provide that program much earlier than the rainy season, or economic crises. Simply because social insurance program is history of contribution, without history of contributions, you are not eligible for the benefits. So the preemptive introduction of social insurance is very important. For example, employment insurance, the major income maintenance program for the unemployed during the economic crisis, in Korea, it was introduced in 1995, two years before the economic crisis. And in 1997 and 1998 the government vigorously expanded the coverage to cover all the workers. But it was not useful, I mean, because of simply immaturity among us. So you need to introduce social insurance or income maintenance programs in good times. It should be a preemptive measure. The last policy implication is that you need to combine tax-based schemes with social insurance programs. As I said, social insurance program is better than nothing, but it is useless for low-paid workers in informal sector, because they cannot pay contribution. So the government should provide subsidy or something like that. One of the options would be a matching fund for the contribution by the workers. Without it, it is useless. That's all. Thank you.

***MODERATOR: Hyuk-Sang Sohn (Professor, Graduate School of Public Policy and Civic Engagement, Kyung Hee University, RoK)**

Thank you, Professor Yang. Thank you for your very interesting comparison between the two regimes, the Chun Doo Hwan authoritarian regime and the progressive Kim Dae Jung government. With your indulgence, I would like to make two comments on Dr. Yang's presentation. He actually regarded Korean government not as a unitary actor, but all the outsiders' perspectives of Korea as one government or one unitary and similar aspect. But Dr. Yang went more to differentiate the progressive and the conservative Korean ruling regimes in terms of their social policies. That is one thing I want to note. The second thing is on Professor Evan's discussion this morning about the civil society's access to the political context when comparing Brazil, South Africa and even Korea. I don't know whether Dr. Yang's argument is in line with your argument, or in disparity, but I'm also expecting your comments when you make a discussion. After we have a break, Dr. Yi will discuss more concrete policy areas, education and health. Now we have more general view, causal mechanism, the difference between two regimes, and even two policy areas of education and health. Then, we fairly cover comprehensively all social issue areas. It seems like we have a presidential campaign seminar here. But the hottest issue in Korean presidential campaign right now is welfare. So, it's like a preface for the next year. We're going to have a 10-minute break and please be back on time. Thank you.

❑ **The 4th presentation:**

The Development of Social Services: Health and Education Policies in Korea

- *Ilcheong Yi,*

Research Coordinator, UNRISD, Switzerland

❑ 발표자료



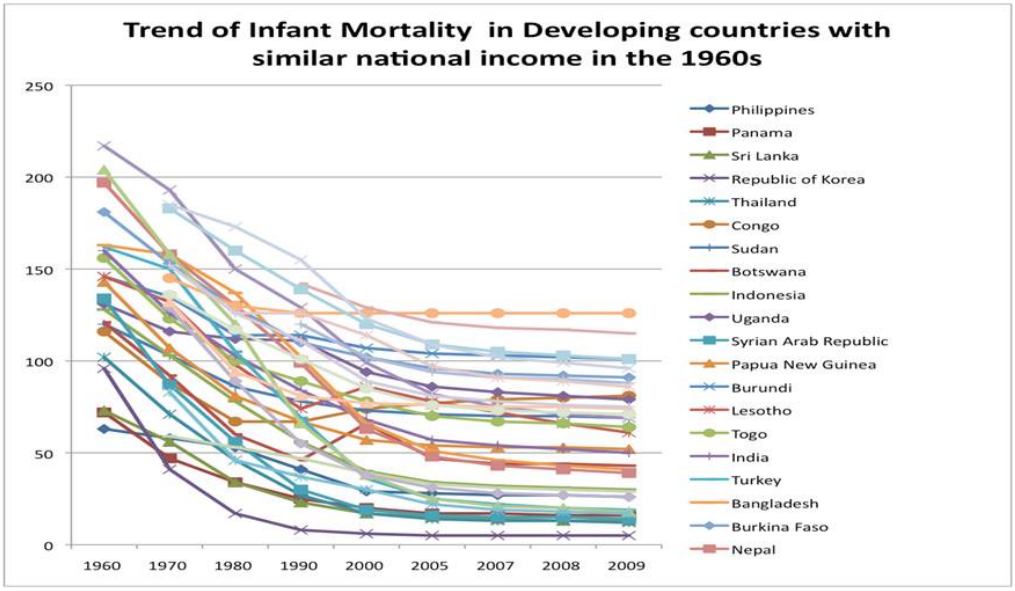
Two methodological problems found in many researches on education and health

- input-output quantification bias: the quantity of human resources and facilities of health and education systems, most frequently used as input indicators, cannot explain full details of the "conditions" of healthy, literate and knowledgeable life, and their improvements, to produce outcome of health and ability. (wrong assumption: automatic enhancement of health and education as a consequence of economic growth)
- silo approach : neither health nor education can be dealt with in isolation. Health status and attainment of ability and attitude in education are so closely interdependent with other factors that reforms in the fields of health and education are necessarily social reforms that cannot occur in isolation (Wrong solution: health(or education) first, education (health) later)

The Korean case

- Korea with successful outcome in health and education with low income is a case defying the economic-growth centered and silo approach in education and health. It had an improvement with relatively low national income and within broad context of economic and social reform.

Korean case



The Korean Case

- the early enhancement of education and health levels. (ex. 78% of adult illiteracy rate in 1945 decreased 29% in 1948)
- Drastic enhancement in education and health in the 1960s and 1970s.

country	Male	Female	Total
Pakistan(1951)	21	6	-
India (1951)	29	8	-
Indonesia(1961)	57	30	-
South Vietnam(1962)	23	10	-
The Philippines(1948)	64	56	-
Thailand(1947)	69	36	-
Ceylon(1946)	78	45	-
Malaya(1947)	57	16	-
South Korea (1948)	-	-	71

Adult Literacy Rates (Myrdal, 1948; Seth 2002)

Dual synergies to transform the education and health system

- Organizational synergy creation (Evans, 1997).
- Functional synergy creation (Mkandawire 2006)
- Industrial, fiscal and trade policies together with explicit health and education policies play a role of linkage within and between these sectors and domains.
- two conceptually different periods: "critical juncture moments" ("radical shifts") and "stasis periods" ("long continuities").
- Identify both formal and informal institutions, i.e. rules of the game to shape the attitude and behaviour of users and providers in health and education which affect education and health outcomes.

Policies for Development of Health and Education Sector between the 1940s and the 1950s

- Massive literacy campaign based on nation-building ideology since 1945 (establishment of adult schools by CSOs)
- Concentrating government spending on primary education and creating incentive structure for private sector to invest in secondary and higher education through land reform
- Decentralization of education authority – development of school system reflecting local context
- Relaxing the qualification criteria for teaching staffs
- Establishment of modern medicine system
- Incentive mechanism for private health sector: creating dual health market in private sector (expensive hospital care and cheap pharmacy care)

Problems in the 1940s and 1950s

- No linkage between secondary and higher education on the one hand and labour market on the other (bias towards purely academic disciplines and lack of absorption capacity)
- Uneven distribution of health facilities and human resources (health deficit in rural area: only 10 or 20 percent of doctors resided in the rural areas)
- Low quality education and health, in particular for low income groups – lack of facilities and teaching staffs with less qualification
- Specialist-oriented medical system with high costs

The Park Regime: Capability enhancing and translating enhanced capability into actual growth: Education

- Policy to establish the linkage between education and production : from purely academic to skill-learning oriented education
- Strong emphasis on the vocational training and incorporation of public sector (ex. Military) and corporate sector into vocational training
- The government's income policies reduced the income and occupational welfare benefits gap between workers with different years of education

The Park Regime: Capability enhancing and translating enhanced capability into actual growth: Education

- Increasing absorption capacity for skilled and semi-skilled workers through industrial transition from light to heavy and chemical industry
- Strong regulation on private schools : universal curriculum, universal staffing, universal school fees through control and subsidies – "**Public education(*Gonggyoyuk*)** in Korean means **school education** in both public and private schools"
- A compromise between economic rationality and the skewed public demand for purely academic education and "excessive" demand for higher education

The Park Regime: mobilising and redistributing private capacity and resources for public purpose through regulatory measures: Health

- Mobilization and redistribution of private resources : Industrial Accident Insurance and National Health Insurance (limited to large companies but gradually expanded to medium-sized companies)
- Mobilization of private capacity : Conscription of GP level MDs for rural health care (limited success)
- Partnership with CSOs in addressing public health issues (communicable disease control and family planning (problematic from gender perspective!)
- Forcing private sector, in particular big companies, to invest in hospitals outside capital area

In the 1980s: Quantitative Adjustment

- Education: control on the number of university graduates with policy "admission over quota, graduation according to quota" → Failed.
- Health : Gradual expansion of the existing system of industrial accident insurance and national health insurance, but no structural change of relatively expensive fee-for-service system → half success
- Democratization and labour market flexibilization

  – drastic expansion of industrial accident insurance and national health insurance (universalization) but no structural change of relatively expensive fee-for-service system and small benefit package

  -- weak linkage between increased graduates of higher education(61%, higher than OECD ave. 56%) and labour market

Concluding Remarks

- The enhancement of conditions of education and health was the results of specific forms of mechanisms to create synergies of different organisations and resources, in particular those in private and public sector on the one hand and synergies of redistribution and production policies on the other.
- In particular land reform, and various policies to mobilise private wealth and capacity for public purpose were critical to scale up the institutions for education and health.
- Consistent compromise between the public and private sector was the norm even under the authoritarian regime

Concluding Remarks

- A specific form of synergy creation mechanism also creates complex problem demanding a new form of synergistic mechanism. The recent crises over the financial difficulty due to the high price of health delivery and increasing unemployment of the youth with higher education are demanding innovative ways to create a new type of synergy to solve the problems.

❑ 발표녹취록

***MODERATOR: Hyuk-Sang Sohn (Professor, Graduate School of Public Policy and Civic Engagement, Kyung Hee University, RoK)**

Now it's time to get to senses. After having a coffee break, we have more fresh mind, so we will hear more clear presentation from Dr. Yi. Dr. Yi, I'll open the floor for you

Ilcheong YI (Research Coordinator, UNRISD, Switzerland)

I'd like to begin with the two methodological problems found in many research on education and health on my presentation. I think those problems were found by Gunnar Myrdar in 1969 in his book "Asian Drama", and he pointed out those two kinds of problems in methodology of the research on education and health. The first one is input-output quantification bias. I think this is very much strong criticism against economists' view about the educational development. Normally, economists think that health and educational development is the outcome of single input or single set of inputs. So they think appropriate single factor of input or a set of factors of input which are going into the box composed of (inaudible) mutatis mutandis. They call it black box of function, and then they think, some kind of educational development and health development is the result of those inputs. I think Gunnar Myrdar pointed out this kind of input-ouptput quantification bias cannot explain in detail or fully the development of education and health, because education and health development are involving a wide variety of factors which have difficulties in terms of quantification. So, this bias is the problem of research on education and health, and I think this is the problem because I think this one leads us to the kind of wrong assumption that the economic growth automatically guarantees the educational and health development. The second problem is silo approach. He pointed out that education and health are very much and so closely interdependent, so it is quite impossible to deal with either health or education in isolation. But if you look at the social policy literature, especially those specialists on education or health, they are dealing with education alone or health alone. So it is very difficult to find out the literature dealing with social services in general. This kind of silo approach is problematic because it may lead us to the wrong policy solution like "economic growth first and education later," or "economic growth first and health later."I think this kind of a sequenced or

lineal approach to education and health cannot sort out the problems of health and education sectors. In my part, I'd like to address these two methodological problems with my conceptual framework which use the Thandika's functional synergy creation process and Peter's organizational synergy creation process. I'll skip this methodological and conceptual framework because I think the contents are much more interesting to me. If you look at the Korean case, first health, I mean, in the 1960s, already Korea had very a good performance in terms of infant mortality. The purple line is Korea, and those countries are the countries with similar income in the 1960s. So, if you look at the 1960s figure, Korea already had a very good performance in terms of infant mortality. That is very similar in education as well. If you look at 1948, 1951 and 1961 figures, those countries are the countries with the similar incomes to Korea's. If you look at Korea, it had very good literacy rates in 1948 already. This is one kind of a characteristic of Korean education and health. So, how South Korea, which was a colony of Japan for 36 years and the war-torn country because the rule of three years, could emerge as a successful story in health and education in the 1960s, which is prior to the period of economic take off. That is one puzzle we have about education and health development in Korea. If you look at the policies of development of Health and education sectors between the 1940s and 1950s, we can find some kind of clue to these successful stories of health and education sectors. First, there was a massive literacy campaign based on nationalism. I think the nationalism was discussed in the previous session. The nationalism had a great impact on the massive literacy campaign and that was influencing the establishment of adult schools by CSOs. This national campaign did not intend to mobilize CSOs, but CSOs were influenced by those nationalistic literacy campaigns, and they mobilized themselves to establish adult schools to increase literacy rate. The government policy at that time especially in education sector was spending on primary education. We talked about land reform a lot, and land reform had a very good impact on stimulating the private sector to invest on the secondary and higher education. Why? That is because the landowners were very much afraid of being confiscated. So they tried to evade the confiscation by investing their land on the secondary and higher education. The government provided some kind of tax regime to reduce tax to those donations to the private sector schools, especially higher and secondary education, and landowners preferred to invest their money on higher and secondary education during the period of land reform. So, we could find another advantage of land reform in that sense. I mean you can push the private sector to invest their own land on public purpose, the private and public education with an appropriate tax regime. That was another policy. They decentralized educational authority and could create development of school reflecting local context. The establishment of the modern medicine system is quite important, because in 1984, the Korean government

adopted specialist-centered medical system. That is the system of Korean medical system at that moment as well. It determined the market price of health cost. If you compare the specialist-oriented medical system(SOMS) with the general practitioner-oriented system in terms of cost, there is a huge gap. That is another feature of the Korean medical system at that time. There was a certain mechanism for private health sector investment as well. That kind of investment by private health sector created dual health market in private sector. The government policy allowed huge increase of pharmacies, and the pharmacies provided poor people with low cost, I would call, 'pharmacy care', and the expensive hospital based on SOMS provided the rich with very much expensive hospital care. So, those systems had their own disadvantages but contributed to the development of health and education level in the 1940s and 1950s. As I told you, there are problems related to those policies. First of all, the most significant and serious problem in those days was that there was no linkage between the secondary and higher education on the one hand and labor market on the other. I think this is very important point when we interpret production function of transparent social policies because, normally, when we talk about product function of transformative social policies, many people reduce the production function into investment in human capital only but without absorption capacity to use those human capital, it is meaningless. You have to make linkages between human capital and translation mechanism of human capital into group, and there was no that kind of linkage in the 1940s and 1950s. There was uneven distribution of health facilities and human resources, low quality education and health because they lowered criteria for qualification of teachers and doctors to increase the health personnel. That resulted in low quality and SOMS that I explained before. The park regime created this kind of problems in the 1940s and 50s. First, Park had a very different view on education compared to the president Lee. The president Lee, while having said that Korea is a country of education, he didn't find any problem in education system in the 1940s and 1950s, but Park thought this kind of pure academic and low-skill related education could become obstacles to the growth. So, he made a great emphasis on skill development and vocational education. He tried to make a link between human capital and growth. There is a kind of production function which was made complete under the Park regime. He used all the possible institutions. He even used military service, and the military sector was the biggest public sector in terms of employment. Even though the number has been lower, but still its 600,000 people, especially young male are working in the military barracks. He tried to use that military barracks as a vocational training center. So, all those certificate systems were developed for those military personnel, and you have three-year service in military. You are supposed to get some certificates which can be used for the private sector after he got out of the service. The government income policies, he reduced the

gap between the graduates of universities and high schools. That was a stimulant to people to be involved in much more practical and vocational education rather than purely academic university education. Of course the Park's period was the industrialization period. So, they increased absorption capacity to use those human capitals. He stimulated the investment on private school. On the other hand, he tightened control on private sector schools. Under the Park's regime, the public education, 'Gongkyoyouk' in Korean language, means school education in comparison both public and private education. In Korea, now, 'Sakyoyouk' means cram schools not the school education. That means the deep penetration of the government into the education sector, regardless of whether it is private schools or public schools, so that was the kind of control level of the government on the education sector. But this kind of a policy was consistent and continuous compromising process between the government and people, because we all know that Korean people are very much keen on educating their children and they spent a lot of money for their children's education. So there was a kind of tension between people in civil society and the government focusing on vocational training. The government's policy was very much beneficial to lower income groups, but at that time, civil society was not organized to make their voice heard. In a sense, the government suppressed the civil society. That is why they couldn't get the support for their policies because of the authoritarian nature of the government to suppress civil society. That is kind of a paradox of the Park's regime in a sense. Mobilization in health sector, they mobilized and redistributed private resources. For example, industrial accident insurance and the national health insurance, those two schemes were gradually expanded, and that was kind of redistribution schemes among other schemes. The mobilization of private capacity, I mean they used the conscription system (of General Practitioner level for rural health care center). It was a limited success but provided foundation for using those graduates of medical schools in the 1980s and partnership with CSOs, one of our papers is talking about CSO activities under the Park regime, they were mostly service delivery agencies but there were kind of different types of partnership between government and civil society. They forced the private sector to invest in hospitals outside the capital area based on development alliance. I mean, they had some kind of a leverage, making the private capital toward (inaudible) the government. So that is another kind of another government policy of the Park regime. In the 1980s, I think one of the important issues of the transformative social policy is transformation itself. The transformational social policy is always confusing. Everyone has different ideas. One of the critical issues is what transformation is. I think transformation can be classified into two. One is a radical shift and the other one is long continuity. The Park regime was a kind of a radical shift. It was a critical change, but in the 1980s, it was a quantitative change. If you look at the education, they didn't change the system

dramatically, but they expanded the education with several policies and health as well. Even though, in the 1987, the coverage rate of the national health insurance reached almost 90%, that was kind of quantitative change. They didn't make any significant changes in the system, system of delivery and payment, so that was kind of quantitative change. In the 1980s, I think it was a long continuity of the Park regime's policies. Democratization made a great impact on social development, but if democratization meet no liberal flexibilization, that can be another disaster. So, I think the drastic extension of industrial accident insurance and national health insurance was very good, but there was no structural change, and there was a weak linkages between increased graduates of higher education and labor market. From the Park regime, people wanted to have higher education. In the 1980s, they adjusted the quantity of graduates of university. The level increased to 61% in 2007. It was very high anyway, and there was no labor market to shore up those graduates. People now demonstrate in the street against their expensive school fees of the university, but they should talk about the labor market rather than school fees. I think that is the implication of this research. So, that is the kind of remarks I talked about. The enhancement conditions of education and health was a result of specific forms of mechanism to create synergy between different organizations, public and private sectors and resources of the public and private sectors, in particular those in the private and public sector on one the hand and synergy of redistribution and production policies on the other. Especially, that synergy of redistribution and production is quite important in the case of the land reform. The land reform could provide the basis for the production capacity in the 1940s and 1950s. That was the second point. The consistent compromise is not the exception in developing countries. Thandika talked about patient capital and patient labor, and there is no society with patient capital and patient labor without established social dialogue system or scheme to articulate their voices and to communicate with each other. So, you have to create that kind of system to communicate with each other to make patient capital and patient labor. Education and health development as well, you need that kind of system. I talked about the paradox about the suppression of civil society and the lack of support for their own policies. I think they should have realized they needed civil society's support for their policy. The recent crises of financial difficulties due to the high cost of health delivery and increasing unemployment of youth, the legacies of the 1970s and 80s, I think the implication of this research could be applied to the current situation of Korea: The labor market, education and health sectors are all facing crises, and those crises are created by successful policies in the past. Successful policies, however, create new challenges sometimes, so we need new synergy-creating scheme to address those new challenges. That is a kind of another lesson we can get from the research. Thank you.

❑ Panel Discussion

- Panels

Chee-khoon Chan,

Health Policy Analyst, University of Malaya, Malaysia

Myungsook Woo,

Researcher, Institute of Sociology, Chung-Ang University, RoK

Peter B. Evans,

Professor of Sociology, University of California, Berkeley, U.S.

PANEL: Chee-khoon Chan (Health Policy Analyst, University of Malaya, Malaysia)

First, I'd like to thank KOICA and UNRISD for the opportunity to participate in this conference, and I didn't mean to be disrespectful with a casual dressing, but I had an impression that it was a closed project, summing up the meeting, may be, with about 20 to 30 participants. So, I thought it is casual, and after lunch, the KOICA president urged upon us frugality. Anyway, I'm also sorry for the disappointment when you challenged us, discussants, to engage in combatively challenging views offered by some of the speakers. I mentioned early that I was a bit surprised when Ilcheong asked me to be a discussant of this conference because I have a very limited familiarity with Korea's social policies and development experience. So, rather than trying to get into some policies, political nuances and operational institutional details of social policy in Korea, and as you mentioned, the dark side of it, I'm going to cope out a little bit in that regard, but what I'll do instead is to pull some questions on certain aspects of social policies which I think deserves some attention both in the recent past and the near future. Ilcheong Yi, your concluding

remarks projected forward into what is a future problem you. Ok, let me begin by projecting backward.

When I was an undergraduate in the 1970s in the U.S., I got to know a doctorate student who was doing his thesis in economics. He was a Bengali, and I think he was Asim Dasgupta. He was writing a thesis supervised by a development economist Richard (inaudible). His thesis topic-now, this was the early 70s, and there was a sort of Europe growth and redistribution hallucination. This thesis was looking at the income distribution in India, and he was doing macroeconomic modeling using data from India. I don't know whether that was national data or certain regions' in India. Macroeconomic modeling undervalues assumptions of scenarios of income distribution in India, projecting the growth trajectory of the Indian national economy under those very assumptions of income and wealth distribution in particular. Now, as I recall, one could be quick into a conclusion arguably, there was some evidence to be arguable, that if India had had less unequal income and wealth distribution, it couldn't have achieved the fast economic growth. You can speculate about the kinds of diverse channels -political, economic, institutional and social through which this kind of effects could have been operationalized. But I think this issue of income and wealth distribution has potentially quite significant effect in the stable economic growth and systems. I think this has surfaced in the wake of the 2008 financial crisis. Some macroeconomists including, among others, Frank Milano (inaudible), the World Bank economist, are now articulating a line of analysis which suggests that the 2008 financial crises is one of the significant contributing causes that exacerbated income and wealth disparity globally as well as within regions of nations. The notion, I mean, on the one hand, there is demand deficit in the lower end because of limited and depressed income levels, leading to the restraints on effective demand and overly accumulated capital on the other end, leading to a situation in which there was adequately profitable investment that were in desperate search of overly accumulated capital gain, along with this accumulative wealth comes from political powers, lobbying and the deregulated financial market, ect, contributing to the massive debt we are still living with right now. A couple of weeks ago, I was at another conference again where there was a presentation on the work of Micheal Marmot, a professor of social epidemiology at university college of London, and they had done Whitehall studies linking social greedy with the population health. The remark was made again that the income and social inequality is bad for the population health and also bad for the health and stability of economy. So, in that regard, it is interesting to ponder the fact that Warren Buffett and the Gates Foundation have been lately been urging the fellow

billionaires to be taxed more by the Obama administration. I don't know whether this reflects instinctive understanding that this kind of highly unequal polarization of income and wealth is actually not good for the stability. So, I suppose you've been thinking about it. It's kind of a philanthropic (inaudible, if you were a privatized social transfer). So, this instinctive sense, that it is not such a good, desirable and satisfactory situation. After all it is better to be subject to another 5 to 10 % of marginal income tax rates rather than to see your portfolio drop by 20 to 30%. I don't know whether that is a kind of logic that goes into that, but it is just a thought that is worth pondering.

In the wake of the 2008 financial crisis, there was a time when senior policymakers in the East Asian region were expressing the notion that we might have to rethink the East Asian export-driven model. We are talking about demand for the East Asia's export driven model because demand is not just domestic, within the national boundary. The demand but also comes from the export market, an important dimension of the development strategy of Asian model. To the extent, that there was the sentiment that perhaps the East Asian economy cannot be indefinitely rely on the export market like the U.S. as consumers of last resort, EU and Japan as well. To the extent, you may have to rethink that, one implication is that we've got to beef up our national domestic market. Then, what are some of the policy implications? It seems to me one policy implication is that, as Asim Dasgupta argued, the domestic market has a function of income distribution among other things. Perhaps, you need to have a more progressive taxation regime or minimum wage legislation as some countries already have, such as Malaysia. I think that is the policy implication for the East Asian region. As East Asia region is very heterogeneous, it also includes countries like Singapore with 2.5 to 3.5 million population. It is a bit odd to think of Singapore having any possibility of economic (inaudible). So, this notion on the efforts to beef up domestic market so that you have less reliance on the export market for sustainable economic growth. You may think beyond that. Maybe, you should think regional. In this regard, you may recall that, last night, Japanese Prime Minister Hatoyama Yukio was an ardent fan of East Asia regionalism. Maybe it is a bit odd now, but I remember that he was arguing very strongly for this notion of the emerging East Asia regionalism. I don't know what the future of the notion is and where it lies with somewhat unpredictable state of Japanese politics. But I'm very curious to know the ideas of Korean policymakers and government officials about the first two questions. The first earlier notion was that we may need to boost domestic demand. Did you ever think about the redistribution dimension of implications of that in terms of taxation regime? The second question

for Korean policymakers and government officials is this: what is your view to the notion of East Asia regionalism? I've been falling into the Japanese politics because I've spent 6 months in Japan. Also I want to know about the thinking of Korean policymakers. I know there may be concerns over your northern regional neighbor, but beyond that, I'm very curious to know about what is thinking of Korean policy makers on this notion of East Asia regionalism. That is the end of my remarks.

PANEL: Myungsook Woo (Researcher, Institute of Sociology, Chung-Ang University, RoK)

OK. Thank you for introducing me to the audience. Yes, I was asked to comment on professor Yang's paper so I focused on that paper. First, I would give some comments then I will raise some questions. My comments are actually to reemphasize what professor Yang's paper already said, rather than to address from perspectives and facts. I am familiar with Yang's writings and I agree with his arguments. Also I'm learning a lot from his writings so it is not easy to provide likely different views on his paper but I'm trying to address some critical points about the Korean government's social policies.

This paper also presents very well, Korea has been widely accepted as successful case among developing nations in terms of economic development. And this paper encourages us to look at another story in terms of social policy matter. It looked at two major economic crises, the 79 crisis and the 97 crisis, and compares these two crises, addressing different social responses and explaining why. So if we draw some implications from Korean social policy responses to two main economic crises, as presented here today, I think Korea is now more prepared to economic crisis in terms of social policy because of its (stimulated) democracy. Until the first crisis, without doubt, or even until the second economic crisis, Korea had not been fully committed to their state development. I know the past governments did many good things and the recent government did many good things, too. But I would like to address questions in terms of, from the perspective of what we are doing better and what we could do better in the future. Korea had not developed useful policy tools to deal with social crisis until it confronted economic crisis. This is also true for the second economic crisis that happened in the post democratization period. So first, what (differentiated) the policy responses into two economic crises was democracy or democratic capability to respond to external economic shocks. As this paper says, in the second crisis,

democracy opened a new window of opportunity to progressive political forces during the 1997 Asian financial crisis. Compared to this, the Chun Doo Hwan government in the 79 crisis, had the authoritarian power simply to cut social expenditures under the framework of neoliberal economic stabilization plan. But the Kim Dae-jung government, as democratic government, in the1997 crisis expanded social welfare, so the democratic government did a much better job. But even the Korean government after its democratization, since the 1990s, they were at much better position to deal with social crisis caused by downturn, so crisis. But Korea was not well prepared to economic crisis.(inaudible) This implies that Korea should have made much greater efforts to develop a welfare state earlier before external economic outrage shock the country in 1997. Preparation was necessary in the context of global economic crisis, so we learned from the Korean case that democracy, first one, democracy is useful tool to deal with economic crisis. At the same time, more specific efforts to build a welfare state are necessary for preparation for economic crises as well. Both democratization and welfare state building efforts are what we need for preparation for economic crisis. And those are useful tools that are needed to reduce people's sufferings from economic crisis, and overcome the economic crisis. If this is so, I would like to emphasize one thing for this matter. Korea still needs continuing, deepening democracy as strengthening the welfare state. Without (any one of) it, Korea will be late for the next coming economic crisis.

Secondly, the lessons from Korean social policy responses in two major economic crisis, is regarding specific social policies, more broad-based social programs could work better for dealing with social crisis caused by economic crisis and social inequality produced the economic restructuring following the economic crisis. Private corporate welfare encouraged by the authoritarian, Chun Doo Hwan government after the 1970s' economic crisis since then has been biased in favor of large company employees. Temporary social measure to reduce poverty or unemployment rates is simply temporary. More targeted social programs, such as poverty reducing social services and income support programs are not preemptive measures to protect people to preventing them from suddenly losing jobs or incomes so they are not getting poor. On the other hand, social welfare programs strictly based upon state-financing principle dramatically produced large loophole in the social safety net and exclude the people who are not capable to contribute regularly from the welfare system unless these are well enforced government and financially supported the public fund or taxes. So we need to be more sensitive to effects of social policies, social inequality and social exclusion. We have to have stronger institutional tools to tackle social inequality and exclusion caused by social policies by themselves. So more broad-based social programs, more sensitive to this issue, or social inequality, but such policies have

been introduced to reduce the poor and underprivileged people's sufferings from economic crises or economic downturns. Then the fact is that even after the introduction of new social welfare programs after the two major economic crises in Korea, advantaged groups or people have benefitted more from the existing welfare system. They strengthened their insiders' positions in the welfare system. But (in counter stages) a huge proportion of flex-workers or informal sector workers or low- income sectors were more likely to be excluded even when we witness rising social inequality. This paper in the final section will point out what Korea should do about a large loophole, inequality, or what suggestion would be useful to deal with this matter. As I already mentioned, we need to be sensitive to effects of social policy, social inequality and social exclusion. More broad-based social programs and more sensitive to this issue with respect to equality sensitive approaches to social policy development would be a more effective policy framework to reduce social inequality and social exclusion. Okay. I will raise two questions to professor Yang. I would like to ask questions because these questions are not addressed directly today. First one, if you would suggest one thing, one factor, or maybe one key mechanism what would you say about the question about what stopped Korea welfare system during the Kim Dae-jung government from breaking the old model or strong contributory to social insurance program. If Korea wants to break the old model, what will be changed or who are going to change it. That is the first question. The second one is what factors have contributed to rising social inequality in Korea since 1997 economic crisis? I just would like to address the issue. How such policies relate to rising social inequality what are the relationships between rising social inequality and such policies, and maybe what when wrong? Yes, that's my second question. Thank you.

PANEL: Peter B. Evans (Professor of Sociology, University of California, Berkeley, U.S.)

I'm afraid that I won't be able to live up to those high expectations but in any case I would like to thank a few comments on this very interesting set of papers. This morning I argued that we needed more detailed work on the evolution of Korean social policy and indeed the papers in this session have already responded to my plead. I thank they have made a very important advances in providing us with a clearer picture of the evolution of the specific social policy in Korea. These papers have also reminded us of one of the fundamental challenges in terms of studying social policy, which was also raised by Ilcheong Yi. And that is we can describe specific policy measures and we can even connect policy measures to certain specific outcomes. But our confidence in claiming causal connections between the policies or the specific outcomes that they create and

more general outcomes that we are interested in our confidence in making those kinds of connections is not very high. And we know, for example, correlations between levels of expenditure on health and actual health outcomes are sort of miserable and even if we want look at specifics, like numbers of doctors and numbers of hospital beds so on, try to relate those to the levels of help, the relationships are not very good. And I think that this is a fundamental challenge in terms of trying to study social policy and one that we have to recognize and address. As Jooha Lee points out, there are many sort of alternative strategies for social protection and one of the challenges is to trying to figure out what specific policies create what social protection outcomes. Moo-Kwon Chung uses the idea of functional equivalence the sort of, to get it the same idea. But if we want to promote effective social policies in recipient countries, obviously we must understand much better how different kinds of combination of social policy and related to different kinds of eventual outcomes, you know, the specifics sorts of policy outcomes. I think that's one of the, sort of, underlying general points that comes through in these papers and that I at least will take a way as an important message from the session. Now, as a footnote, that I would agree with Ilcheong that in fact this same problem probably affects the more generally accepted economic input and output models as well, you know, but that's another story. Okay, I think that while all of these papers provide a valuable evolution or narrative of the evolution of social policies and it's much less clear what the argument is in terms of the politics that underlie this evolution. At some points, as in Chung's paper, it seems that there may be some kind of structural logic that is determining the evolution of social policy and more common I think there is sort of implicit idea of the preferences of political leaders maybe determining social policies as in Kim Dae-jung's political action as opposed to Chun Doo Hwan's, or as in the Ilcheong's comparison in Lee and Park and almost seems as though Lee and Park's, sort of, personal visions of education as a powerful determining factor of educational policy. And so one we would like to see, or at least I would be curious is as to trying to think about ways in which one might look at the evolution of social policy in relationship to political pressures from Lee's other constituencies or in other words, from actors in society outside of the state and I will return to this point in a minute. But first I would like to focus briefly on a point that is made by Jooha Lee's paper in sort of the beginning of the paper. And that is this paper raises a fundamental sort of issue which needs to be confronted if we are going to talk social policy or social protection at all. At that is the sort of classic neo-liberal argument that social protection is at in some way, an either or choice in relation to growth that increasing social protection somehow it inhibits growth, etc. Obviously this has been a fundamental part of the ideological campaign of neo-liberalism for last forty years. But I think it really needs to be confronted very directly and very aggressively. I mean,

the neoliberal victory of people like that in the 70s and beginning of the 80s are rested in part on the idea that the Keynesian welfare state was responsible for declining rates of growth in the OECD countries, declining relative to the golden age of capitalism in the post-WW II period. Now that argument has obviously been proven completely specious by subsequent historical evolution, in other words, the economic growth rates in the OECD countries post 1970s far from stimulated by a turn to more neo-liberal policies and a partial retreat from social protection have in fact lowered than the economic growth rate at the beginning of the neo-liberal period. Likewise in the 1990s, the U.S. was quick forward and vis-a-vis Europe as a model of leaner kind of a more neo-liberal economic strategy that produced higher levels of growth. Again, in retrospect, it is clear that those higher levels of growth in the U.S. were nothing more than a financial housing bubble, which has now exploded and revealed this claim again to be [inaudible]. So I have of course, argued that the reverse is true, and the very least I think we should go with Ilcheong's notion of cross-sectoral synergies and so on and look at the ways in which social protection and social policy can be synergistic with strategies of income growth. So I would just like to underlie the importance of finally putting a stake through the old neo-liberal campaign as we try to advance in our discussion of social policy. But I would say that Yang paper actually raises this question in a very different way, raises not so much in an ideological terms as in structural terms. If one looks quickly at the Yang paper, it appears the Kim Dae Jung regime, the good guys, they had the people, who respond to crisis in terms of fundamental expansion of social protection, rather than simply in terms of conservative austerity. But as Myung Sook's comments suggest, I think a close examination of the Kim Dae Jung regime really leads us to emphasize more a, the sort of dark side of Kim Dae Jung's response. And this is in Yang's paper, but I feel that it is not fully emphasized in the discussion. Let me just elaborate that quickly, while Kim Dae Jung clearly presided over a structural expansion of unemployment insurance et cetera, as Yang points out, this was a structural expansion that was positive only in terms of mandates and neglected funding. And at the same time Kim DaeJung expand, presided over a deepening and exacerbation of the structural division between regular workers and large enterprises, and non-regular workers and smaller enterprises. In short, the Kim Dae Jung regime acquiesce to a neo liberal transformation of the structural employment and workforce of Korea and one has to ask was the negative consequences for social protection and for uh, the vulnerability of the work force over all, were those negative consequences in fact compensated by the expansion of the social insurance policies that the regime proposed to put forward to. My, my response to Yang's analysis is naught. And I think that point, I mean, obviously he may have a different vision, but I think that's an important point to address and confront. Let me just return again to this question of the politics

of social policy in relation to Ilcheong Yi's papers. Ilcheong Yi' gives us a really excellent chronicle of the evolution of the specific social policies in relation to health and education, but the political dynamics are much less clear, and indeed I would argue that the implicit political theory in Ilcheong Yi's paper is a political theory that the Korean state is an autonomous state in relation to social policy even though it may be an embedded state in relation to industrial policies. Ok, now there are some hints in Ilcheong's paper of civil society acting. For example, on page 274, he talks about education policy being a core compromise between economic rationality, which I might question the economic rationality, but a compromise between economic rationality is represented by Park Jung Hee and public demand. And yet, and the same time, he characterizes the results somewhat of a suppression of civil society rather than as a result of civil society inputs. Again on 278, he talks about active civic groups playing a significant role in transforming government policies in relation to communicable diseases. But you know, these are only a small hint in a forty page paper and in general the paper leaves the impression of this autonomous state in relationship to social policy. This may well be the case, this may well be a historically accurate characterization. But if that is the case, then I think it is worth making that claim boldly and explicitly and seeing how it stands up to the sort of scrutiny of others studying the polices. In short, I would like to see more explicit theorizing not just of the politics of social policy but, in particular, of what role society, different groups in society, play, if any, in shaping social policy. So I would argue these papers have, as a whole, opened up a really crucial dialogue as Korea re-examines its own social development and I would hope this dialogue would continue and be intensified as a result of our discussions here today. Thank you.

***MODERATOR: Hyuk-Sang Sohn (Professor, Graduate School of Public Policy and Civic Engagement, Kyung Hee University, RoK)**

Thank you professor, thank you very much for your meticulous as well as interesting and insightful comments on those papers. And while we are pondering over your responses to the discussion comments I will collect some questions from the floor and we arrange those questions and you are going to answer them one by one. Could you, if you have any comments or questions just raise your hand and our staffs will bring you a microphone, I know that this subject is too long and too boring [laugh] [inaudible]

❑ Questions and Answers (Open to Public)

QUESTIONER 1

I do have a more specific question, which bridges presentations of Jong Hyun and Dr. Lee. And please get rid of it. A very interesting point, your paper about the fact that at certain stages of Korean development, the state actually looked to the social insurance policy as a source of development financing. This may be somewhat of a generic phenomenon among these some developmental states ok, in east Asia and in Malaysia I can think of, for instance, ok, of the impriced problem funding would actually be the largest public fund and traditionally it has been huge source for development finance for 5 year plans in Malaysia, until the emergence of state capitalism, maybe the so called government linked company, and over a period of couple of decades, the financing, national development financing was increasingly outsourced to private banks, which actually publicly-owned again, which raises a question of this ambiguity in Malaysia, of what is exactly private and what is public, a lot of the commercial banks are actually privately owned in many incidents through sovereign well funds, Kazanah, sometime this is the situation, anyway, because a lot of this national development financing was outsourced to the commercial banks, which are also owned by the government, the EPI which actually is a public sector or publicly-managed pension fund, of sorts, had limited investment outlets in recent years there has been a legislation introduced to allowed actually invest more in our foreign assets. So, and, well, cause in Japan, we know the situation of Japan pose until the decision to privatize Japan pose, few years back, it is the process of being privatized at least certain components of it, but Japan pose has always been described as a second discretionary budget for the government not subject to parliamentary review, which is the so called Japanese construction state dipped into. So in that regard, my question for Dr. Lee since your paper dealt with institutional mechanism, do you think the introduction of social protection measures of the very strong insurance scheme dependent on institutional control of this social insurance funds, I mean, institutional interests of bureaucracy in having, rather than it being let say developed and established as a stand-alone, which is less subject to the control of the institutionalizer or bureaucracy

***MODERATOR: Hyuk-Sang Sohn (Professor, Graduate School of Public Policy and Civic Engagement, Kyung Hee University, RoK)**

Thank you I don't know whether it's my mistake or not, but our discussion has to be more like academic you know, discussion, questions can range from all places, It can be work place or anything, your personal experience or the comments on this issues. Alright, since we have a, ok, Please.

QUESTIONER 2

On the problem of wages and social policies, that, which sometimes explains ambiguities of governments about wages, on the one hand, wage is a cost, wages are very complicated type of finance in the economy. On one hand, it is a cost to the producers, so it discourages investment. And it goes into employees, one story, and on the other hand, it's on the demand side, it stimulates, investments, consumption, demands. And thirdly it defines the legitimacy of the state. It's a major distribution so, and I think, in a sense, a lot of social policy is really about the wage. How much we are going to lay down, how much are we going to cut, and how much, that what you get this debate about IMF now, saying that the reason why there is a crisis today is because the share of wages collapsed and that is from the demand side. But I think if you listen very carefully to what they are complaining about really, is that too much going to finance and too little to profits. That if you can, too little is going to profit; little in profit is not being invested, because wages are too low for them to buy. So, we have 3 steps; too much is going to finance, too little demand by workers, and therefore too little investment by profits. And that's the whole debate for how wages comes in to all this. Not because Evans is nice, I think is nice, but because of the question of the triple natures of wages.

***MODERATOR: Hyuk-Sang Sohn (Professor, Graduate School of Public Policy and Civic Engagement, Kyung Hee University, RoK)**

Thank you for your inputs, now our presenters have a question in front of you, and why don't you Professor Lee start first and each presenters have a two minutes per person to answer these important questions

Jooha Lee (Assistant Professor, Dongguk University, RoK)

Thank you very much Dr. Chan and Professor Evans. By the way I forgot to bring your book because I miss chance to get your signature. Well actually, the time period of my analysis is combined to the industrialization before democratization. Actually my other papers includes PH.D thesis more talk about politics after democratization and more talk about cost making process and in government civil society organization, in cost making process. But here my focus of analysis is policy tools, not policy making process. And in time periods, again, is industrialization not after democracy, so there are some limitations in terms of those reasons. Of course I totally agree with the need to confront aggressively on liberal assumptions and that's the reason why I introduced that kind of story because in order to build a house of, a story of linkage, we need some kind of foundation and justification about positive-sum relationship between social and company policy. And if I return to the Prof Chen's comments, here it is one thing to argue that there is company, and it is another to argue that company welfare is better than state welfare. So I am not saying that company welfare is much better than state welfare because at that time there is no state provisional welfare so, company welfare and family welfare came into the provision of such program forced by the state. But I am not saying that it can function better than state welfare. So the effect of redistributive policies on income inequality is still very low compared to average OECD countries. That mean that kind of strong institutional legacy influenced a lot the development of state welfare in Korea. In previous periods, I mean, in the process of industrialization, income distribution worked well. Even there is no strong state redistributive policy, but income distribution was working well but nowadays because of labor market's dualism, income inequality has been dramatically increasing and in addition because of this lack of state welfare or state redistributive function, the disposal income equality also is getting worse and worse. This is a problem. And in the case of tax regime, of course it can be either progressive or regressive influence on income inequality. And in Korea, tax burden on the labor income is the lowest level among OECD countries and only half of wage income is taxed. And only half of employees pay income tax. So it may bring some positive impact and negative impact as well on income inequality. And OECD uses the term tax wedges, which means income tax plus social security contribution minus cash transfer as a percentage of total labor cost and tax wedge was considerably below the OECD average as well. So it may have some good, I mean, progressive and regressive aspect as well. Probably I will look more evidence to talk about the impact of tax regime on income inequality.

***MODERATOR: Hyuk-Sang Sohn (Professor, Graduate School of Public Policy and Civic Engagement, Kyung Hee University, RoK)**

Thank you professor Lee, and Professor Jung you have also two minutes

Moo-Kwon Chung (Professor, Department of Public Administration, Yonsei University, RoK)

Thank you very much for the comments from Prof. Evans, in this paper I tried to explain historical path is kind of narrative. As you mentioned by using structural logic, so you wanted to have some policy analysis to have some specific outcome of policy, well I have some data on that part but I didn't put it in my paper but the problem is in, you know, examining the history of the evolution of the social policy in Korea, most data that can be used are from the 1990s. In 1990s, you can have consistent data. Also as I mentioned in my presentation and my paper, poverty reduction, income protection function of social security policy was very narrow. Because social insurance program just protected risks, for example, ok, health insurance program, there is no significant benefit on it. Just the insurance plan compensated the treatment cost for hospitals and doctors. So, in this sense, income redistribution or income protection level was very low even though we can find some redistribution, contributions. So I have some data on impact of health status and accessibility, and then the income transfer probably comes more from private rather than public transfer that is a distinctive element of the Korea security policy. Government tried to push people to work, work related to public works, you know, social policies. So social insurance policy you have the inter coverage of the social insurance and but the function of income protection is very, very low. So yeah, that's the Korean case I think, so I thought about that whether my structure of paper I tried, are policy orientated or the historical evolution and then I chose the historical evolution rather than policy categories, that's my trying to do.

***MODERATOR: Hyuk-Sang Sohn (Professor, Graduate School of Public Policy and Civic Engagement, Kyung Hee University, RoK)**

Thank you professor Jung, since the Dr. Woo and Professor Evan confronted Professor Yang in

many fronts, many lines, you have three minutes.

Jae-Jin Yang (Professor of Public Administration, Yonsei University, RoK)

Doctor Woo raised two questions, and I think Dr. Evans gave the answer to the first question and I agree with your point. There is a mismatch between the labor market liberalization that casualized the labor market, and social policy, social insurance based social safety net. The fundamental question is why Kim Dae Jung government pushed forward with social insurance based social safety net. Because, I think that the welfare reform program agenda was not devised while seeing the changing labor market, and the program was devised during the development, democratization period. That was the project of pro-democratic movement groups. For example, integration of national health program, it was tried in 1980s and 1987 and after the democratization, their efforts were blocked by the conservative government after democratization. And also the rejuvenation of the public access program was devised in early 1990s as a, but so, I mean, that kind of welfare reform project was a not suitable for the changing labor market situation, it was unexpected change for the participant in the pro-welfare social policy network. They are not ready for the changing labor market. That's the one reason. The second reason is political; the reallocation of financial resource is very hard. There are the best interests in economic areas. I mean, much of the resources always in Korean history, the state channeled more available resources into economic development. And there are many best interests in construction and in big businesses, and even in small, owners of small businesses, preferably by this state funding. So, reallocation is very hard. So the simple reaction is to expand the existing program. The central government had to do something. And the expansion of social insurance was one of the solutions. So, I mean, but later, nowadays, they realized that this social insurance program is not enough. This conservative government, Lee Myung Bak government, now legislates a matching fund to low income wage earners to help pay contribution. So, I mean, the realization later, I mean, that's my answer to the first question. And the second question is why the rising inequality despite the expansion of social welfare system under the Kim Dae Jung presidency. Already Dr. Lee Jooha already mentioned that the income distribution is worse and worse because of the dualistic economy and because of the casualization of labor market, and secondly, those who need welfare benefit is outside the protection system. As I said, they are, they couldn't pay contribution and they are outside of the protection system. So redistribution occurs inside the formal system, and big changes of economic crisis and low income earners are excluded from the redistributions. That's my answer.

***MODERATOR: Hyuk-Sang Sohn (Professor, Graduate School of Public Policy and Civic Engagement, Kyung Hee University, RoK)**

Thank you, your response also leaves a lot of questions for us. But I will stop here. And Dr. Lee you're the one I have to watch, and you have two minutes [laughter] Ok, alright.

Jooha Lee (Assistant Professor, Dongguk University, RoK)

In politics, I think, I haven't explicitly stated about politics in my article, but there are some hints about politics. I think, you know, I mentioned about Joel's article about transition in eastern European countries. He mentioned about transition in European countries, and he described the situation as unsettlement. In unsettle situation, some charismatic leader or leadership can make a great influence and impact. But both President Lee and Park had made a great transition in Korean society. So that is why it is quite important, both leaders, what kind of thinking they had about education and health, and that is why I highlighted those differences. But I think it is why, you have to theorize all those activities of different groups. And East Asian regionalism, and I think we have different types of regionalism. It's like different types of federation or federalism as well. When you have Latin America's style regionalism, Andes area something, and EU and ASEAN, in East Asia, I think we can say that there used to be a regionalism. I mean if Bruce Cummings talked about production chain between Taiwan, Japan and Korea. It is very much implicit regionalism. They didn't recognize it, but there was a mechanism to lure the materials and capital and financial resources. I think, maybe, you know, some leading countries like China, Taiwan, Japan and Korea can make a sacrifice and compromise. They can make some kind of loose form of regionalism. I think your point, in terms of relationship between regionalism and domestic market can be quite important. I think that can be the counter bearing argument against the nationally owned companies and I think that Chun and Kim, this is the most interesting comment I heard. I think both governments are heterogeneous governments. I mean, the Chun government, authoritarian, they adopted neo conservative polices and neo liberal policies, but in education sector, they increased education spending by allowing increasing quota of university entrance. That is the period when government increased huge debt from foreign financial institutions to spend on public sectors. That kind of, you know, heterogeneity is there, and Kim's, I mean, it's a

democratic, very much pro-poor, but still, changed the labor market into neo liberal style. So I think Park government, Chun government, and Kim government, they adopted heterogeneous policies and that is the characteristics of Korean policy and political economy compared to others.

***MODERATOR: Hyuk-Sang Sohn (Professor, Graduate School of Public Policy and Civic Engagement, Kyung Hee University, RoK)**

But Chun Do Hwan regimes is more, less heterogeneous [Laughter] and I know we have to stop here, if you are desperate to say something here you have ten seconds.

Jooha Lee (Assistant Professor, Dongguk University, RoK)

I mean, going beyond the de facto economic integration again, which you think it as de facto or so, I am being more specifically, for instance, or maybe more relevant to this accusation, region again, I mean, South Asia is the whole country's major exporters and receivers of migrant labor, now if you can go beyond the de facto economy integration, the thing is about more institutional, more formalized social policies, regional social policies related to migrants' rights to health and welfare et cetera.

***MODERATOR: Hyuk-Sang Sohn (Professor, Graduate School of Public Policy and Civic Engagement, Kyung Hee University, RoK)**

I really hope you enjoy our discussion as much as I do. I actually very enjoyed this very vibrant exchange of ideas here. And before we bring this session to the end, I would like to conclude with one remark. This is since organized by KOICA, I think I have kind of like a duty to bring these issues connected with the international development cooperation. What do social protection and social policy something to do with, you know, the international development cooperation? I think there could be some points or themes we have to think of when we do our oversea services. The first one is the democracy governance, it is very important. The second one that I am talking about is effective institutions with the capacity, so capable institutions are very key factors, we all agree with that. And the third one is the kind of resource revenue, resource and revenue raising,

tax and other mobilizing other domestic resources. And finally, they also have to like synergizing the divergent policies, economic, social, health, and education. That's the kind of policy I can think of now, but I'll think more when I get back home [laughter] and I appreciate your patience and enthusiasm for our session. Thank you very much and I will join you in the next session. Thank you.

Session 2-Ⅱ 한국의 개발에서 국내외적 요인과 분야별 개발 경험

❑ **The 1st presentation:**

The South Korean Developmental Alliance between Business, Labor and Government

- Eun Mee Kim,

Dean and Professor, Graduate School of International Studies, Ewha Womans University, RoK

❑ 발표자료



Outline

I. Introduction
II. South Korea's Developmental Alliance and Economic Development: 1960s-1980s
III. Changing Global Political Economy in the 21st Century, and Lessons and Limits of the South Korean Developmental Alliance
IV. Concluding Remarks

I. Introduction

- South Korea's Development
  - Rapid economic development in the 1960s-1980s
  - Followed by democratization in the 1980s
  - ☞ Two achievements in the face of security tensions

Q. What is South Korean model of development cooperation during the 20th century?
Q. What should be the South Korean model relevant in the 21st century?

II. South Korea's Developmental Alliance & Economic Development



State dominance (1960s)



Symbiosis between the state and business at the exclusion of labour (1970s)



Democratization and challenges to the developmental alliance (1980s)

South Korea's Development -Key Institutions (1960s-1980s)

Key Institutions	Policies/Instruments	Distinct Features
Developmental State: Economic Planning Board (EPB); Ministry of Finance (MOF); Ministry of Commerce and Industry (MOCI)	• Long-term comprehensive planning and projection • Provider and intermediary for capital & technology • Provider of indirect assistance and subsidies • Export-oriented industrialization (EOI)	• Sustained economic development • Low income inequality • Low inflation • High employment
Authoritarian State	• Military, police, tax, and intelligence used; Limited civil liberties • Labour oppression	• Collusion with *chaebol* for HCI
Local Capital: Large Business Groups (*Chaebol*)	• Heavy and Chemical Industrialization (HCI); • Trading Company (*Jong-Hap Sangsa*)	• Large *chaebol* as state's partner for development vs. MNCs, SOEs or SMEs
Foreign Capital: ODA	• ODA: Grants and loans • State-guarantees for repayment for loans • Little FDI and MNCs	• Foreign capital behaving like domestic capital
Labour	• Labour laws were in place, but were not implemented • Suppression of labour rights including the rig ht to assembly • Suppression of wages due to collusion between the state and businesses	• Labour as an acquiescent partner • Slow but steady growth of underground labour movement

State Dominance (1960s)

- Three major functions of the state
  - Provider of long-terms goals for the economy
  - Provider of capital and technology
  - Provider of indirect assistance
- Developmental alliance was dominated by the developmental state with chaebol and labour
- Two ways of using authoritarian apparatus
  - Discipline and punishment with the chaebol
  - Repression of labour

Symbiosis between the State and Business (1970s)

- Developmental Alliance in the 1970s
  - Initiated by President Park's staff at the Blue House
  - Deepening of the industrialization process as a tool to forge a closer alliance with a few *chaebol*
  - "Balanced economy" between the light & heavy industries, and between the urban & rural areas
- Five-Year Economic Development Plans
- Six target industries
  - Iron and steel, nonferrous metal, machinery, shipbuilding, electrical appliances and electronics, and petrochemicals

Exclusion of Labour (1960s-1970s)

- The relationship between government and labour union in the 1960s-1970s
  - Predatory patronism
  - Depoliticization of labour unions
  - Union density was high but its autonomy was low due to strict government regulation.
  - Creation of the Federation of Korean Trade Unions (FKTU) to prevent labour union's resistance and to strategically cooperate with labour leaders

Democratization and Challenges to the Developmental Alliance (1980s)

- The world had become tightly knit with improved communication and technology.
- South Korea became more integrated in the world economy.
- Great social, economic, and political upheaval in South Korea during the 1980s
  - Achievement of rapid development
  - Change of economic policies: from developmental to regulatory regime
  - Forces for democracy

Democratization and Challenges to the Developmental Alliance (1980s)

- Qualitative change in the state-business-labour relationship
  - A tight alliance between the state and the large chaebol, and repressive labour policies came under fire.
  - Business got political leverage based on economic power.
  - Labour became an important actor in the developmental alliance.

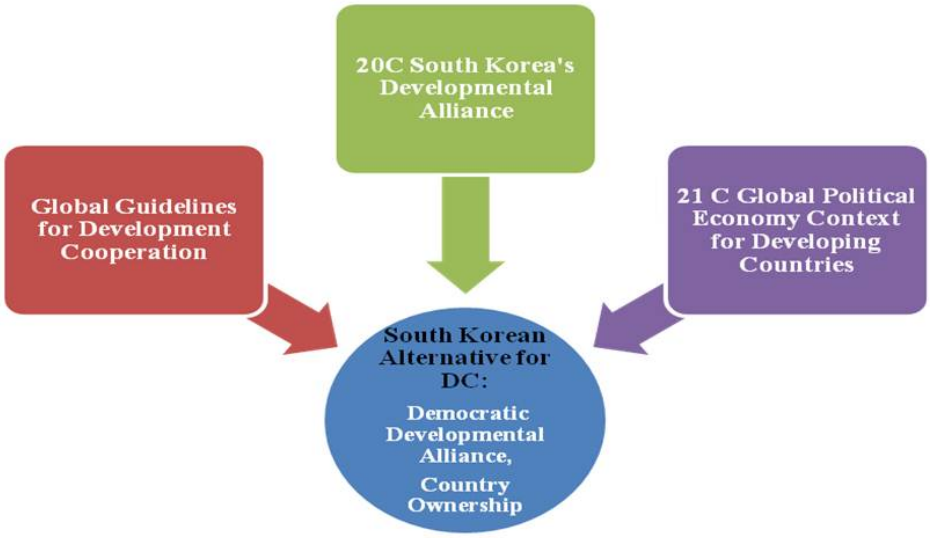
III. Changing Global Political Economy in the 21st Century

	Time Period	Global Political Environment	Global Economic Environment
NIEs	20th Century (1960s-1980s)	• Cold War: Military Aid & Economic Aid	• Open Market (US) • Relatively few exporters with cheap export products • High trade barriers in NIEs
Developing Nations	21st Century	• Post Cold-War • Aid to Transition Economies • Democratization • US: War against terrorism • China: South-South Cooperation	• WTO • Learning effect of EOI • Cyclical and global financial/economic crisis

Changes in the Domestic Political Institutions

	Time Period	Political System	Government
NIEs	**20th Century (1960s-1980s)**	• Developmental state • Authoritarian state • Restrictions on civil liberties (labour)	• Well functioning bureaucracy
Developing Nations	**21st Century**	• Less tolerance for non-democratic political system • Global/local demands for democracy	• Governance crisis • Corruption • Budget dependence on foreign aid

Synthesis for a South Korean Alternative for Development Cooperation



Conclusion

- South Korea's economic development
  - Rapid industrialization
  - The developmental state with strong interventionist industrial policies
  - The state-business-labour relationship in developmental alliance
- The revised developmental alliance based on the merits and limits of South Korea's experience
  - Democratic developmental alliance
  - Country ownership
  - Capacity development of domestic actors

❑ 발표녹취록

***MODERATOR: Kelechi A. Kalu (Professor, African-American & African Studies, The Ohio State University, U.S.)**

Thank you. The development period from the 1960s to 1990s, the book examines the alliance between the state and the business and the impact these have on labor. The book in essence takes a different look at the great transformation by powerful alliance. Please welcome Professor Kim to the podium who will speak on the South Korean development alliance between business, labor, and government

Eun Mee Kim (Dean and Professor, Graduate School of International Studies, Ewha Womans University, RoK)

Good afternoon. Thank you for that kind introduction. And I'd like to thank the organizers for inviting me to this very important conference. It's a really honor and pleasure to speak about this topic that has been very dear to me for the last 30 years or so. I'd like today talk about South Korea's development alliance and economic development spanning the first two decades of South Korea's economic development primarily about from 1960s to 1980s. In here in my original work on the developmental state, I focused on the relationship between the state and the local capitalists with foreign capital. But I've been asked to look at the relationship also with labor. So the development alliance that I'll explore is among the state, local capital and labor. And then I'd like to touch upon the global political economy of the 21st century that makes the lessons of Korea from the 20th century, some of them obsolete and some that need revision. So that's the topic that I will address in session 3 and then I'll conclude.

First of all South Korea's economic development, the reason why we are here, is because of its history of rapid economic development from the 1960s to 1980s but followed by a tumultuous period for democratization in the 1980s. And these two achievements are made in the face of severe security tensions and the ongoing Korean War. It still has technically not ended. So the two questions that I'd like to explore is what is South Korean experience of the development in the

20th century focusing on some of the key institutions. Second, I'd like to address what should be the South Korean alternatives. I don't want to use the word model and I don't know what got over me to (wipe) model in my presentation but what should be the South Korean alternative that we'd like like to share with other countries in the 21st century. So first of all, let me reexamine South Korea's developmental alliance and economic development from the 1960s. To give you a brief introduction of how I viewed the three decades is, the 1960s when South Korea began its economic development under the leadership of President Park that Alice talked about earlier, It is a really period of state dominance, a clear state dominance period followed by symbiotic period between the state and the businesses and particularly the large enterprises, large national enterprises which later became South Korea' conglomerates or chaebol. And this was the 1970s. The 1980s we have a period of democratization that really brought some challenges to the developmental state and continued economic development that challenge to pursue the way it intervene the economy in the 1960s and 1970s.

I hope you can read this. My work on South Korea' development has been influenced a lot from the earlier works by people like Peter Evans that looked at Latin American development and focused on the key institutions of development. So my work has looked at what were the key domestic institutions that were instrumental in South Korea's economic development. External aid and foreign capital was very critical, without foreign capital I don't think we would be here today. But what was important was the domestic institutions that utilizes foreign capital in a way that was perceived to be good for South Korea's economy. In this juncture, the developmental state played a critical role in harnessing the foreign capital and supporting the local capital to become large enterprises. So the key institution is developmental state which I argue is that the three ministries, the economic planning for ministry of finance, ministry of commerce and industry forming a troika of ministries with the EPB that had the planning and budgeting function so it had very critical role and in Korea's long term economic development. When we talk about developmental state I think Peter Evans also define the developmental state, but it is really a state that has long term comprehensive planning and projection, it's a provider and intermediary for capital and technology so the state is not the one that facilitate private sector or really let the private sector, and argued with in some cases that, argue with the private sector to go into a direction where the private sector may not have been ready and encourage investment in areas that the private sector and foreign analysts and foreign experts say Korea was not ready to move into for example the heavy industries in 1970s.

So clearly this was just not the state, enabling state but really a state that let the process of

development in the 1960s. So hence, the 1960s I talked about period of state dominance. The authoritarian, and of course state also had provided indirect assistance and subsidies which were not different from other state, but I think the leading part is the key. Even in raising capital, providing capital and technology, the state played a very critical role even in negotiations with multinational corporations who by the fact that we were not that interested in investing in Korea but the government intervened as a crucial intermediary and we received foreign capital in terms of even commercial loans, the government played a very key role as the guarantor or so on so. The state was the key instrument in this process. It was nonetheless an authoritarian state as well. It often used military police, tax and intelligence. In pursuit of economic development, labor oppression was part of Korea's history. In this part, the part that I'll come back later on for the lessons from other countries, that I'd like to take out of Korea's developmental alliance, so see if we can forge a more democratic developmental alliance.

In Korea's case it was local capital as Alice eloquently mentioned during the morning session, it was domestic capital and domestic enterprises that played a key role. For various political and other economic reasons, multinational corporations were not interested in Korea and the Korean government was not interested in attracting multinational corporations, state-owned enterprises were out of question politically because of the period of Lee administration where there was so much collusion and corruption that the state could not forge ahead with state-owned enterprises. Hence the answer was local capitalist, large enterprises was the answer. In particular, in the 1970s as we moved into heavy and chemical industrialization, heavy chemical industries are by nature capital and technology intensive could not use the SMES as their partners. So the large enterprises become the state's partner and state provided a lot of direct and indirect subsidies and supports for this private sector. There's a famous anecdote when President Park handpicked the private sector which business should be the partner for automobile and so on and then provided generous subsidies. But in return, as Alice mentioned, discipline was a key and if you do not perform, your loans are cut and so on. So the issue of local capital that did not lead to land seeking because of this hard discipline that also went performance based discipline with it.

Then where did the money come from? Foreign capital. In the Korea's case especially from the 1950s and 1960s primarily as grants land later as loans as discussed earlier today, but the state also guaranteed for repayment for loans, there were little FDI from multinational corporations, so the foreign capital from the earlier period, ODA played a very critical role. But nonetheless they behaved more like domestic capitals with the state in control in bursting these loans. So you had a state as an intermediary between the foreign capital and local capital enabling the Korean

government to pursue the development plans that it has designed. On the other hand, labor was another silent partner especially in 1960s, labor was there and used for manufacturing industry especially in the early 1960s. Labor laws were in place were not implemented. Suppression of labor right including the right to assembly were severely curtailed, suppression of wages inclusion with the large businesses was what drove the South Korean prices low in this period.

State dominance in 1960s, maybe I skip this since I elaborate on what meant by the state dominance, symbiotic system between the state and the business in particular the 1970s was marked by the heavy and chemical industrialization which began in 1972. At first, the move toward South Korea's heavy and chemical industry did not make any sense. This was the country primarily, basically the raw economy until 1950s and in 1960 and 1962, we embarked on large manufacturing sector-driven export oriented industrialization in the mid-1960s, we had very little experience with any heavy and chemical industry. But because of the geopolitical reason, and because of reasons for having strong military and defense industry, the Park administration made a strategic decision to go into the heavy and chemical industry including iron and steel, metal and nonferrous heavy machinery and so forth.

So this critical move to heavy and chemical industry was met with criticism from our advisors from World Bank and others. So when the government went out a mission to raise foreign capital to get loans, it was turned down by nearly everyone except for Japan who we normalized relations and paid reparation fund after the colonial period. So this history of Korea's heavy and chemical industrialization and history of Korea's ownership and taking the development from nationally driven agenda may not have been agreed with all of the people nonetheless the nationally driven agenda, so foreign capital being used for national purposes but not driven by external experts or donors.

The 5-year economic development plan in this period focused on the six target industries all heavy and chemical industry and this was also a period of new village movement or Saemaeul Undong takes on. This was to balance the urbanization that was going on and rapid industrialization that was having a negative impact on rural areas for in the name of industrialization. So the new village movement started with the very different political agenda than sometimes it's being portrayed. But this was a period of labor exclusion so the relationship between the government and labor union in 1970s, 60s, predatory patronism, so the labor law allowed one labor union, that primarily the government supported the labor union that took place was legal to take place and every other association was illegal. Union trade density was high but autonomy was very low, so the bargaining power of union was very limited. So I don't even

think this is a compact of labor, labor was oppressed or suppressed.

Through the 1980s, we see the period of democratization in 1987 we have the transfer to the democratization. Let me focus on challenges on developmental state. The South Korean developmental state faces great challenges from everyone. The South Korean developmental state, because it was such an authoritarian state, became the target of the all of the democratization movement. And the democratization movement gained force in particular in the mid-1980s when the middle class, workers and students all joined forces. And we had a democratization transition in 1987. But also the big businesses who were not crazy about democratization movement nonetheless did not like strong heavy-handed state intervention. Big conglomerates were also happy. I understand this process because they thought that this meant that the state would not intervene in the affairs of the private sector.

However, when we look at what are the global political economy in the21st century and how we may learn from South Korea's experience from the 20th century is that the global political environment has changed dramatically since the period when Korea was developing. And in particular the Cold War which enabled Korea to become a large recipient of military and economic aid primarily from the U.S. is no longer. The global economic environment in which the U.S. market was readily opened to the Korea's cheap products at that time is no longer. WTO doesn't allow for Korea to have the kind of trade barriers that we once had. As I mentioned I used this expression many times, the Korea's export trade door open outward but it never swung inward, which means Korean products are being exported like crazy but we were really good at keeping it door from swung indoor, inward so we are not receiving many imports especially for consumer products. So all of these things changed, so what do we take from the South Korean experience? And then the political environment has greatly changed, so curtailment of civil rights particularly for labor is probably no longer acceptable.

Democracy seems to be the name of political game these days, even in the Arab spring, we are seeing that the forces and the movement for democracy is the one that shared by people around the world. So what I like to do is to synthesize for South Korea's alternatives for development cooperation taking the global guideline for development cooperation and foreign aid, 20th century South Korea' s developmental alliance and the 21st century global political economy. And I think what we end up with is the democratic developmental alliance. Because we had very repressive authoritarian regime does not mean that we think there is a lesson that should be shared by developing countries. Far from that, I think we should be the one to promote democratic developmental alliance. If I had more times, I would show you some figures that show

highlights that when Korea moved from the authoritarian to democratic government, our economy continued to rise, our economy continued to grow. And as you saw in Peter Evans's slides, this morning, provision of social services and public services actually went up with democratization. So I would argue that it is really the lessons to take from the South Korean case, more of a democratic developmental alliance is a key for development of developing countries these days. Another key lesson from Korea's country ownership as I mentioned is regarding the heavy and chemical industrialization, and if I had a bigger circle in the bottom I would also say that this is also based on human capability that was very critical. In 1981, to give you a short anecdote, in 1961 as Korea began its economic development our GNP per capita was 81 dollars. 81 dollars is extremely poor country. Even in the 1961 figures. The poorest country but our literacy rate was over 70 %, which is very unusual and it's not found in many developing countries with that poverty level. So what we take away from the South Korea's economic development, rapid industrialization, and developmental state with strong interventionist policies and (state business), labor and relationship in the developmental alliance, I think it's very critical to understand the dynamic and how this relationship changed. The revised development alliance that I would recommend is a democratic developmental alliance, country ownership and capacity of development of domestic actors. Thank you.

***MODERATOR: Kelechi A. Kalu (Professor, African-American & African Studies, The Ohio State University, U.S.)**

Thank you professor Kim. You have kept exactly the time. We really appreciate it. At the end of the presentation I'll give a quick synopsis of the argument before I turn it to the discussion. Our next presenter is Michael Douglass. Professor Michael Douglass is the executive director of globalization research center at the University of Ohio. He has been visiting professor to Stanford University UCLA. His most recent book was on Japan and global migration, foreign worker and advent of multicultural society. In detail volume is about changing dynamic of labor especially in the context of Japan. Professor Douglass' presentation is on *Saemaeul* movement in historical perspective and in the contemporary world. Please welcome Professor Douglass to the podium.

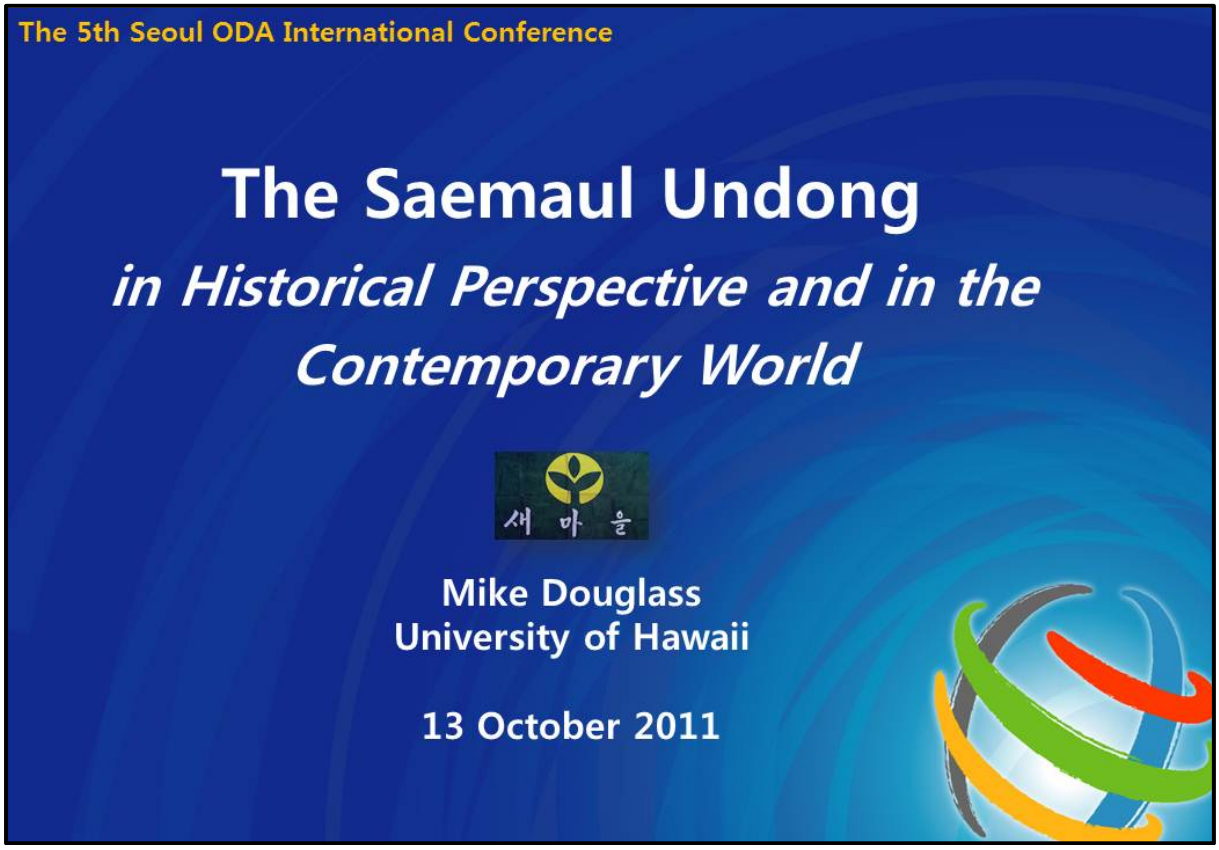
❑ **The 2nd presentation:**

The Saemaul Undong in Historical perspective and in the Contemporary World

- Professor Michael Douglass,

Professor, Department of Urban and Regional Planning, University of Hawaii, U.S.

❑ 발표자료



The Saemaul Undong in the Context of Rural Development Theory and Practice

Research Approach

- **Rural development planning: a local response to prevailing ideas at a particular historical moment.**
- **Purpose is to explore ways in which the Saemaul Undong experience provides plus and minus insights into rural development elsewhere.**



Korea Context into the 1970s

- **History of** pre-colonial and colonial **rural poverty**
- **Land reform** levels rural society before the Saemaul Undong
- Strong village institutions for **cooperation**
- 1960s "**developmental state**" and miracle economy
  - Among highest rural population densities in the wor
  - Rural outmigration accelerating
  - PL480 grain aid, U.S. military spending
  - Policy of "benign neglect" of agriculture.
- **Divided country**. **Anti-communist** state ideology. 1972 **Marshal law** declare d



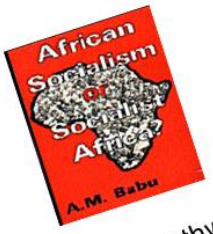




Mainstream Rural Development Ideas
post-colonial to 1970s

- **1950s – community development**, return to pre-colonial tr aditions. Ghandian economics, non-alignment, the "Third W orld".
- **1960s** – rise of "**developmentalism**": UN, World Bank, deve lopmental state
  - **Rural as the agricultural sector** with 3 roles: provide food, send ch eap labor to the city, provide capital for infant industry
  - Agriculture assumed to have **zero marginal labor productivity**
  - village as "**backward**"
- **1960s-70s**
  - **Induced innovation** (extension services and demonstration farms)
  - The **Green Revolution** (government organized and managed).

"Alternative Development" 1960s-70s



socialist pathways

"Cocoyoc Declaration"



"Liberation Theology"

Common property regimes



"Learn from Dazhai"

Dependency theory

Ghandian economics

Urban Functions in Rural Development

"Communist" insurgencies





Non-alignment

"Agropolitan Development"

The Saemaul Undong (1970s)

in the Context of Rural and National Development

Phase/Components	Main features
Pre-Saemaul Undong (1950-70)	**National focus on urban-industrial development**
• Land reform	Radical land-to-the-tiller reform before Saemaul Undong was initiated
• Role of agriculture	Relatively benign neglect of agriculture
1st Phase (1970-75)	**Focus on village modernization**
• Village modernization	Materials given to villages for self-improvement.
• Saemaul Undong Training Centers	Elaborate national system of Saemaul Undong training centers
• Saemaul Spirit	Ideology of Korean-style cooperation to mobilize contributions and participation.
2nd Phase (1972-78)	**Focus on agriculture**
• Green Revolution	Forced adoption of high-yielding varieties of grain
• Extension services	Embedded in the Green Revolution phase of Saemaul Undong
• Rural cooperatives	Needed to manage loans for the Green Revolution
• Mechanization	Belatedly adopted mechanized farming
3rd Phase (1973-1977)	**Saemaul Undong expansion to non-agriculture and cities**

SMU as Village Modernization

- The "developmental state" – Strong leadership from the center
- Voluntary contributions – "Diligence, Self-help, Cooperation"
- Village infrastructure, housing; some income-generating projects





- Cement and steel rods given to 34,000 villages to use as they decide.
- Villages then assessed and categorized: Basic, Self-reliant, Self-help.
- "Self-help" then given priority to lead competition for improvement.
- All villages eventually move out of "Basic" category.

Social Mobilization








SMU as Green Revolution

- Tongil HYV
- Cooperatives
- Government purchase above market, sell below market price to city
- Late mechanization
- Program dismantled around1978





SMU as National Spirit





National Survey: SMU is the greatest public program in Kore a since independence – greater than the 1988 Seoul Olympic s.

Saemaul Undong as Everything



















Achievements of the SMU

and Impacts on other Spheres of Development

Project name	Unit	Target	Results	Growth rate(%)
Expanding village roads	Km	26,266	43,558	166
Constructing farm roads	Km	49,167	61,797	126
Installing small bridges	Unit	76,749	79,516	104
Constructing village halls	Unit	35,608	37,012	104
Building warehouses	Unit	34,665	22,143	64
Housing improvements	Unit	544,000	225,000	42
Improving village layout	Village		2,747	
Constructing sewage systems	Km	8,654	15,559	179
Supplying electricity to rural and fishing communities	House Hold	2,834,000	2,777,500	98
Operating SAEMAUL factories	Unit	950	717	75

1. Village Improvements through the Saemaul Undong, 1970s

The 5th Seoul ODA International Conference

2. Green Revolution Benefits

Rural household incomes reaches urban household levels (won)

Year	*Average monthly income of urban household (A)*	*Average monthly income of rural household (B)*	*Ratio (B)/(A) (percentage)*
1967	20 720	12 456	60.1
1970	31 770	21 317	67.1
1973	45 850	40 059	87.4
1976	95 980	96 355	100.4
1979	219 133	185 624	84.7

- National rice self-sufficiency briefly attained.



KOICA UNRISD

3. SMU Factories

- Aimed at providing incentives for *chaebol* factories to locate away from Seoul.
- 693 Saemaul factories authorized from 1973 to 1976 MCI.
- 251 remained in 1977.
- Averaged 135 workers in 1976 (total about 34,000 jobs).
- Half were textiles or wearing apparel.

	Number of establishments		Employment		Output		Exports	
	Unit	% of total	Persons	% of total	Million won	% of total	US $ 000	% of total
Pusan	3	0.83	1,081	2.21	2,095.0	1.77	3,799	2.06
Gyeonggi	116	32.13	20,876	42.71	46,165.3	38.94	73,828	40.11
Gangweon	16	4.43	1,610	3.29	1,651.7	1.38	2,805	1.52
Chungcheongbug	20	5.54	1,863	3.81	4,273.6	3.60	4,318	2.34
Chungcheongnam	33	9.14	4,689	9.59	11,720.1	9.89	21,645	11.76
Jeonrabug	21	5.82	2,048	4.19	2,845.2	2.40	3,935	2.14
Jeonranam	24	6.65	1,643	3.36	4,153.2	3.50	4,955	2.69
Gyeongsangbug	69	19.11	7,348	15.03	16,177.1	13.65	27,311	14.84
Gyeongsangnam	55	15.24	7,510	15.37	29,151.5	24.59	41,157	22.36
Jeju	4	1.11	206	0.42	325.3	0.27	304	0.17
Total	361	100.00	48,874	100.00	118,548.0	100.00	184,057	100.00

Political Dimensions of SMU

- The "developmental state": autonomy, political will, social activation
- Practical approach without political ideology: SMU not linked to anti-communism, Confucianism or political parties.
- SMU "an amalgam of egalitarian ethos, an ideal of social welfare and developmentalist dictatorship" [Han 2004]
- Park government claims that democracy was achievable "not through elections but through gradual training and practice in carrying out state-supported projects".
- Park used SMU to regain rural vote and power base as urban protests against his regime mount.
- Yushin marshal law declared in 1972 – to early 1980s
- Local bureaucrats "wake up" and become more accountable.





Distinctive Features *of the Saemaul Undong*

- Land reform before SMU
- Began with village modernization, not agriculture
- The overall urban-industrial "miracle"
- The "developmental state"
- Agricultural supported, not squeezed
- (Green Revolution not exceptional)

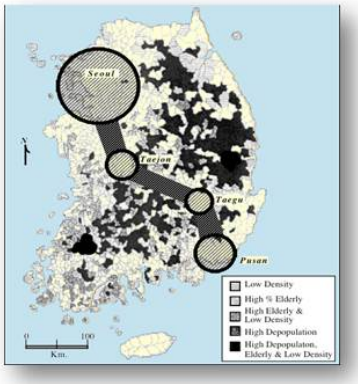

Village Centers



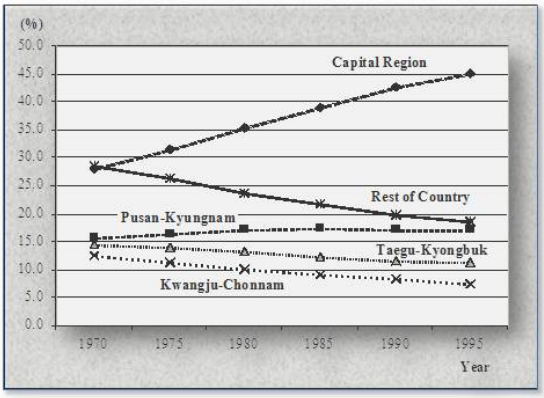


Separation of Urban-industrial strategies from rural development strategies

Korea's Urban-industrial Corridor and Rural Depopulation c. 1985



Population Shares by Region 1955-1995



Regenerating SMU post-1980

Stages of Creation and Regenerations of the Saemaul Undong

Stage	Characteristics	Period
Stage 1	Foundation and Groundwork	1970 ~ 1973
Stage 2	Proliferation	1974 ~ 1976
Stage 3	Energetic Implementation	1977 ~ 1979
Stage 4	Overhaul	1980 ~ 1989
Stage 5	Autonomous Growth	1990 ~ 1998

Overhaul 1980-89 period reentered on:

- Social atmosphere: kindness, order, selflessness, and cooperation
- Escape from inactivity and contraction
- Economic development: combined farming, distribution improvement, and credit union activities
- Environmental activities: cleanliness, developing parks throughout the country, building better access roads
- Reborn as a private sector-organization: enhancing the role division between government and private sectors

Rechanneling the Korean Spirit of Cooperation







Saemaul Leaders Training Institute







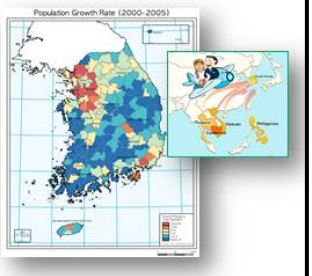
Agriculture & Rural Korea Today



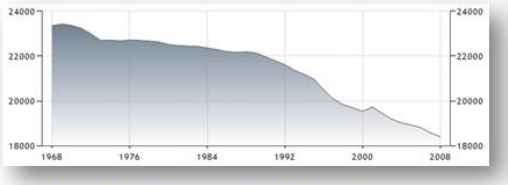
Rice dominates Agriculture



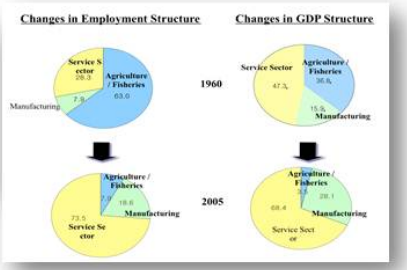
Aging population



Chronic Rural Depopulation



Decline in agricultural land



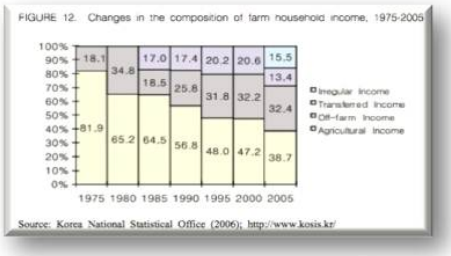
Declining Share of Economy



Farmer's debts

KOICA UNRISD

Post-agrarian Rural Korea









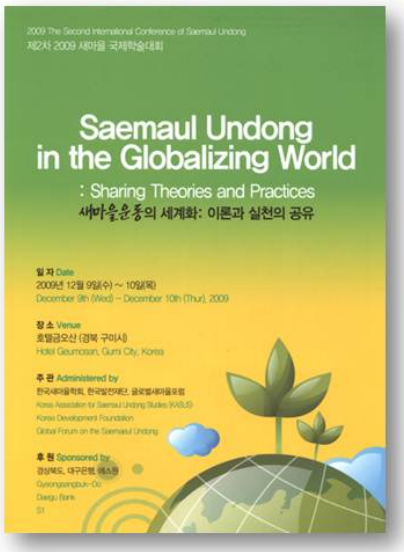
Visitors to rural tourism villages, 2001-2005

Village	2001	2002	2003	2004	2005
Green Rural Experiencing Villages	-	157,500	295,400	626,500	1,037,700
Rural Traditional Theme Villages	-	12,581	55,780	133,091	259,796
Experiencing Green Tourism in Fishing Villages	172,000	414,000	2,528,000	5,030,000	5,445,000
Arum Mauls	44,555	208,192	227,130	260,582	316,444
Farm-Stay Villages	101,795	250,000	360,067	620,000	938,743

Many Farm-Stay Villages overlap other villages supported by the government.
Source: KREI (2006, 2007).

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The Saemaul Undong Goes Abroad







SMU programs now in more than 70 countries





Lessons of the Korean Experience
for Developing Countries



MONSANTO imagine



Lessons

- Tapping into traditional forms of social cooperation can lead to successful rural community development programs
- Potential for integration of bureaucracy at local scale
- The urban matrix of rural development is crucial
- Agrarian reform

Questions raised by Korea 1970s context and rural areas today

- Agriculture is no longer the principal rural income sector
- Corporate farming, contract farming is overtaking independent farmer
- Can village upgrading be separated from income and livelihood?
- Can there be an “autonomous” Saemaul Undong?
- How to scale up if government is not involved?
- How to link rural and urban within rural regions?



❑ 발표녹취록

Thank you everyone for being here. It's really with great humility that I've come to tell you about your own history (laugh). My only kind of excuse for doing that was really I was actually living in Korea during the time of Saemaeul Undong. At the same time, because it was the era of Yushin of the martial law, there was actually very little in Korean language about that period except the promotional aspect of it. And I want to talk about both the minuses and pluses of the Saemaeul Undong.

Ok, so, how do I contextuate this? I say that the rural development planning is a localized response to prevailing ideas about a particular historical moment. In other words, there's something about rural development theory that's particular to a certain time. But then it's also translated into a certain place. That's sort of what we're going to look at.

So, I am not trying to make any model or anything like that, simply to try to abstract. What are the main components of the Saemaeul Undong experience and how might it be somewhat relevant to today?

So, we start with Korean context, the 1970's, the Saemaeul Undong basically begins in the 1970's. We have a long history, pre-colonial as well as colonial, deep rural poverty. And the 1950's is a, you all know, land reform and level society creates very basic new foundation for development.

Also a long tradition, partly because of the need to cooperate in such density settled country, we have very strong institutions of cooperation that should already exist in the villages, so that could be tapped at that time. We had the whole idea that the development state, and that's very muti-faceted one. What I'd like to say is, in Korea as well as Japan and, I believe, even China, there's an expectation of large state. The states will involve in your lives, and it's routinized in many ways. That is very much more profound than in many other countries. I can elaborate it but I think I will leave it at that.

So, we have very high rural population densities, in the 1960's in rural outmigration already started accelerate that we see that place more -- as we grow along.

The import of American food grain of PL480 was the price for rice so the farmers on one hand were not squeezed to try to have rice for the cities, or grain for the cities, but at the same time, the prices were not encouraged to grow. So kind of benign or semi-benign world neglected this time. At the same, in addition, of course, it is anti-communist idea, which was quite strong at that

time, if you were walking around cities, you will always see anti-communist signs everywhere you went. And that definitely galvanized the population to more solidarity.

So, how do I locate the Saemaeul Undong in history of rural development? I have to look at the rural development then. What were the prevailing ideas? And my understanding is that in the decolonization world of post World War II, the first incident in many countries was to kind of return to tradition, to community-based, alternative development rather than joining into a global world that is led by old colonial masters.

And so you have a number of non-aligning countries, you have Gandhian economics, you have all these things flowering in the 1950's, 1960's. But in the 1960's, I would argue that this changes dramatically with the origins of the World Bank, developmentalizm, and the idea that you could treat everything as a sector. And that the rural had a role in providing surplus food and providing labor, cheap labor, basically surplus economy for the city.

So, there were these two traditions going hand in hand, one was the kind of return to traditional rural villages, that is community development idea, and the other is, now we can now have the rural sector serve the city. And both of these come together actually in the Saemaeul Undong. In 1960's and 70's, we also had the advent of the Green Revolution, hybrid rice, which is intensively government-supported and induced, unlike biotech which is basically private sector operation, in the Green Revolution, you needed massive state support of credit, inputs, storage and marketing.

What didn't Korea consider is actually quite a lot. There were all kind of, in the 1970's as the Saemaeul Undong was developing. It's also an era, a decade of -- from it in development thinking. That was very interesting decade when you had dependency theory, socialist pathways, non-alignment, the Cocoyoc declaration signed in Mexico, which says that you should actually delink from the world system. All of these things were happening in the 1970's. And Korea was not doing any of these. I just want to make clear that there were a lot of things that were not considered during this period of time.

Ok, this is a basic summary of the period of the Saemaeul Undong, and I will go through them step by step. Just to mention that the first two, it's already mentioned this morning, the land reform was critical, crucial to many aspects of the Saemaeul Undong, not only just to leveling rural society, but also to, I believe, in eliminating rural elites, who in other counties are very much of command of the government.

So it helped, in a way, state autonomy to some extent. The first incident of the new village

movement was actually village modernization. And you had, again strong development state activating rural villages by focusing on diligence, self-help and cooperation. The emphasis was to give steel bars, cement to villages and let them do what they will with those resources. Some villages did well, some villages did medium well, and some did not do well at all. They did not do well at all. So they would then separate, and the next round, only to give villages that actually did well. The difference between the three is if you did well, I mean you did something for the whole community; if you did moderately well, you did something for your own house or the head man's house; and if you didn't do well means that the cement got wet and just got hard.

So that, in this way they divided the villages into successes and those with the most success got in the second round. That set up a notion of competition in villages, to be achievers. And this was one of the driving forces. If you do well, you will get more resources.

Ok, all the villages will be reclassified to the successful level over the next six or seven years. Social mobilization was the crucial aspect of it. If you see these photos, you will understand how massive that was. Trucks with massive campaign with flags, song, vests, it was in addition to the material process of making villages better, it was incredibly spiritual and ideological at the same time.

So in the second phase, the first phase started in the 1970's, and you had village modernization underway, people were out repairing roads, particularly putting tile on previously thatched houses, building lanes, building bridges and roads.

1972, the high-yielding variety Tongil, which is bred in Korea, particularly for this climate, was finally ready. So the Green Revolution starts. This is very different that village modernization. Village modernization really was a community-based self-help kind of process. I believe the Green Revolution was very top down and very orchestrated from the center. Nonetheless, they were going hand in hand. And that's important because while the villages were being modernized, you also had the price support for rice. So you see the incomes going up through the rice production, at the same time villages were modernized. You have this virtuous process in which everyone's life getting better both in the villages and in the farms.

And finally, late in the game, in the late 1970's, roughly, mechanization comes at play. And this is important because depopulation was already happening in rural Korea, and labor supply was getting short among other things.

So what the government did was to sell, to buy high and sell low. So, on the one hand, you

paying farmers higher prices, but in the cities you selling this rice so the workers can have more wage. And that's good for exports.

As I said before, the Saemaeul Undong was a national spirit as well. And some of you in the audience probably, I can't see much face, but know the intensity of this activity-flags and songs. President Park Chung-hee himself wrote the song and the lyrics. And I bet some of you can sing it (laugh) even today. Ok.

Well, finally, the Saemaeul Undong becomes everything. Anything that happened of a social event got the label of Saemaeul Undong including even there was a young woman in the Saemaeul Undong, a foreign lady in the Saemaeul Undong dress. So it went beyond itself. It wasn't just rural development anymore. It was anything that Korean people did cooperatively could get the stamp of the Saemaeul Undong. There was an effort. Well, here is some of the achievement. Something, go through though very briefly.

We have to remember that during this period all of the accounting of the Saemaeul Undong was done by the Saemaeul Undong people. So there's a possibility that these are exaggerated. It's not clear. We have no counter factual evidence. Having said that, the results were quite astounding in terms of just physical improvements of houses, of villages, of infrastructure, and of the general rural scene.

The Green Revolution, according to government statistics, by 1976, rural household income equaled urban household income. This is astounding, this is amazing. I don't think you would find any or many countries in the world in which this happened. We have to remind ourselves, of course, the rural households are bigger in terms of the number of the people than urban ones, generally speaking. So there's that difference. But to the extent, this data is valid, this is an incredible achievement, to be able to lift up rural households to the same level of urban households. And this year 76, 77, 78 is basically the peak of the new village movement as it was first operated. By the end of the 70's, this new village movement was running out of steam. The villages had done the modernization they could do on their own. There weren't many other projects that you could do at the village level.

At the same time, the price support for agriculture could not be sustained, or wasn't sustained. So some of these major elements started to end. There was an attempt to make Saemaeul Undong factories. But as you can see by this data, almost all of them were in Gyeonggi-do or in Busan, essentially in the outskirts of the two big cities. And there were really the factories of the chaebol, not by local enterprise so to say. So it wasn't very successful, and it didn't really get going very

much actually.

Critical dimensions of the new village movement are, I've already talked about, developmental state. (cough) Pardon me. I think some of the aspects of Korea, that particularly are important in terms of what's called the autonomy of the state are, first of all, land reform as I mentioned. But also the fact that the chaebol didn't really exist, the state created them, so there wasn't a business lead in the initial period to challenge the state, in particular sense, the state had already nationalized the banking system, which is defeating/beating the creation of chaebol. So this added to the fact that Park Chung-hee started to create this great techno-bureaucracy by bringing a bunch of graduates back from foreign countries, and starting to staff those. He created relatively a strong state. That wasn't in the hands of either rural or urban elites to the extent it is in many other countries.

The people who write about the Saemaeul Undong tend to say that it was a practical approach without political ideology. Now we know, of course, politics' always involved in everything. But it's interesting to know that it was not linked to anti-communism. It was not linked to Confucianizm. And it was not linked to any political party. Park Chung-hee was very careful not to do that even though it's been argued, I think correctly, that the main intention was to shore up his rural base or his own political support.

And one person quotes "SMU, an amalgam of egalitarian ethos, an idea of social welfare and developmentalist dictatorship." You can unravel that one on your own.

Park Chung-hee himself claimed that democracy was achievable not through elections but through gradual training and practice and carrying out state-supported projects. And of course we know, as I said, it was already during the martial law period.

There is some, a lot of writings of that the local bureaucracy though had to wake up. So they had to pay attention to the top and to the bottom, and it really created greater level of efficiencies and responsiveness at the local government level.

Distinctive features of the Saemaeul Undong, as I said, land reform that began with village modernization, not with agriculture. Yet, in fact, it rode on the back of urban industrial growth, not the other way around. In most so called developing countries, the time you squeezed agriculture to pay for urban industry. But in the Korean case, it was more or less reversed.

(moderator : Apologies, two minutes)

Thank you. Wow. Ok. The Green Revolution to me was not exceptional. It was a package that you can find in any, almost everywhere in Asia or elsewhere.

The missing element was, there was no rural-urban linkage to this, there was no attempt to make small towns part of the project. And so you have and you still have today this continuing polarization particularly in the Seoul metropolitan region.

I am not sure that there could been accounts to that. But I think there was no effort to get rural towns involved. I think this is one of the great weaknesses of the whole project. Ok, well since 1980's, since I only have a few more minutes, it's more of sort of neo-liberal form in which it's all through cooperation, the states should not involve.

I was thinking of the presentation this morning by Thandika of, the institutions in developing countries are not there to accept the kind of village movement that's coming at it because, now, it's a model of complete voluntary, self-help, and apparently doesn't call for government's material involvement. But I can't comment on that because I am not studying what the Saemaeul Undong is doing at the moment. What I need to do is to go very fast.

Ok, the questions I would ask about other countries. We find that, in fact, in many countries in the world, agriculture is no longer only or even major activity in rural regions. We find that corporate farming and contract farming is taking over small farmers.

We find that, we asked questions, can you, great villages, just on their own --or do you need government support? Material or otherwise. Can there be such a thing as autonomous Saemaeul Undong that arises from the people with no state involvement. And if so, how can you scale that beyond the self-help projects that are possible. And finally how do you link the rural and urban to avoid the kind of polarized development as we see in many countries including Korea.

So I am sorry I don't have much time, but that's what I was given. So thank you.

(moderator : My apologies to Professor Douglass for interrupting……)

❑ **The 3rd presentation:**

Localizing International Transfer of Aid and Technology for the Promotion of Development: Korea's developmental Experiences

- *Taekyoon Kim*

Professor, Department of Public Administration, Ewha Womans University, RoK

❑ 발표자료



Focal Points

- Influences of international transfer on the development and ownership of local authorities
- The capacity of localizing externally-transferred aid, knowledge, and technology
- Impacts of international transfer on trading patterns of the recipient country
- To draw policy implications through South Korea's success story

Conceptualisation and Methods

- Dual processes between international factors and the response of local authorities
  - Macro-level: international efforts to enhance the aid effectiveness
  - Micro-level: the capacity development of local authorities
- Micro-macro link: middle-range approach with four institutional fronts
- Archival documents of USAID, and Korean governmental agencies
- Time span: 1950s (Rhee) and 1960s (Park)

The Korean Experience

- Aid Transfers
- Knowledge Transfers
- Voluntarism Transferred
- Technical Transfers

Aid Transfers

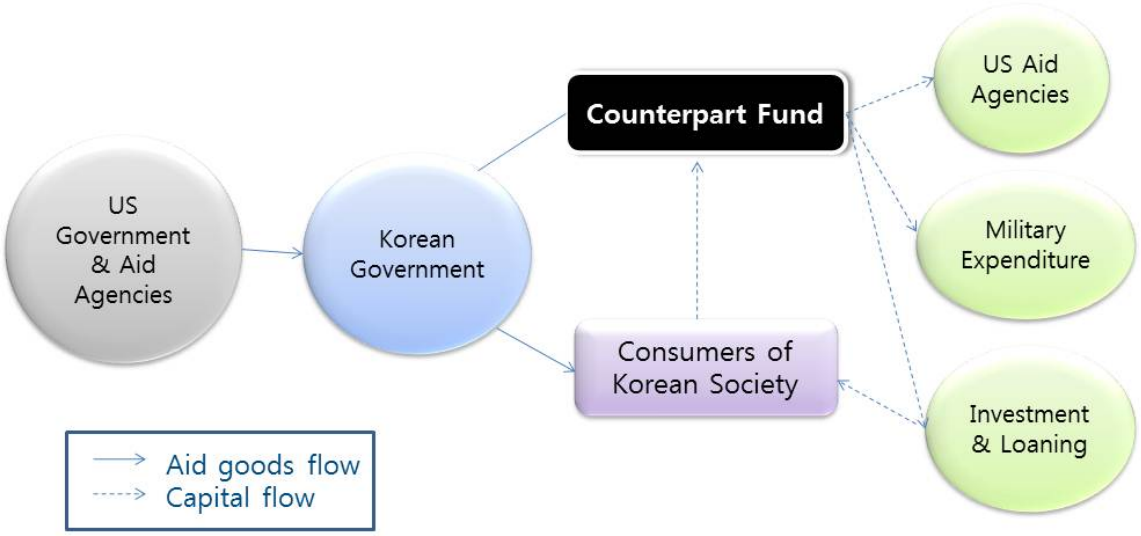
Year	United States				United Nations		Total
	GARIOA	ECA/SEC	PL480	ICA	CRIK	UNKRA	
1945	4,934	-	-	-	-	-	4,934
1946	49,496	-	-	-	-	-	49,496
1947	175,371	-	-	-	-	-	175,371
1948	179,593	-	-	-	-	-	179,593
1949	-	116,509	-	-	-	-	116,509
1950	-	49,330	-	-	9,376	-	58,706
1951	-	31,972	-	-	74,448	122	106,542
1952	-	3,824	-	-	155,534	1,969	161,327
1953	-	232	-	5,571	158,787	29,580	194,170
1954	-	-	-	82,437	50,191	21,291	153,925
1955	-	-	-	205,815	8,711	22,181	236,707
1956	-	-	32,955	271,049	331	22,370	326,705
1957	-	-	45,522	323,268	-	14,103	382,893
1958	-	-	47,896	265,629	-	7,747	321,272
1959	-	-	11,436	208,297	-	2,471	222,204
1960	-	-	19,913	225,236	-	244	245,393
1961	-	-	44,926	154,319	-	-	199,245
Total	409,394	201,867	202,648	1,743,929	457,378	122,084	3,147,300

Source: Bank of Korea (1963)

Aid Transfers

- 1950s: Emergency relief assistance and consumption goods (81% of total aid)
- 1957: Diminishing concessional aid, increasing loan
  - Awareness of economic crisis; economic development planned
- Korean government's Institutional efforts for economic development
  - Ministry of Reconstruction (1955)
  - Korean Development Bank (1954): Counterpart funds (49.3% of financial resources)
  - Economic Planning Board (1961)
- Strong government leadership and effective bureaucratic regulation of foreign aid (the emergence of developmental state)
  - Heavy-chemical industries in the face of US stern opposition

Aid Transfers



Knowledge Transfers

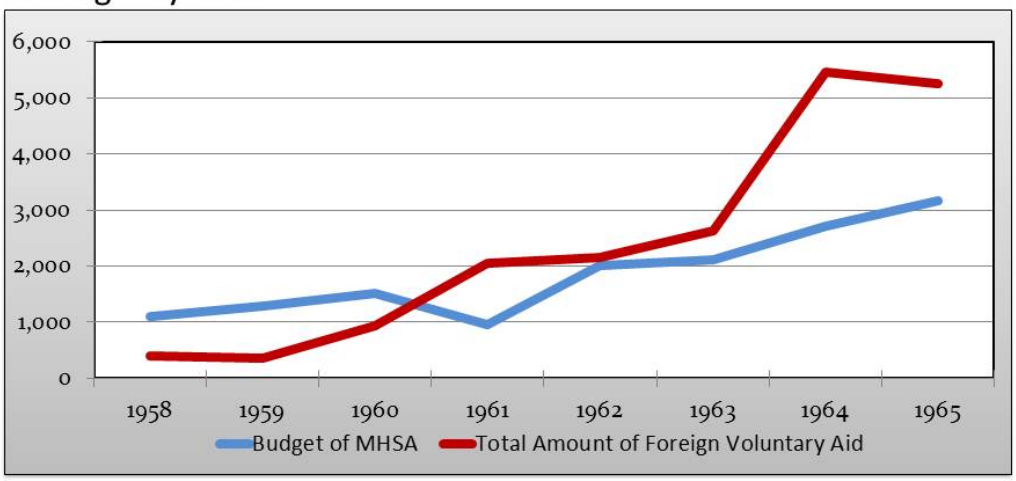
Western Economic Theories and Localization Processes

Balanced Growth Theory (R. Nurkse, P. Rosenstein-Rodan) → 1950s → **Import-Substitution Industrialization** (Rhee Government)

Unbalanced Growth Theory (W. W. Rostow, A. O. Hirschman) → 1960s → **Export-led Industrialization** (Park Government)

Voluntarism Transferred

- Comprehensive contributions of foreign voluntary agencies for emergency relief



Voluntarism Transferred

- Impacts of foreign voluntarism in Korean society
  - Tradition of civic coalition to create peak associations
    - Korean Association of Voluntary Agencies (1952): "Second Ministry of Health and Social Affairs"
    - National centres for coordinating policy advocacy and service delivery
  - Localisation of American Voluntarism
    - Organisational impacts of American voluntarism: philanthropic, apolitical, missionary and residual
  - Korean government intervened in foreign voluntary activities for enhancing its autonomy
    - Park's legal action: Law Concerning Foreign Voluntary Relief Agencies (1963)
    - National Relief Coordination Committee (1962) to control 83 foreign agencies

The 5th Seoul ODA International Conference

Technical Transfers

- Higher educational institutions
  - Seoul National University: The Minnesota Project; School of Public Administration (1961); College of Natural Science (1975)
- Quasi-governmental research institutes
  - KIST (1966) + KAIS (1971) = KAIST (1981)
  - Korea Development Institute (1971)
  - Contributing to directing governmental policies for take-off strategy
- Technical assistance for public administration
  - USOMK's advices for management of human resources, overseas training (SNU-UM), financial support to business school (Yonsei & Korea Univ.)

Impacts of International Transfer on Trade and Export

- Shifting from ISI to Export-led
  - The promotion of capacities and ownership of local authorities via international transfer came up with the emergence of developmental state aiming rapid economic growth.
  - ISI's failure: Increase in imports' share of GDP; decrease in manufactured exports
  - Export-led industrialisation: Park's strong leadership, state intervention in targeted industries, influence of the unbalanced growth theory
  - Opening path of preferential benefits for chaebols and cartel

Concluding Remarks

- Expanding and consolidating the institutional capacity for development
- Local partners' efforts to utilise and localise international transfer for its own development plans
- Bureaucratic responsiveness and proactive institutionalisation
- Some lessons of "mixed governance"

❑ 발표녹취록

Good afternoon everyone, thank you very much indeed. Yes. You surveyed already my book,

right? That book was recently published by Oxford University Press, May 2011. That book is talk about what kind of mechanism could enhance these capabilities of reforming the economic system from the very poverty-stricken countries to, you know, to a certain degree of affluence over the wealth, and for the economic growth.

So basically I am going to use that book, I mean, story of that book, in order to explain today's topic. It is quite co-related to each other. So today's topic is about localizing the international transfer, especially aid, technology and some institutional, you know, cooperation.

For the promotion of the development in recipient countries, especially in case of South Korea, so basic, I mean, the most important, fundamental question about this topic is how effectively, you know, could the international transfer of aid and technology be localized by the local authority.

So it is very closely connected to the some very important principles of Paris Declaration 2005. That would be the ownership and some harmonization and alignment between donor and recipient countries.

So we can apply the South Korean experiences like localization the international transfer of aid and technology into the current, you know, internationally shared principles of aid effectiveness.

Ok so, focal points, so, actually I am not an expert about this topic, but I try to use the some social scientific theories, I mean, the methods to analyze this topic, localization. That is the two different levels, I mean, macro and micro. I mean maybe the macro-level could be conducted by the international transfer, by the donors or the international organization. And then the other important factors like how to respond to the international transfer.

So that is the capability or the capacity of the local authority. So I am going to use the other factors like micro level. It's kind of a macro-micro link, old middle range theory in order to find out some institutional outcomes of international transfer on the basis of the local responses.

And then finally I am going to explain the impacts of the international transfer on trading patterns of the recipient country, South Korea, particularly the transition from, you know, the Import Substitution Industrialization to export-led industrialization, so ISI to EOI.

And then finally I am going to draw some policy implications from South Korean experiences like where we can call a success story. Before that, (cough) sorry, I'd like to tell you, this topic, I am trying to exclude some political values of the regimes, I mean, Lee and Park because if I use the very political value of the regimes, authoritarian or dictatorial regimes, I mean, most of the economic behaviors and responses, the effective governance of, I mean, the Park's regime, it's only filtered by the political prism, political lens.

So, I'm trying to focus only on the institutional capacity, the institutional response to the international transfer. And then maybe the task ahead is like, it's your job to measure or identify the political regime and its impact on the aid effectiveness.

Ok so, conceptualization. I already explained it a little bit, macro, micro and then I try to link them together in order to see what is positive impact of the international transfer, international factors on the foundation of the South Korean responses, especially how to build up the capable institution to organize the economic development at their own aim.

And then the primary resource for this research was, there's two, only two, the archival documents of the USAID. I mean, in the morning session, Professor Thandika talked about African countries, usually more than 20 donors and one single recipient country. So it's a very complicated process to make some relationship between the donors, I mean, 20 donors and one single recipient country.

But in case of South Korea, only, I think I can argue that, there was only one key dominant donor, that's the USA, and then some parts were transferred by the United Nations. So I mean, relatively speaking, we can see some very easy process of coordination between, you know, donor and recipient countries. But, of course, there's some tension to organize, you know, programs and projects, I will show you later.

So time span is only two different regimes, Lee Seung-man in the 1950's and Park Chung-hee in the 1960's. And then we can compare some different trading systems. I mean mechanism like import substitution and export oriented industrialization.

Ok, by using the micro and macro link, I just put out the four different institutional outcomes as the middle range solutions between the international transfer and domestic responses. That's aid transfer and second is knowledge transfer, especially the Western economic theories. How the Western economic theories could be influent to the formation, reformation of the South Korean

economic plans. And the third is voluntarism. The foreign voluntary sector was dispatched to South Korea after, before and after the Korean War. And they just made a big impact on the legacies of the organization pattern of the South Korea volunteer sector. And finally the technical cooperation, for example how to make some higher education system in South Korea, you know. The USAID, they intervened with the very huge money and reorganized the South Korean education system. So I will be explaining one by one.

Aid transfers. If you look at the table, there are two main donors, they are of course the US and UN. And the US had the 4 or 5 different sub aid agencies to get involved in the relief, I mean, emergency relief activities for South Korea right after the liberation from the Japanese colonial rule up to the early period of the Park Chung-hee regime. And then if you look at the 6 different sub-agencies for, you know, emergency relief activities in South Korea, there are two big donor agencies, ACA for the USA, and UNKRA for the United Nations

They provided like production goods, rather than consumption goods, but the other for agencies, they took charge of providing consumption good. So if you look at the emergency relief, the consumption good took up more than 80% of the total aid. So that is the great impact on the aid economy. So, South Korean economy in that period, in the 1950's, they were just dependent on the aid rather than the production and manufacture sectors.

And then the one critical juncture in that period, in the 1950's, that is 1957, the US just established a new department to change the aid policy from grant to loan. So decrease in grant, and increase in aid, I am sorry, loan, it is one of the critical junctures because the South Korean government tried to change their responses to the different patterns of the aid transfer.

So awareness of the economic crisis, they just felt like this was a kind of an economic crisis, so we had to prepare for ourselves to make our own way of economic development. So they just began to centralize the overriding structure of the national reconstruction by sharing eyes on the domestic consumption of the manufactured goods rather than exports.

So it's kind of a frame, the ISI, Import Substitution Industrialization. And then another institution response to the aid transfer is they just launched some governmental agencies to take the national reconstruction. That is the Ministry of Reconstruction in 1955 and the KDB, Korea Development Bank in 1954. And then the KDB just utilized some of the counterpart funds collected from the aid transfer. I will show you the process of counterpart fund in the next slid.

And the most important government agency is the EPB, the Economic Planning Board in the early

Park Chung-hee era. So those new, I mean, the launching of the government agencies is kind of, one of the ways, how to respond to the international transfer in order to, you know, coordinate some, or even control international factors which tried to affect the South Korean policies.

And then finally we can see some evidence for emerging developmental state. I mean, especially 1970's, and with focus on the heavy chemical industries, in the face of US stern opposition, if you look at the documents of USA, many documents explain how the US government tried to, I mean, press South Korea, to make them stop, you know, the heavy chemical industries. They argued that, they empathized that our defiance is only intended to force the private, and the competition and the small, medium sized divisions, not the chaebol or some targeted strategy industries.

Ok, the next slide explains the aid transfer, especially the counterpart fund, so the US government and the aid agencies just provided the goods to the Korean government, and the Korean government sold the goods to the private and individual consumers in the South Korean society, and those money collected by the government in the category of counterpart fund, and then some part of the counterpart fun was passed back to the USA aid agencies. And the other fund could be utilized, used by the South Korean government for military expenditure, or investment or learning.

So, I mean in this diagram, we can withdraw some implications. It's kind of a coordination process between the donor and the recipient government to make some profits, or to make use of the international transfer, especially aid transfer, for the purpose of not only aid providers but also aid recipient.

Ok, the second type of the international transfer is knowledge transfer as I told you. So the 1950's, the balanced growth theory, especially Ragnar Nurkse theory, it is very important foundation for economic theories, how to shape our economic development plan. So it is, in the end, import substitution industrialization with a particular focus on decreasing import and increasing manufacturing sector. It is related to the 3-year economic development plan in 1960 by the South Korean government and the Nathan project in 1950's, late 1950's.

But after evaluating the 3-year economic development plan, the Park Chung-hee regime decided the lack of ISI. So they tried to change the policies because of decreasing aid from the US in the form of grant, they needed to change their economic policy from the ISI to the EOI, Export Oriented Industrialization.

And then in 1954, WTO Roster, Dr. Roster visited Park Chung-hee, and then he just argued that

South Korea already passed the stage of take-off, so nowadays your job of the South Korean government is to select, you know, very competitive industries which, I mean, whose result effect is the largest on the economy. So I think that's another critical juncture for the South Korean government to change their economic policy from import based to export based.

So my point is, in this case of knowledge transfer, I mean, the international transfer is almost always present to the recipient country. But the key point is how the recipient authority, the local authority respond to the different, changing international aid or transfer, and how to make their own way for the economic development.

And third pattern is voluntarism transfer. If you look at this chart, it is a comparison between the budget of the Ministry of Social Affairs and the total amount of the foreign volunteer aid. And then you can see, you can confirm that in 1961, the size of, the total amount of the foreign volunteer aid is two times than the budget of the Ministry of Health and Social Affairs. And even after 1963 and 64, you can confirm that, another big gap.

So huge contributions made by the foreign volunteer agencies. And then those contributions triggered the South Korean government to feel like this kind of challenge from the foreign sector. So the Lee Seung-man government and Park Chung-hee tried to control the foreign volunteer agencies' activities.

So what is the legacy left by the foreign voluntarism, especially American aid agencies. I think there are 3 different impacts of foreign voluntarism in South Korea. And the first one is localization of American voluntarism. I would like to explain first the second point.

So I mean, the basic feature and the characters of American voluntarism like philanthropy, aid political or missionary or religious. In the very early beginning of South Korean state building, most volunteer sector or civic, not civic society but volunteer sector or the local community, they were influenced, by very strongly influenced by the American volunteer, so before the 1970's or even 1987, the June of rising, I mean, basic, the mainstream of the volunteer sector in South Korea is the very poor government and apolitical, so, I mean, let us speaking, the South Korean government easily mobilized the voluntarism for their own purpose, like providing social services.

(moderator : My apologies, three minutes.)

Oh, sorry, ok, so localization of American voluntarism. And the South Korean government intervened foreign volunteer activities with legal actions in order to control the flow, aid flow from the foreign sectors. And then another important point is, foreign to volunteer sectors, they made

their own association, that is KAVA, Korea Association of Volunteer Agencies, in order to coordinate their different patterns of aid transfers. So those three different impacts of the foreign voluntarism have developed furthermore by the local, you know, communities in South Korea.

Finally, technical transfers, higher education institutions, in case of Seoul National University, the 1954 the Minnesota project, that is the ICA, one of the US aid branches, they just dispatched some 20, more than 20 faculty members of the SNU to the University of Minnesota in order to train furthermore about the public administration, other advanced skills, or techniques or library system, and then they just back to the SNU, and they just developed the two different departments of public administration, I mean, school of public administration, that's graduate school and the college of natural science. So we can see the international transfer made contribution in developing, promoting high education institutions in Korea.

And the second technical transfer, I would like to explain the quasi-governmental research institution, the KAIST and KDI, I think everyone well knows the history of KAIST and KDI, so I will skip the second point.

And another interesting cooperation is based upon the technical assistance for the public administration. So even the Yonsei University and Korea University, they were funded by the USAID in order to set up the business school and, you know, some facilities for educating business leaders in South Korea by using the international aid, I mean, ICA fund.

Ok, so, all in all, my logic is very clear and simple. The impacts of the international transfer and trade and export, as I told, in the 1950's, the balanced growth theory, and the some aid economic dependencies created kind of a typical pattern of the import, I mean, trade. That's the ISI, the Import Substitution Industrialization.

And then 1960's, we can see some transition of the trade pattern, from ISI to the Export-led Industrialization. And, also, I mean, one of the negative impacts of those changing patterns of trading, that's the opening path of professional benefits for chaebol or cartel because the government selected the strategic industries.

Sorry, so, concluding remarks. I already explained all things of the concluding remarks, but the last point is the some lessons of the mixed governance. That's the, our book. So I will discuss it later if you ask about, some, mixed governance and its, the role in the organized, you know, capability enhancement, ok, thank you.

(10 minute coffee break)

❑ **The 4th presentation:**

Gender in the Korean Development Context

- Jinock Lee,

Senior Research Fellow, The Institute of Social Sciences, Sogang University, RoK

❑ 발표자료



Gendering Development

"Development has a human face and this face is gendered. Gender is embodied and embedded in the process and structure of development"

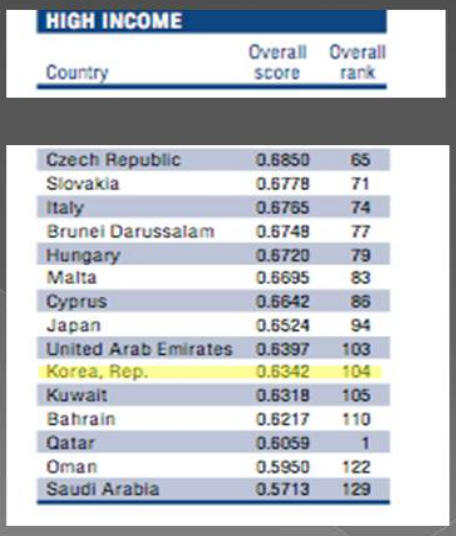
(Chow and Lyster, 2002: 2)

Gender Inequality Indices



HDI rank	Gender Inequality Index* Rank 2008	Gender Inequality Index* Value 2008
VERY HIGH HUMAN DEVELOPMENT		
1 Norway	5	0.234
2 Australia	18	0.296
3 New Zealand	25	0.320
4 United States	37	0.400
5 Ireland	29	0.344
6 Liechtenstein	..	..
7 Netherlands	1	0.174
8 Canada	16	0.289
9 Sweden	3	0.212
10 Germany	7	0.240
11 Japan	12	0.273
12 Korea, Republic of	20	0.310
13 Switzerland	4	0.228
14 France	11	0.260
15 Israel	28	0.332

UN Human Development Report 2010



HIGH INCOME Country	Overall score	Overall rank
Czech Republic	0.6850	65
Slovakia	0.6778	71
Italy	0.6765	74
Brunei Darussalam	0.6748	77
Hungary	0.6720	79
Malta	0.6695	83
Cyprus	0.6642	86
Japan	0.6524	94
United Arab Emirates	0.6397	103
Korea, Rep.	0.6342	104
Kuwait	0.6318	105
Bahrain	0.6217	110
Qatar	0.6059	1
Oman	0.5950	122
Saudi Arabia	0.5713	129

World Economic Forum 2010

Questions

- What have women gained from Korea's economic development?
- How have changes in the development strategies affected gender relations in Korea?
- What are the implications of economic and social policies for gender relations in the course of development?
- What are the institutional legacies of women's policy for gender equity in Korea?
- Why are gender inequalities so persistent in Korea?
- What lessons can be learned from the Korea's development experiences?

Transfer of Costs

- The family is located in the juncture between economic and social policies to make up for the lack of social welfare in the developmental state, but hardly discussed.
- A transfer of costs occurs not only between economic policy and social policy, but also between the public and the private (Folbre 1994).
- Paid by women, stretching their time and undertaking a double burden to meet their needs.
- Need to consider social reproduction, the "glorious tangle of production and reproduction" (Bhavnani, Foran, and Kurian 2003: 8)

Social Reproduction

- Biological reproduction, the production of future labour, the provision of sexual, emotional, and affective services
- Unpaid reproduction of both goods and services in the home, particularly goods and services of care, as well as social provisioning
- Reproduction of culture and ideology, which stabilizes dominant social relations

(Bedford and Rai 2010: 7)

Key Features of Social Reproduction

- Pinpoints the false dichotomy between production and reproduction, perpetuating gender division.
- Involved in social organizations/ institutions including family, the state, markets, and the third sector (Bakker 2003).
- Has intrinsically changing nature.
- Economically, socially, culturally, politically determined (Picchio 1992).
- Tends to face the crisis, as women's work is not endlessly elastic (Luxton 2006)

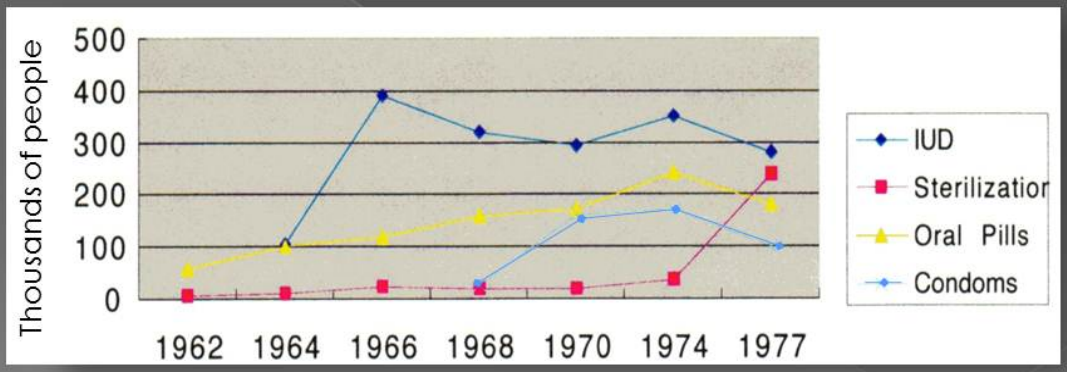
1. Implications for Korea's Development

- The state intervention in procreation for the purport of economic development.
  - Introduction of various social measures to control and manipulate women's reproductive role in childbearing to lower the birth rate in the beginning of industrialization, and more recently to increase it.

Changes in the Total Fertility Rate



Annual Contraceptive Recipients 1962-1977



Source: KIFP, Service Statistics (1962-1977) in Lee 2004: 177

2. Implications for Korea's Development

- Korea's miracle is a gendered miracle (Han and Ling 1998; Truong 1999).
  - Imposition of Confucian values of dutiful daughters, wives and mothers on women, to undertake unpaid domestic labour and care of children, the elderly, and the sick
  - Mobilisation of women's unpaid labour for community development and social provisioning
  - Minimalised expenditure on social welfare and thus transfer of the costs of social reproduction to the family.

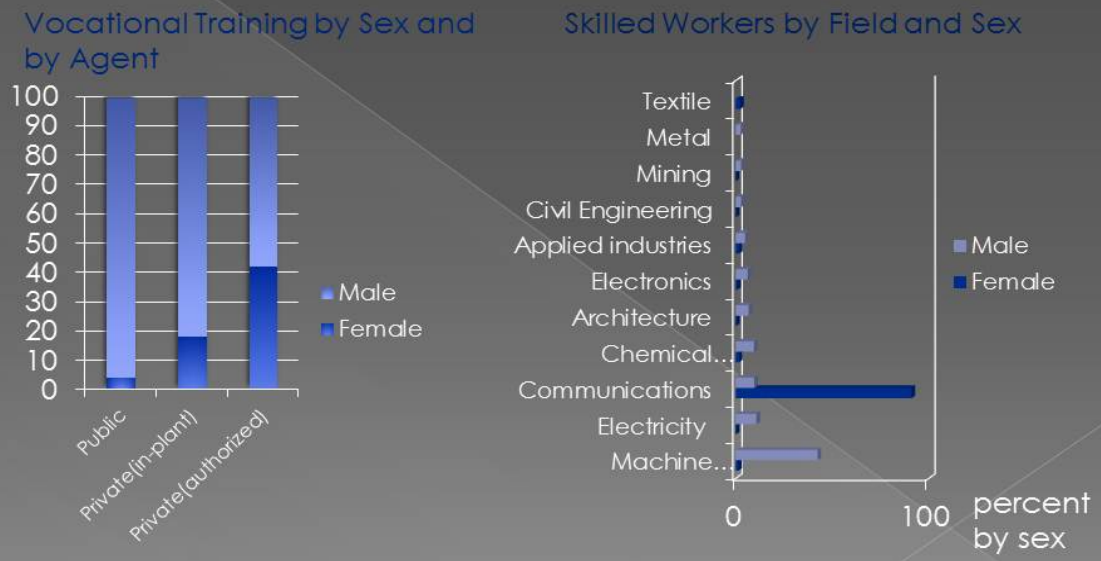
3. Implications for Korea's Development

- Industrialization strategy based upon gender division of labour and a stark distinction between production and reproduction.
  - Female-led EOI vs Male-centred HCI
  - Prevalence of employment practices which obliged women to stay at home once they are married
  - A corporate-based welfare regime which granted male workers work-based social entitlements and women male-dependent domesticity.
  - Institutionalized masculine at work

4. Implications for Korea's Development

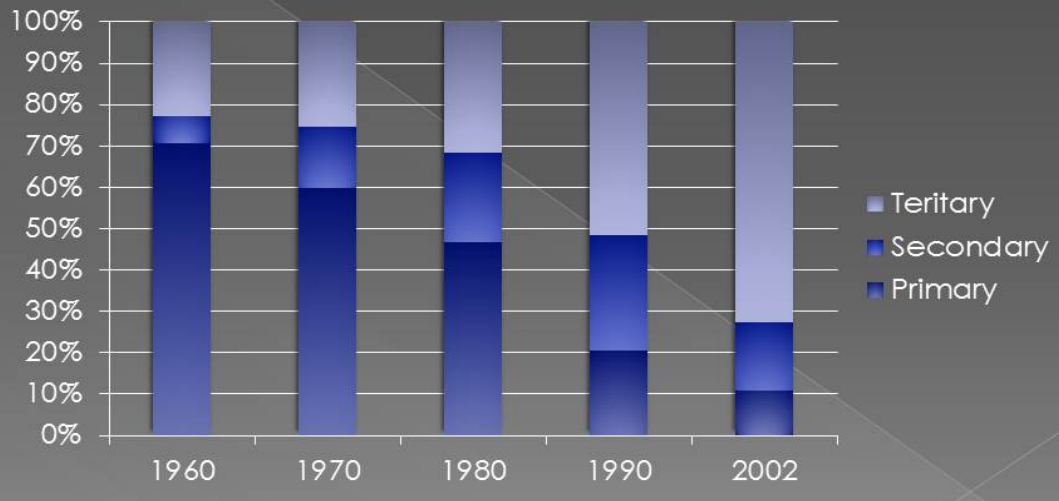
- Gender relations employed in the shifts in industrialization strategies for economic growth.
  - Female-led EOIs: cheap; unskilled; disposable → Male-centred HCIs: core; highly skilled; irreplaceable
  - Deindustrialization: defeminisation of manufacturing Sector, flexilibilisation of labour, feminisation of labour with increase in married women's participation in the labour force

Gendered Features of Vocational Training (1985)



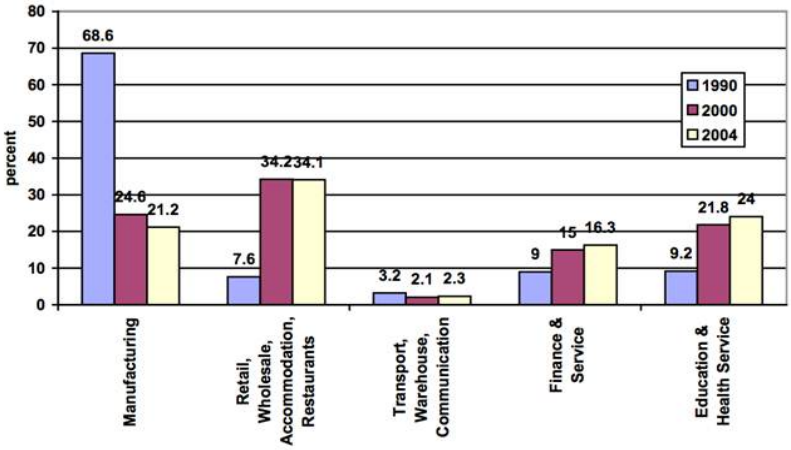
Source: Reformatted from (Moon 2005: 61, 74)

The Composition of Female Employees by Sector



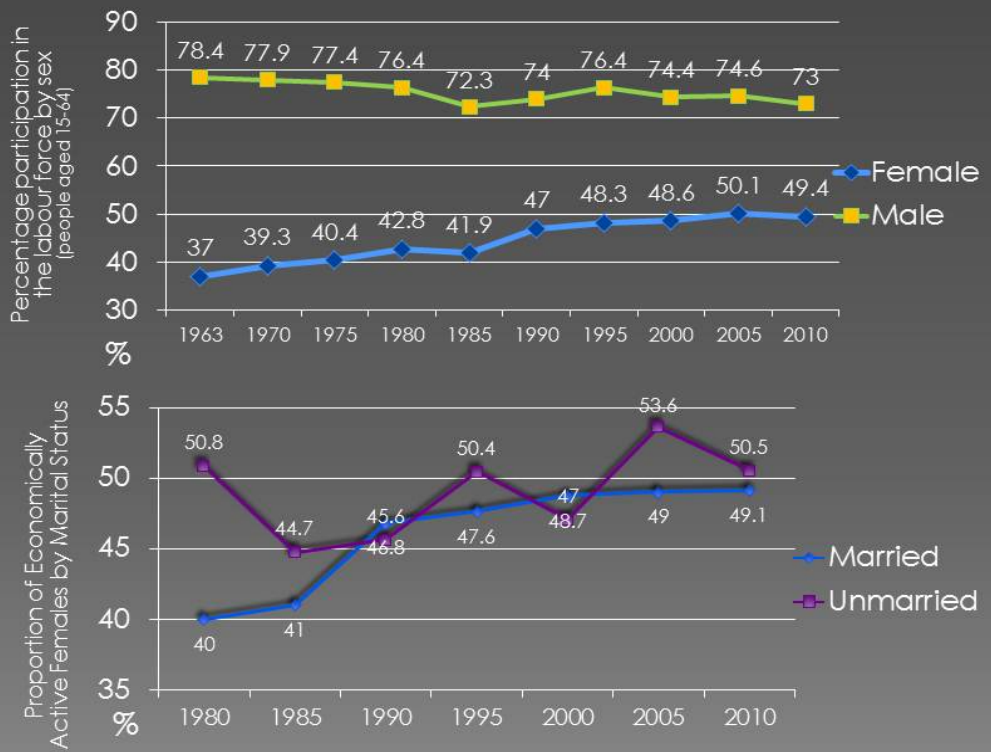
Source: National Statistical Office

Women's Employment by Industry



Source: National Statistical Office 2006

The Trend of Female Employment

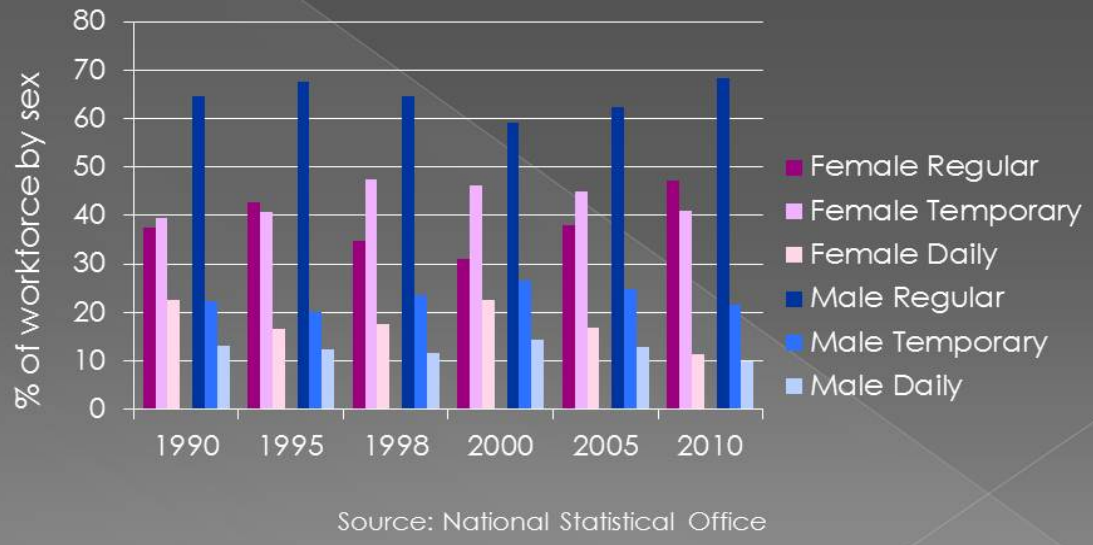


Source: National Statistical Office

5. Implications for Korea's Development

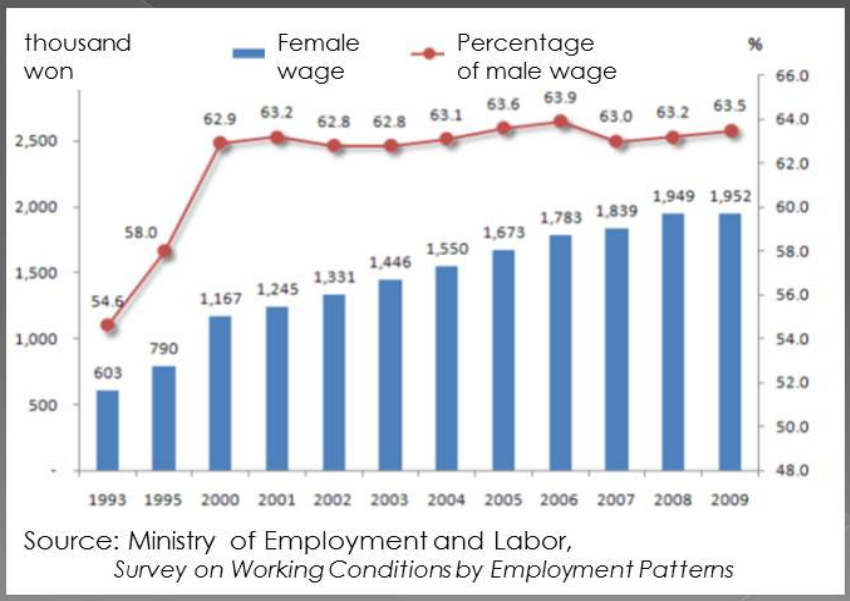
- Gendered economic restructuring following the financial crisis in 1997-98.
  - Women as a shock absorber – hired last, but fired first; less visible in the unemployment rate; rehired as irregular workers
  - Shifts in the welfare regime from Confucian familialism towards a welfare mix, but work-based social entitlement remains to leave majority women uncovered by social provisioning
  - Deepening the dualist labour market, increasing the gap amongst women.

Waged Workers by Employment Status



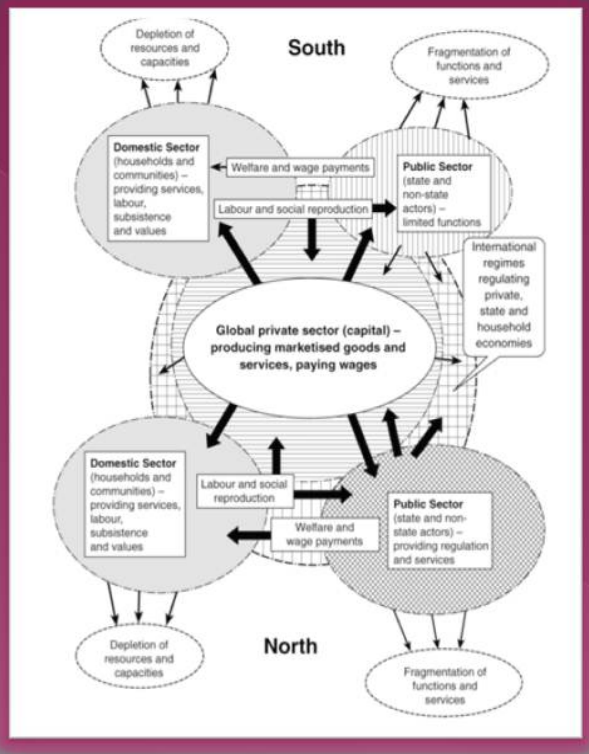
Source: National Statistical Office

Female Monthly Wage and Gender Wage Gap



Source: Ministry of Employment and Labor,
Survey on Working Conditions by Employment Patterns

Recasting the global Political Economy



Source: Rai and Hoskyns 2007: 320

Lessons from Korea's Development Experiences

- Economic and social development are not separate; neither are production and reproduction.
- Gender equity may not counteract economic development (Walby 2005).
- Equality can make the economy more resilient to crisis.
- Government policies are not gender-neutral; gender impact assessment is needed for policy effectiveness (Verloo and Roggeband 1996).
- Without consideration of social reproduction depletion of resources and capacities may occur and thus development policies will be less effective and less sustainable (Rai and Hoskyns 2007).

❑ 발표녹취록

Good afternoon, everyone. First of all, thank you very much for having me here and also for enduring such a long day for you too. I am Jinock Lee and my presentation is about gender in the Korean development context. Development has a human face and this face is gendered. Gender is embodied and embedded in the process and the structure of development. We find such a notion that gender is constitutive of the Korean development process. For more than half a century, it was a very broad, discursive and rather ambitious task. Also gender and development is a messy job and non-linear process which requires multi-dimensional, multi-leveled, and multi-disciplinary approaches to economic development. First of all, the overview of gender and development in Korea shows quite a mixed and perplexing picture. As you can see in these two contrasting Korea's gender inequality indices. Whereas Korea shows the relatively good profile in the UN Human Development Index, ranked 20th, the global gender gap report by World Economic Forum in 2010 shows that Korea is ranked 104th amongst 134 countries. Despite some differences existing in the measurements of these two indices considered, the disparities is immense and it seems unbalanced. How can we understand and explain this gap? To find out answer to this question, there are related questions following.

What have women gained from Korea's economic development? How have changes in the development strategies affected gender relations in Korea? What are the implications of economic and social policies for gender relations in the course of economic development? What are the institutional legacies of women's policy for gender equity in Korea? Why are gender inequalities so persistent in Korea? What lessons can be learned from Korea's development experiences? Amongst these questions in this presentation, I'd like to focus on learning from failure of Korea's experience in order to draw some lessons in the ways to seek to contribute to developing alternative paradigm of development to equity and sustainability. In this conference, the most common approach to explain Korea's development is productive welfare model which pinpoints the close interrelationship between economic and social policies. Even though the model implicitly acknowledges that the family remains as the site to make up for lack of social welfare and provisioning in the course of economic development, we hardly see the family in the analytical level. Nancy Folbre in this sense identifies the absence of the family at the transfer of cost. By transferring the cost of reproduction to the family, it is women who pay the cost by carrying out unpaid domestic and caring work, which is indispensible and essential to the production and economic development. And also she suggests that social organizations and institutions should

recognize both production and reproduction to make development equitable. Here the concept of social reproduction can be useful as it is the glorious tangle of production and reproduction that characterizes our lives. There are wide ranges of approaches to conceptualizing what is social production, reproduction, but there are three key components to define it in common.

Firstly, biological reproduction which includes the production of future labour, the provision of sexual, emotional, and affective services. Such are required to maintain family and intimate relationship. Secondly, unpaid reproduction of both goods and services in the home, particularly goods and services of care, as well as social provisioning by which we mean voluntary work directed as meeting needs in the community. The production of culture in ideology, the last component, which stabilizes dominant social relations. It is noteworthy to remark that these three dimensions of social production are closely interlinked, and interacting each other to lead to certain consequences. In addition to these characteristics, I would like to highlight some other key features of social reproduction. Firstly, it points out that the distinction between production and reproduction is artificial, which contributes to perpetuating gender division of labour and thereby persisting gender inequalities. Secondly, social reproduction takes different shapes according to ways in which social organizations and institutions such as the family, state, market, and the third sector are arranged. The thirdly, it has an intrinsically changing nature while reproduction implies copying what exists in the past. It is very unlikely to occur in the exactly same manner. Changes in social reproduction occur in tandem with the reorganization of production. In particular, in the time of economic crisis, and following economic entrenchment such as transformation usually had the effect of intensifying the role of the family, household, and social reproduction where it acts as an observer. In relation to this, social reproduction is not automatically adjusting to external demands, but determined economically, socially, culturally, and politically through negotiation and mediation. Lastly, while women's work in the home act as a residual substance labour, expanding or contracting as much as possible to offset the impact of market forces. State practices changing family circumstances particularly in the process of economic restructuring women's labour in the homes is not endlessly elastic. This conceptualization of social reproduction has many implications for understanding Korea's development. Firstly, the state has been playing a great role in controlling fertility rate, to lower the birth rate in the beginning of industrialization and more recently, to increase it. If we look at this chart, you can see how drastic it was to decline, to have the decline in the fertility rate in Korea. In both periods, the control fertility rate has been considered for the purpose of economic development. In this next chart we can see that IUD and sterilization have been major method and recently comprehensive plan for prevention of illegal abortion was introduced. Therefore we can argue that women's body has been intervened and

manipulated by target-driven and one-dimensional government policies for reproduction. While we have been reflecting, while those government policies have been reflecting women's interests as well as in their reproductive activities to some extent. The second point is that as Han and Ling, and Truong have argued, it seems plausible to regard Korea's miracle as a gendered miracle. Relying on women's multilayered undervalued work. Confucian values impose dutiful daughters, wives and mothers to undertake unpaid labour and caring for family members has enabled the government to minimalise expenditure on social welfare and thus costs of social reproduction to women. Thirdly, industrialization has been carried out with firm gender distinction between production and reproduction while employment practices of obliging women to stay at home once they are married and by the corporate-based welfare regime which has privileged male workers and marginalized women in the dualistic labour market and also it granted male workers work-based social entitlements and women male-dependent domesticity. Such gendered nature of gendered market has been intensified by institutionalized masculinity at work, conscription based recruitment, and promotion system, long hours of work, violence in labour relations, and trade union movement too.

The fourth aspects in the Korean development process lies in the shifts in the industrialization strategies for economic growth which has been closely interlinked particularly with the management of female labour force. Women have been repeatedly shifting their positions in and out of the labour market, while stretching their time and labour necessary to meet their needs. As for the statement, the first example can be found in the shift of the focus from export oriented industries to the heavy chemical industries. Whereas those female workers mobilized in the export oriented industries were considered cheap, unskilled and disposable. Those male workers in the heavy chemical industries became core, highly skilled, and irreplaceable workers due to the strong promotion of occasional training program. These two charts illustrate salient gendered features of vocational training programs. The left graph displays that women are virtually left out by the vocational training agencies and even when they join the programs as you can see in the graph on the right, they are heavily concentrated merely in the communication sector which is not part of heavy chemical industries. The second example can be found in the industry restructuring towards technological industrialization strategy in the late 1980s. Focusing on the capital intensive manufacturing of high value added products such as semiconductors, auto vehicles and micro electronics. At the same time, export oriented industries were designated as a waning sector, as a result, massive, redundancy of female workers employed in the manufacturing industry which accounts for 291,000 female workers sorts of lose job in a four-year period from 1989 to 1993. This chart illustrates dramatic changes in the composition of female employees in the industrial

sector first of all, and this next chart shows more accurately showing so called defeminization of process of manufacturing sector. In the meantime, part time work was introduced in 1987 mainly to utilize the reserved labour, IE, to encourage married women to participate in the labour force. Consequently we can see that there was a sharp increase from 41% in 1985 as you can see, sorry, over there, 91%(41%) to 45.6% in 1990 which is quite significant growth. What does it suggest for women, flexibilization of labour has been critical and long-thorny issue before the financial crisis which took place in 1997 to 1998. Economic restructuring following the economic crisis gave both men and women very hard time, but it hit women harder. Women are assumed to be shock absorber, being fired first, less visible in the unemployment rate and rehired as contingent workers. The changes in the workers' employment status show this trend, that the increase in the proportion of nonstandard workers has been far greater than those made counterpart. But also we can witness that the significant rise in the social welfare although that wasn't ever been sufficient yet, the welfare regime of Korea has switched from Confucian familialism to a welfare mix, including marketization of care supported by government subsidy while the families still remains as the main site for social provisioning. However we need to note that such shift in the welfare model has not changed work-based social entitlement, nor tackle the dualist labour market, therefore leaving majority of women uncovered by social provisioning, and consequently widening the gap amongst women alongside class. If we see this chart, we can realize that while the gap between women and men recently has narrowed down since the financial crisis, when articulization of labour affected men, as well as women. Nonetheless what is important here is that the expansion of such welfare is the response to the crisis tendencies in social reproduction which can be highlighted in the ever-continuing fertility rate. However the subsequent deregulation and flexibilization of labour after financial crisis has been destroying the very base of social reproduction for the production system hence crying out for the urgent reorganization of conditions for social reproduction.

Let me read essence message in her analysis of gendered impact crisis. To maintain or enhance human capabilities, the domestic sector needs adequate inputs from all other sectors. It cannot be treated as bottomless well, able to provide the care needed regardless of the resources it gets from the other sectors. Thus, without sufficient supports from actors and institutions other than family, social reproduction is likely to fall into crisis, especially amongst those the most vulnerable households signifying the importance of social reproduction in the economic and social policy areas. If we see this picture, it illustrates well how reproduction and production are currently organized and interrelated, and also they are inextricably connected, encompassing the global north and south. More importantly it indicates the deprivation of social reproduction when they

are fragmented functions and services both in the global north and south.

Nevertheless I am not far from suggesting that Korea's remarkable economic achievement worked only for men, nor Korea's uneven development processes solely done by women's sacrifice. Taking the frame suggested by Peter Evans today and Amartya Sen, capability enhancing development is stated any, we cannot deny that women have also benefitted from the economic development process. The considerable increase of women in the reproductive economy and the remarkable increase in the education level undoubtedly enhanced their capability and empowerment to some degree. Especially it is important to acknowledge that women's increased access to the market through economic development has been crucial to their survival. Their earnings in the market are an important contribution not only to individual survival, but also that of the family. Although I am still developing my paper and my ideas, I have made some lists of the lessons from failure of Korea's development experiences including that we need to institutionalize the inter relationship of reproduction and production. Despite its everyday importance to our lives, social reproduction is barely included in analytical work done by political economists or social policy experts we saw today, nor is accounted for national statistics. Gender equity does not necessarily cost, women's contribution to the economy could have been greater, and the gender wage gap would have reduced considerably if women had been better incorporated in the vocational program for heavy chemical industries for instance. So what I am suggesting is that we need to make joint efforts to tackle what is job for men or women in this sense, if the society is equal, I would like to argue this, the external shock like the financial crisis we are facing again now, would make less devastating impacts on the members of the society. Government policies are not gender neutral, in this sense, gender impact assessment, which is introduced since 1995 UN conference on women, can contribute to not only gender equality but also policy effectiveness of all, to embrace both men and women. The last point let me reiterate myself. Without consideration of social reproduction, depletion of resources and capacities may occur and thus development policies will be less effective and less sustainable. Thank you very much for your attentive listening. Thank you.

❑ **The 5th presentation:**

Korean Responses to Environmental Challenges: Origins, Drivers, and Impacts of Green Growth on Development

- *Manohar Pawar,*

Professor of Social Policy, Charles Sturt University, Australia

- *Taewook Huh, Secretary,*

The Korean Association of NGO Studies, RoK

❑ 발표자료



- Introduction
- Korean Background
- Dynamics of the Major Env. Policies in Korea
- Low Carbon Green Growth Policy & Responses to Climate Change
- Implications for Developing Countries
- Conclusion

The 5th Seoul ODA International Conference

Introduction

- Korean **environmental Issues & responses in the historical & contemporary contexts**, and implications for developing countries
- To **provide an overview of Korean initiatives, policies and programs** that address environmental concerns and emerging climate change issues
- To **discuss what other developing countries can learn** from Korean experiences of dealing with the environmental issues

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Korean Background

- **Economic development system ('development dictatorship')**
  - ➢ between the mid '60s and late '80s
  - ➢ 'the strong state', superior in the power relationship
  - ➢ the social structure producing irrationalism in terms of balancing economic growth and environmental conservation
- **Public awareness & Democratization process raised**
  - ➢ env. movement: pre-history('60s-'70s), era of the anti-pollution('80s) era of new env. movement (since '90s)
  - ➢ grassroots level movement, participation & politicisation

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- **Sustainable Development & Governance approach**
  - ➢ encompassing the economic, social, and environmental sectors
  - ➢ allowing increased participation of the private & voluntary sectors
  - ➢ Presidential Commission on SD kicked off
- **Response to Climate Change & Establishment of PCGG**
  - ➢ Green Growth project driven by the Lee Myung-Bak gov.
  - ➢ Presidential Committee of GG (since '08) carrying out a range of policies and programmes in the fields of Climate Change

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Dynamics of the Major Env. Policies in Korea

- rapid industrialisation & urbanisation
- serious env. Problems appeared since '70s

● Economic growth and environmental degradation ('60s to '80s)

- **Env. Pollution Prevention Act** in 1963 focusing on sanitary issues
- Not resulting into effective implementation of env. policies
- **Exceptional environmental policy: Green Belt** since 1971
  - ➢ 5.45% of the national territory & 37% of the urban area
  - ➢ to hide a range of military facilities for Seoul
  - ➢ to reduce rapid growth in population & industrial concentration

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- **Effects of Green Belt policy**
  - ➢ **protection** of agricultural land, environmental & natural resource
  - ➢ **pressure** to greenbelt landowners & developers
  - ➢ Since '97, greenbelt **released for development purposes**
- **Relationship between per capita income & env. indicators**
  - ➢ 'inverted U-shaped relationship': in '80s, 10 %of the average annual growth rate, industrial waste 90% & CO_2 75% increased
- **In '80s, precautionary approach developed**
  - ➢ economic incentive, environmental effects evaluation

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Social and Political Responses and Transition in the Globalisation era ('80s to early '00s)

- **'environmental right'** article enacted in the constitution
  - ➢ civic awareness & civil environmental movement enhanced
- '90s as the era of **new environmental movement**
  - ➢ **1992 Rio World Summit**, Local Agenda 21
- Raised to the status of gov. dept. → **Ministry of Env. in 1994**
  - ➢ plural environmental laws system
- **Economic inducements:** volume-rate garbage disposal system, burden charges, deposit-refund systems
- **Env. Monitoring & information systems**

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- **Since '00s, the transition of env. Policy**
  - ➢ **constitution of PCSD & preparations for the global CC response**
  - ➢ PCSD to create a national strategy & policies on SD
  - ➢ **policy integration** between the economy, society & environment
  - ➢ on the basis of **governance practices for SD**
    - principles of **multi-stakeholder participation & participatory decision-making** between gov. & non-gov. actors
    - distinguished from the existing command/control mechanism, economic incentives for enterprises

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Low Carbon Green Growth Policy & Response to Climate Change – since the 2000s

- **GG to create a win-win synergy between env. protection & economic growth**
  - ➢ **the GG initiative Lee Myung Park gov. since '08**
  - ➢ weight on experts regarding specific issues
- **In 1992 joined UNFCCC, in 2002 Kyoto Protocol**
  - ➢ **Non Annex I country**, increasing international expectation of Korea
  - ➢ mitigation & adaptation policies of CC carried out
- **GG National Strategy & Five-Year Plan**
- **Basic Act on Low Carbon GG & Four-River Restoration Project**

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● Limits of GG policy: going forward of backward?

- **In the adversarial relationship with civic env. groups**
  - ➢ lack of a range of discussions, no attention to the factors of SD
  - ➢ growth strategies to secure profits of the industry & business
- **Much weight on Green New Deal & Four-River Restoration**
  - ➢ facing a backlash from a number of civic groups → 'helter-skelter' mater plan, a trigger for the Great Canal Construction Project
- **Failed to earn social consensus**
  - ➢ biased human constitution of the head committee
- **Re-focus on social equality as an over-arching plan for SD required**

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Implication for Developing Countries

- Korean experiences offer useful insights
- **Importance of early and preventive action**
- **The democratization process and people's participation**
- **Awareness-raising, interest groups, research, NGOs, engagement of intellectuals and media – environmental movement**
- **Facilitate the participation of and cooperation among people, communities, civil society, NGOs, the business and the gov.**

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- **Green belt policy**
- **Application of the environmental improvement charges system and a range of technologies and information systems**
- **Significant fiscal allocations**
- **Leadership in developing a national strategy for GG**
- **International cooperation, aid and mutual knowledge transfer are necessary**
- **Debate between green growth and sustainable development**

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Conclusions

- Korean society has **unitedly stood up against the environmental degradation** and been able to **create effective pressure on the government and the business sector** to change their policies and programs to appropriately respond to growing environmental concerns
- Demonstrated **leadership, initiative, significant fiscal allocations and attempted to mobilise** all sectors together to address the common cause

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Conclusions

- Achieving a **balance between economic growth, environmental sustainability and people's wellbeing** will remain as an ongoing challenge for many countries
- While adapting Korean experiences, developing countries need to **focus on their own innovations and local solutions**

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❑ 발표녹취록

Manohar Pawar (Professor of Social Policy, Charles Sturt University, Australia)

Professor Kalu, thank you for kind introduction, good afternoon to all of you. Before I begin my paper, I would like to congratulate Dr. Ilcheong and Olive Cocoman for conceptualizing this project, it is a great project, because what we learn from the other developed countries in terms of employing those models of developing countries quite different from developing models from Korea and see how it can be applied on another developing countries. So the whole purpose of this project appeals to me very much. The title of our chapter, paper is Korean Responses to Environmental Challenges: Origin, Drivers and Impacts of Green Growth on Development. There are two main objects of this chapter, first we would like to provide broadly what we know of Korean initiatives, policies and programs that address environmental issues and concerns, and the second one is what can be learned from those experiences and applied on developing countries. The first part of the paper will be presented by my coauthor, Dr. Huh, and the implications on developing countries, I will present it. Thank you.

Taewook Huh (The Korean Association of NGO Studies, RoK)

Thank you, Manohar. Well, as he just said, we are going to talk about our presentation, our topics and objectives, and as you see, grand background, dynamics of the major environmental policies in Korea, and low carbon green growth policy and finally implication and conclusion. Introduction, we are going to look at Korean environmental issues and responses in the historical and contemporary contexts, and we are going to provide an overview of Korean initiatives, policies and programs that address environmental concerns and emerging climate change issues. And finally we are going to discuss what other developing countries can learn from Korean experience of dealing with the environmental issues.

Korean background is actually already covered by another presenter including Professor Kim as well, looking at the characteristic of Korean background is characterized by economic development system so called under the 'development dictatorship' especially between the middle of 1960s and late 1980s, 'the strong state.' And we actually note that the development states had a deterrent effect on social structure, producing irrationalism in terms of balancing development,

economic growth and environmental conservation or social integration. In this reality as recently as in 1980, 1990s, while higher income and democratization increased social issues and problem also paid attention in raising the public awareness of limits of development state system and engaging people in environmental issues. And also democratization process had played a significant role in addressing environmental issues through grassroots level movement. Particularly since then, in the 2000, the public concern environmental policy went on to look for sustainable development issues, encompassing the economic and social sectors as well as environmental sectors. So this change, the concept and application of governance helped to transform the governing structure, which allowed increased participation of the private and voluntary sectors. In this context, the presidential commission on sustainable development kicked off. Recently facing climate change, the Lee Myung Bak government, so called MB government, since 2008 had driven a green growth project to spread the vision of low carbon green growth to all sector of society so presidential committee of green growth, PCGG was established in 2008, and currently carrying out a range of policies and programs in diverse fields.

Given this Korean background, we have analyzed dynamics of the major environmental policies in Korea. Korean environmental policy has significantly changed over period of a century along with rapid industrialization and urbanization. For example the rate of urban centralization in early 1960s is just around 28% and early 1980s around 60% but currently is over 80%. In fact, due to lack of awareness of the environmental issues, there existed no particular environmental policies implemented by the government. But since the 1960s, 1970s, with the five year economic plan, there were serious environmental problem at that time, the serious environmental problem appeared, it started to be appeared. And we can say we this we can call this as economic growth and environment degradation especially from, between 1960s to, and 1980s. Briefly have a look at original environmental policies, Korean environmental policies may be identified with Environment Pollution Prevention Act in 1963, and in 1987 the environmental bureau was created. However there is no specific, important or effective formulation and implementation resulted in. And but at this point there is one noteworthy exceptional environmental policy, i.e. the Green Belt policy that was introduced in 1971 known as the restricted development zone. It is the part of the civil planning law in 1971 as a result of this policy, 5.45% of the whole national territory and 37% of the urban area was occupied as the green policy. It is to hide a range, actually it was influenced by political and military context. It is to hide a range of military facilities for the capital, Seoul defense, and also help to reduce rapid growth in population and industrial concentration. Important thing is it is effectively carried out in the strong states with the development dictatorship. And the green belt well carried out to protect agricultural land and promote food

security and environmental and natural resource protection but since 1997, the election, presidential election and the Kim Dae Jung government kicked off, from that time, it was many debates and issues proposed due to, actually there was a pressure from green belt policy, green belt land owners and developers. As a result, as a consequence, actually 112 km2 of Seoul green belt was proposed to be released for development purpose to facilitate 15 years metropolitan plan. According to a survey in early 2000s, in the green belt area over 70% 1 personal politician, MPs, and hot top rank official has their own properties. It is a total 3.61million m2. It is a huge number. This problem is still ongoing process. Meanwhile looking at the economic dynamics of environment policies, on the relationship between per capita income and environment indicator, it is relevant to the Korean context as well. It is so called inverted U-shape relationship. For example, in 80's, 10% of the average annual growth rate, industrial rate 90% and CO2 75%, (5%) increased. However in 1980s, people's concern in environment problem much growing and gradually environment policy developed and characterized by establishment of environment standard and introduction of emission charge as an economic incentive and implementation of environmental evaluation as precautionary approach. From 1980s to early 2000, it can be characterized by social and political responses and transition in the globalization era. As you can see 'environmental right' enacted in the constitution and civic awareness and civil environmental movement enhanced. In 1990s, especially it can be called as the era of new environmental movement and actually in the international context, in 1992, UN conference on environment and development so called UNCED and Rio World Summit was held. And not only domestic influence but also international influence is very huge impact on the, this area. And in addition, status of state government department, Environment Department raised to Ministry of Environment in 1945. Plural environmental laws system was established. Economic inducements such as volume-rate garbage disposal system and things et cetera was established. Actually, for example in 2008 the economic incentives with this economic incentives collection charge increased. And 2008, the total is 553 billion won and 502 million US dollars were collected. It is huge achievement. Since 2000, the transition of environment policy was marked by the constitution of presidential commission on sustainable development, PCSD, and preparations for the global climate change response. PCSD has two major policy direction and formulation plan about sustainable development. Actually it worked on the basis of governance philosophy and practice, principle, based on the principle of multi-stakeholder participation and participatory decision making. Yeah it is…. Sorry. That is distinguished from the existing command/control mechanism, or economic incentives for enterprises. Since 2000s, more attention was paid to low carbon green growth and responses to climate change. The term green growth is first officially used in 5th MECD, ministerial conference

on environment and development in Asia in Seoul in 2005 held by UNESCAP. This is to ensure and create a win-win strategy between the environment protection and economic growth. The Lee Myung Bak government has worked and placed emphasis on green growth initiatives since 2008 putting weight on experts regarding specific issues. In fact, in addition as you can see in my notes, in 1992 Korea joined UNFCCC, United Nations Framework Convention on Climate Change, and Kyoto Protocol. And as you see Green Growth National Strategy, Five-Year Plan, Basic Act on Low Carbon Green Growth and Four-River Restoration Project is still going on, and they are very huge drive. Looking at this notable drive, we can raise questions, is it going forward or backward? Actually the Lee Myung Bak government has been in the adversarial relationship with the major civic environmental groups. The formulation of low carbon green growth, this vision has been looked at with doubts, because the new term of green growth was introduced all at once without a range of discussion between various stakeholders and paid no attention to social integration, one of the important three factors of the sustainable development. And Korean green growth might be seen as one of the growth strategies, focusing on increasing government budget in order to secure profits of the industry and business. And we had a, because these kind of drive faced a backlash from a number of civic groups. It characterized that the multiple goal of Four-River Restoration Project is contradictory to each other and is called 'Helter Skelter's master plan', and another concern remains a turning point or a trigger for the Great Canal Construction Project. In reality, the Korean green growth strategy could not involve a range of demands for such change and had a lack of communication with civic groups in terms of human constitution of PCCG. Only engineers and economists and there is one member of civic groups, the rest of the members are from business community and the government. Finally we can note that the different approach need to be taken to connecting environment with economic growth, with a refocus on social equality as an over-arching plan of SD, sustainable development including the authentic quality of green and of course the green transformation. So finally to talk implications and conclusion, we will be owned by Professor Manohar.

Manohar Pawar (Professor of Social Policy, Charles Sturt University, Australia)

So I have five minutes. Is it right? Ok. Well, thank you for the brief summary, Dr. Huh. In terms of what other developing countries can learn from the Korean experience, I have identified ten points for other developing countries which they can look into and then I will offer concluding points.

Generally we analysts suggest that the Korean experience offers useful insights for other developing countries. Korean people unfortunately suffered, for long time, both environmental degradation and pollution. And other people do not have to undergo the same process, early action and prevention is needed. That is the first point, and the second one is democratization has played an important role in Korea and it has facilitated people's participation. Many developing countries need to democratize their systems to address their environmental issues. Third, Korean people engaged in awareness-raising, interest groups, research organizations, non-governmental organizations, the engagement of intellectuals and media, and all that has resulted in environmental movement. I think many developing countries need to follow that path. They also facilitated the participation of and cooperation among people, communities, civil society, NGOs, and the business sector and bringing these four, five sectors together is a challenge and many developing countries can try that. Green belt policy is a relatively successful one here, and many developing countries can try to apply that so it has brought certain benefits as well as costs. Korean government has successfully employed environment improvement charges, they got the technology as well as information system, which they claim through the ministerial document that many developing countries can learn from that, that is a clearly identifiable for other developing countries. Korea has significantly allocated money for environmental issues, 2% of GNP is allocated for environmental issues and 5% of research and development fund goes to environmental issues, which is highest among the developed countries. Depending upon the developing countries' capacity we need to allocate some funds for their environment issues. Korea has demonstrated leadership in developing a national strategy for green growth, and such a strong and bold leadership is needed in many developing countries. International cooperation, aid and mutual knowledge transfer are necessary; Korea is implementing 20 projects in East Asian countries to transfer the green technology. I think many developing countries need to get that kind of technology and environmental protection, technology, as well as knowledge transfer has to be both ways. Many developing countries don't have their own technology and that needs to be employed in the developing countries as well. Now the, there is a great debate between green growth and sustainable development. Earlier Korea followed sustainable development model, now it is following green growth model. Whether green growth is part of sustainable development or sustainable development is part of green growth is being debated in Korea. It will be interesting to see how that policy end falls, for it is important for many developing countries to keep that policy focus right. So these are the ten lessons for developing countries.

Now the four concluding points are Korean society has unitedly stood up against the environmental degradation and been able to create effective pressure on the government and the

business sector to change their policies and programs to appropriately respond to growing environmental concerns. It has demonstrated leadership, initiative, significant fiscal allocations and attempted to mobilize all sectors together to address the common cause. Achieving a balance between economic growth, environmental sustainability and people's wellbeing will remain as an ongoing challenge for many countries. While adapting Korean experiences, developing countries need to focus on their own innovations and local solutions. Thank you.

❑ Panel Discussion

- Panels

Sevastian Rovira,

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Jang Heo,

Senior Research Fellow, Center for Global Cooperation & Research, Korea Rural Economic Institute, RoK

Wonhyuk Lim

Director of Development Research, Korea Development Institute, RoK

Eun Kyung Kim,

Head of the International Development Cooperation Team, Korean Women's Development Institute, RoK

Soyoung Lim,

Policy Advisor, KOICA, RoK

***MODERATOR: Kelechi A. Kalu (Professor, African-American & African Studies, The Ohio State University, U.S.)**

Thank you, Dr. Pawar, thank you, Dr. Huh. And it's time for us to hear from our discussants. What I will do rather than give you a synopsis for the rest of time, because I really like to hear from the floor what you think about the presentations. To just give you a brief reminder what each paper was about, then I will turn to invite our discussant. At the end of the discussions, it will be opened up for your questions. To discuss the first paper, it will be Dr. Sebastian Rovira, who is the researcher in the Division of Production, Productivity, and Management at the ECLAC-United Nations in Chile and she, excuse me, he will be discussing the first paper, which was presented by Professor Eun Mee Kim, that talked, that looked at the alliance between government and businesses and how that impacted not just labour but also how the authoritarianism that the government was engaged in resulted in the democratic challenges of movement, that ultimately changed the system. She also reminds us that there is an alternative way of thinking about development in Korea for lessons for countries to engage in what they first should do as democratic development alliance. As the business is going to refuse but let's turn into to the discussant to give us more insight.

PANEL: Sevastian Rovira (Researcher, Division of Production, Productivity and Management, ECLAC-United Nations, Chile)

Thank you, thank you again for the opportunity not to discuss but to comment on an interesting paper, that consider important element as many time it is really forgotten in developing countries. The important relation between business, labour, and the state, and how this relationship could define the development trajectories of the countries. My comments on this paper has strong points in the fact that it is explicitly consider the role of the state in repressing labour during most of the periods, how the balance of power gradually tiled toward the business sector, and it is very opportune in the sense that place other values of development in an analysis just like moving toward democracy. From this point of view, the paper is an excellent complement from the other paper that I have to comment from Amsden's work. With this emphasis on national technologies, while Amsden focuses on growth alone, this paper shows that national state are permeated by conflicts and diverse interests within the civil society and that is something really important that

we must consider. It is not clear all the implication for development or social change, because this could ask to our self it may new power balance compromise the intensity of law, where we have greener or more democratically oriented growth path or even there is a risk that a conflict and diversions interests how structure change could be. These are the questions that the paper did not fully answer, but the very part of presenting them to debate is anyway are the most valuable contribution of the paper. Also it is very interesting exercise that analyzing to tell the role of each actor in different Korean development periods, which tend to identify the critical institutions needed to attain economic development. This is really, really important, not just institution but how the government and power and institution is acting must be rethinkable. The role of planning for example five years of development plan, as well as the definition of precise objectives, and identifying sectors to be target, evaluations how it is going to be, et cetera is something that in the last decades in many developing countries have missed and should be reincorporated into the debate. Parting from the particular comment, in the first part, there is a good explanation of many institutions greater in this period, especially in the 1970s, 1973, but it would be appealing to understand how they have been coordinated and cooperated between each other. It will be also interesting to go deeper into analysis in identifying how sector were selected, how government do make civil enter into the sector and what worked and what didn't work because also we must learn from what really function, but also from what really didn't work. Something that is I would like to also to send my comment to the author is the main function of the state, yours is very persistent of what the main function but one function, for me, is really analysis and this is the function of public good and services provided. That is not included in your analysis. Also many countries have three or four functions, it would be fine, but something that must be reinforced in the compromise of the state, with this activity considering them as the state policy and this is something that I think here in Korea, it happened but many of these work were considered as state policy, that does not depend on one government or to the other. Although the relationship between the state and the labour is really clear, it must clarify how military force cooperation and from business and force corporation from business leaders, it is something that must be clarified in the paper. It is very interesting also how the author established the way the reform of the state had a role, these reform are not arbitrarily political choice, but are attempt to deal with fundamental contradiction, adherence, needs and limits of development state, but this could ask ourselves, so what are these fundamental contradictions and internal limits of development state would be also introduced. The author also correctly emphasizes the change in global political economy as well as the change in domestic political institutions but although it is true, that what trade organization relation, I will also include intellectual property right, prevent

nation from protectionism policy, there are still many ways by which countries can protect their industry and promote export. There are many samples in analysis paper that is very interesting. And at the end, something that it would be interesting for us to understand not just the what but also the how. And this is what I would talk about, thanks.

***MODERATOR: Kelechi A. Kalu (Professor, African-American & African Studies, The Ohio State University, U.S.)**

Thank you very much for that insight, I hope that the discussant would also share their comment papers with the author so that it would help them in revising their papers. The next paper by Professor Douglass, traces the evolution or the history of the Saemaul Undong or New Village Movement in Korea, he points out that indeed the phase, especially the theoretical phase in the 1970s, 1980s, dependency, modernization et cetera did not really factor into what was going on internally here in South Korea. He points out that the people's participation was instrumental in the New Village movement, and how these systems were structured to ensure that performance was rewarded. These are some important things that we need to take into account, and how the state uses that opportunity of social mobilization strategy to get people involved. To comment on the paper, most attentively will be Jang Heo, Senior Researcher Fellow, Center for Global Cooperation and Research, Korea Rural Economic Institute. You have ten minutes. Thank you.

PANEL: Jang Heo (Senior Research Fellow, Center for Global Cooperation & Research, Korea Rural Economic Institute, RoK)

Thank you. Actually I was a little bit embarrassed to find out that I don't have any special comment or dispute to about his article, but to implement my duty to discuss, I would like to raise one or two comments. Actually for the last four decades, Korea has been changed a lot, especially in agriculture and rural sector and we cannot ascribe all of the failures and success to just Saemaul Undong. But still the Saemaul Undong is the most important factor that affected the changes. During the 1970s, Korea has achieved the food self-sufficiency especially the rice self-sufficiency, and as you know Korean people regarded the rice as the most important crops. So with the achievement of the self-sufficiency of the rice, the Saemaul Undong was also regarded as

the very wonderful achievement during the periods. At the initiation of the Saemaul Undong, I was a teenager. During the heyday of Saemaul Undong, I was a teenager and at that time like most of us, we thought that the Saemaul spirit is the panacea to all of the development tasks. But suddenly in 1980s, after the new government was established, the Saemaul Undong Organization was transformed to the civilian organization and head of the civilian organization was appointed by, was taken by the brother of the president. And since then the Saemaul Undong was politically tainted and after the arrest of the head of the organization, the Saemaul Undong was almost forgotten by all of the Koreans especially not only in the political side, but also in all civilian sectors. Starting sometime in 1990s, and 2000, all of a sudden we found that so many people from the developing countries and underdeveloped countries come to Korea to see and to learn about Korean rural development and Saemaul Undong. At that time, I found that why so many people come here to learn about the Saemaul Undong because at that time we don't say anything about the Saemaul Undong anymore among the Korean people. So it is a kind of surprise to us, but already, so many people in underdeveloped countries especially in the South East Asian regions, they already know about the Saemaul Undong. So we Koreans started to seriously think about the Saemaul Undong again. But during this time, I think it is the government, the state didn't pay any attention until two or three years ago. Starting two or three years ago, the Prime Minister's Office started to seriously think about the Saemaul Undong for export as a strategy for the rural development in underdeveloped countries and they tried to organize the methodologies and they tried to initiate some development projects in underdeveloped countries. So here come some question or comment to Douglass paper, he said that about the application of the Saemaul Undong to the developing countries but he said it needs to be application of Saemaul philosophy as an experiment rather than some kind of development model because developing countries have some different context in contemporary world. I fully agree with that position but I think we can disaggregate the Saemaul Undong with different aspects. So methodologically we can divide many aspects of the Saemaul Undong. So for example, the Saemaul Undong has special methodology in focusing on the village level as development unions. Or the Saemaul Undong tries to put emphasis on the incentive and the competition around villages and it also tries to, as he said or mentioned, it emphasizes the rural side, the physical infrastructure, or the spiritual aspect rather than agriculture or the economic or the income boosting. So those kind of some aspects, methodological aspects can be characterized as the new aspect of the Saemaul Undong that can be exported to and applied to developing countries. So adding one more question to the list that he presented in his last power point. I would like to raise one more question that how we can apply this Saemaul Undong methodology to other

developing countries.

***MODERATOR: Kelechi A. Kalu (Professor, African-American & African Studies, The Ohio State University, U.S.)**

Thank you very much. We are staying on track, at least enough time for questions from the floor at the end. The next paper, paper number three, was presented by Professor Taekyoon Kim, within the context of micro issues that impact on Korea's development. He looked at aid transfer and knowledge voluntarism and technical transfer issues and how these impacted Korea's development. To discuss paper further is Wonhyuk Lim, Director of Development Research, Korea Development Institute. You have ten minutes.

PANEL: Wonhyuk Lim (Director of Development Research, Korea Development Institute, RoK)

Okay, thank you. Whenever I come to conference like this one on Korea's development experience reminded of a proverb, success has many fathers but a failure is an orphan. In fact, since the Asian crisis in 1997, the IMF has used Korea as a shining example of successful IMF policy and I feel as if Korea is now becoming a poster child of aid effectiveness agenda. Another thought that crosses my mind when I come to conferences like this one is why am I speaking in English. Because more than 80% of the audience is Korean, acoustics is horrible, so if non-Korean speakers understand, then I would like to seek your understanding, I would like to speak in Korean. Okay.

I would like to comment on Professor Kim Taekyoon's paper. He emphasized the export oriented strategy, and I would like to comment. In page 366, we see his argument but he said that the aid took a huge amount of proportion in driving Korea's economic development. He mentioned how aid was successfully delivered and used to spur economic development. He also talked about balanced growth and how knowledge transfer played an important role in balancing growth. He also mentioned about resources allocation, and finally he mentioned about technology cooperation where public institutes contributed to the economic development with the technology transfer. He used the word 'transfer', but the transfer gives us a unilateral image and these day you don't use that word so much, rather you use the word 'sharing,' instead of transfer,

which emphasizes a little more equal partnership. In 1960s, the aid accounted 40% of government expenditure, but I don't think it is true that this aid budget was used solely to promote iron industry and steel industries and other large size industries. Because in 1970s was a time when large size industries and steel industries were fostered. So you see that aid may have been the seed money but didn't directly contribute in developing large size enterprises. Also, when we say export oriented strategy played an important role, we see that aid played an important role but we see that in other countries which received much aid, did not achieve economic development as Korea did. So we see that aid is multifaceted and does not produce development in a simple way. Aid produces different results in different countries. The development strategies in 1950s and 1960s come in a different way. When we talk about balanced growth, balanced growth means complementing each party. In other words, when we say it's a big push strategy, we talk about the government helping the industrialization and pushing the industries to grow. But people can question, these industries were the first level primary industries. In other words, the industries were not simultaneously fostered to secondary and tertiary industry. In other words, the industrialization occurred stage by stage, it did not occur simultaneously. In the 1950s, Korea's economy did not outright import the strategies of other countries. Instead we tried to come out with a balanced growth, because development countries cannot achieve a simultaneous industrial growth, targeting development is necessary according to the local situation. This makes sense. But in 1960s when Korea pursued export oriented industrialization, we emphasized trade, but trade was overlooked often. And fostering industry was emphasized and trade was overlooked. Trade was emphasized but local situation was harmonized in the process, and the Korean Government was pressed to concession its power to the civil society in the 1960's. So at that time Korean government recognized its needed to export. It needed to focus on export. It was discussed in the publishment of Dr. Kim Man-jae in Harvard University and Secretary of the former president. So I don't think unbalanced growth theory can be directly linked to export-led industrialization. You talked about the volunteerism as well. However I don't think it contributes a lot to social development. It is the same for other countries. Peace Corps and other volunteers are sent to other developing countries but I doubt that they contribute a lot to social and economic development in those countries. And in terms of technology cooperation, KIST and KDI, those institutions were established with the help of other external parties. However we have to think about Korea's own effort and early stage conditions. Early stage conditions refer to different conditions from other African countries which liberalized newly, Korea had its own foundation from the beginning and Korea had made its own effort. Elementary school registration was 40% and illiteracy rate was very high. However after 1945, we adopted universal education system,

made our own effort in terms of education, paving the way for further development. So we built our own capacity, we got transferred knowledge from outside world. And then we could develop ourselves for ourselves. In this regard, aid effectiveness and development effectiveness lessons can be drawn from Korea's experience maybe four points, first, ownership is important. We have to make actual effort to realize ownership. In the 1960's, we led export-led industrialization and we reformed taxation system, we established the tax office. We didn't just raise awareness about it. We made our actual efforts to achieve ownership. And it is also important to focus on relationship with outside world, but it's more important to invest in internal human capacities. I think it was mentioned during the discussion about new village movement; however the Korean government made a principal that it will help only those who help themselves. And that principal brought about a virtuous circle. Lastly, escape from aid. There were two slogans. First, export of all industries, second, science-oriented development of Korean citizens. So through these export and technological development, Korean government could achieve its own success. That's my view.

***MODERATOR: Kelechi A. Kalu (Professor, African-American & African Studies, The Ohio State University, U.S.)**

We would soon come to you, the audience, so please be patient. The next paper deals with the issue of gender in the Korea and development context, I would really hope that we will take a closer look at this paper especially the areas with that also talked about the implications of Korean development in terms of state intervention, in terms of state's industrialization strategy, as well as we should discuss the gender economic restructuring as a result of 1997 financial crisis. That's because the issues that should be discussed here are applicable to across many less developed countries. Essentially we shouldn't do the Korean government has done with regard to the gender issues. But there is someone here who has more insight on the paper that should be Eun Kyung Kim, the head of the International Development Corporation Team, Korea Women's Development Institute. 10 minutes please.

PANEL: Eun Kyung Kim (Head of the International Development Cooperation Team, Korean Women's Development Institute, RoK)

Ok, Thank you. Because of the Dr. Lim, I've already embarrassed that what am I going to do is speaking in English or Korean, so, I'll just follow his spirit that all of audience are almost Koreans, so, although I prepared English discussion, I'll do my discussion in Korean.

(~)makinga presentation in English again, He looked into the gender issue. I also participated in the meeting concerning with the gender development. And we talked about why Koreans emphasize the gender issue. Aid and development effectiveness, to look into the gender issue, gender issue is also related to aid and development effectiveness. When I look into the paper, I saw how he touched upon the issue comprehensively. And I was much informed through the paper. I'm sorry I didn't get across this paper early. He talked about the gender regime, and talked about production and reproduction. And I thank for the extensive work that he has done. I agreed with what the paper says. Gender issue is an issue that was overlooked often times. For political reasons or ideological reasons, many people have different views but we've seen a balanced, harmonious views coming out on this gender issue, that gender issue should be dealt intensively and that women's right should be improved. Concerning the woman initiatives, I feel that reproduction and (reproduction) wise, we can see how the gender issue was affected. We see the gender issue was much more ignored in talking about production and reproduction process. But to explain, he talked about the government policy and the family planning policy. And while explaining government policies, it was said, I think it was a second dependent barrier but there was some controversial approaches. For example, in family planning, the government tried to lower the birth rates. And to lower the birth rates, many people aborted the babies. And the government accepted such practices. So we see a controversial measure here. And another we see how the women's body was seen as a tool. This is not something that is confined to the initial development stages. Women's body is still seen as a tool and not appreciated as equal partner. And despite the legal ruling, we see measures that still marginalized women in a labor market. When the government and the country needed the labor, they invited the female labor, women labor, but when they needed these female labor forces, they discourage women from participating in the labor market. So we see that the woman was influenced according to government measures and positions. I feel that if various laws and legal aspects that were controversial and paradoxical touched upon this paper will become more informative. Now I want to also question with what women's needs were, and how women try to fulfill their needs, did women passively follow the government policy and sacrificed their needs. When the government say women should concentrate on the family affairs and kick them out form the labor market, did women passively accept those discriminations? In the process, in the way that the paper writes, the people sort of depict women as passive beings as I wish to comment on. Several crises were also

mentioned in the paper according to,in accordance with reproduction and production, and in the same sense, (whose crisis is it?),and whose crisis is it and whose perspective is this crisis? When the family structure changes, and when women marry in their later age, and when they have lower birth rates, is this a crisis for woman or is this a crisis in the perspective of men? So, gender is important but now whose perspective is this gender issue dealt with that is a question I have. And in regard to women's education and economic participation, many measures were taken but what did women do when the measures and the policies changed, that is a perspective that the paper could have also addressed. Because the analytic part was a little bit weak, I feel that the conclusion was a (jumped) one, and I wish there was more basic data and analysis to support the conclusion. So once again, I wish to comment that woman autonomous activity. What woman chose to do, that should have been included in the paper. If this woman's perspective was included in the process of economic development changes and different government measures, paper would have produced the more balanced and more interesting result. Thank you.

***MODERATOR: Kelechi A. Kalu (Professor, African-American & African Studies, The Ohio State University, U.S.)**

This is an example of my thinking in that regard. I really applaud you for presenting your papers, all your discussions in Korea. Hopefully those Africans who are here who led to do this seminar, especially when we are negotiating with westerners, In addition, we have a little bit of time, that is why I'm making this small comment. I really look forward to hearing from Professor Alice on the issues of women and child bearings, given her comments earlier during the first session. And the last paper to be discussed is Korean responses to the environmental challenges: origin, drivers and impacts of green growth on development, which was presented by both Dr. Pawar and Dr. Huh. They talked about the Korean practices and lessons to be learned from some of their problems with regard to climate change. To give us insights on this paper will be Soyoung Lim, policy advisor at KOICA. 10 minutes please.

PANEL: Soyoung Lim, (Policy Advisor, KOICA, RoK)

Thank you. I really appreciate your inviting me here today. I've been working at KOICA as an environmental specialist. So, today I'm supposed to talk about today's last presentation of Korean responses to environmental challenges among others. This paper is really well-organized to

discuss the past and present Korean environmental problems and policy. It chronologically shows us the Korean environment policies, standard and civic movements, helping us to take a look at the big picture about Korean environmental concerns. Moreover I would say that it is a valuable evaluation on Korean environmental policies and green growth strategies because it was objectively reviewed by a third party rather than from a government perspective. The highlights of this paper are a concluding implication of Korean experience for developing countries. It summarized the lessons learned from Korean experience and provides the key requisites for addressing environment issues of developing countries. Of course they surely should be adapted to the condition of each partner countries for the effective application of the lessons. Today here I'll talk about two issues in detail. The first issue will be about making the distinction between sustainable development and green growth concept. And the other issue will be discussed, I will discuss in more detail here will be about the effective ways for international corporation to address climate change and environmental issues for developing countries. Firstly, sustainable development has been one of the widely accepted concepts in the world since its appearance in 1987. Sustainable development has been considered as the ultimate goal for development that international community should attain, and has attracted considerable attention across the world. When the concept of green growth appeared at first a few years ago, it was argued that the concept of green growth is not explicitly differentiated from sustainable development. However recently, as mentioned in the paper, many experts groups are considering green growth as the subordinate concept of sustainable development or one of the measures necessary for achieving sustainable development. So, given this, green growth could not replace the ideas of the sustainable development. However the paper points out here that the Korea's low carbon green growth national vision pays no attention to social integration which is one of the important three pillars of sustainable development. But I'd like to support the present Korean stance on the concept of green growth, because if the concept of green growth contains social factors, it would be very difficult to be distinguished from the sustainable development. Green growth is a more concrete concept in that it focuses on that economic growth, which makes better use of environmental conservation. Additionally I would say that the Korean growth puts an emphasis on the transformational changes, which is a radical paradigm shift in beliefs and behavior. It could be driven by economic, technological and infrastructure shift and policy framework and behavioral change. It is certain that international cooperation should be supplied to developing countries so that they can adopt this transformational change successfully. Now I smoothly transfer the subject of my discussion to the next issue.

The paper mentions about Korea-East Asia climate partnership as one example of International

Cooperation. Korea determined to provide 200 million dollars for 5 years to help Asian developing countries to address climate change. It could contribute to satisfying the recent global demands for the new and additional climate funding. But I'd like to add some points to bear in mind in implementing this kind of the fund. First of all, we should not make light of importance of development effectiveness in designing and implementing this kind of the fund, the programs for climate change and green growth. In this regard, there have been some recommendations at the national and international levels. These recommendations are contained within the Bangkok Call for Action, which was agreed as a set of advices to developing countries and development agencies last year. The Bangkok Call for Action highlights the importance of needs assessment for each partner country, prior to providing ODA for climate change programs as well as for green growth strategies. So I'd like to suggest that this kind of the fund which is formulated for one single objective should be implemented as country-driven and (need-driven) programs rather than as stand-alone projects. Finally I truly agree with the opinion that green growth could be accomplished only through a range of discussions among stakeholders including civil society and their participation in the decision making process. This is what I'd like to share with you about your presentation, and thank you for your listening.

***MODERATOR: Kelechi A. Kalu (Professor, African-American & African Studies, The Ohio State University, U.S.)**

I was on that impression that I still have about twenty minutes, but I don't. I've been told that just about eight minutes left so, to the authors of various papers, I would have preferred that you have two minutes to response, and I would skip that, what I will do is to take approximately four questions from the floor. Please be succinct, and direct your question to a particular author, four questions, and I'll give the person directly two minutes to respond.

***HOST**

And before we do that, please ask one announcement that quickly reminder that ladies and gentleman, we would provide simultaneous interpretation currently provide. So for English channel2,

❑ **Questions and Answers (Open to Public)**

***MODERATOR: Kelechi A. Kalu (Professor, African-American & African Studies, The Ohio State University, U.S.)**

Thank you. Questions, please. One person here. Could you please.

QUESTIONER 1: An anonymous man

Thank you very much. I have two very quick questions, one is directed to Dr. Lim, the other one is directed whoever wants to answer it, because many people stated it. The one directed to Dr.Lim is the one about ownership as a lesson for other countries from Korea. What I'm wondering is whether is this a transferable lesson. And if it is, how could you transfer the lesson of this kind, ownership, how would you transfer it? The second point is about the democracy, the democratization. The idea that I think it' the lady who presented on women, the point she made was the democracy did not affect the growth in Korea. I think many people have used these as a lesson for other countries. Now somebody who lives in Africa who has been watching democratization of politics in Africa is worried about it a little bit. Democracy in Africa has meant electoral democracy. If you think of places like Cote d'Ivoire and other places like Rwanda, the serial competitive, multi-party democracy can be a recipe for disaster. So when people talk about democracy as a transferable lesson, I'd like somebody to enlighten me what they mean because in Korea democracy cameafter many years of preparation under the autocratic leadership.

***MODERATOR: Kelechi A. Kalu (Professor, African-American & African Studies, The Ohio State University, U.S.)**

Thank you very much. Rather than having professor Lim answer this question on the ownership, since she was a discussant, if anyone among the presenters wants to take the question, that would be my preference, and the question on democracy should be answered. Thank you. That's to you, Lim?

Dr.Lim: I can answer very quickly which is very much related to this. Actually movement has been a sort of, the feminist movement has been quickly arising, it is very much part of capacity enhancing developmental state in nature, actually if we remember what Kastel says,

developmental state is digging its own tool by developing the middle class, well-educated people who want, who were longing for democracy, so, if it is right for me to understand your question, the democracy has been considerable issue for women and also such women's inputs in such formation of women's policy have been great enough to change the ways in which social reproduction has been organizing, although it is not enough at all. Thank you.

***MODERATOR: Kelechi A. Kalu (Professor, African-American & African Studies, The Ohio State University, U.S.)**

Thank you very much. Other questions? For a comment, it is handed over the

QUESTIONER 2: An anonymous lady

I'd like to ask a question to Dr. Lim. You talked about green growth and related governmental policies. Solar energy has a lot of energy effect. But I don't think, I heard that the subsidies are not that big. That's why the industry cannot grow much. I think the important thing in the process of sharing Korea's experience is we have to focus on renewable energies and green growth. And that should be led by those efforts should be led by the Korean government, because there is an international call for such efforts. Secondly, you talked about four-river project. I doubt the effect the four-river project would bring about, employment, and I think it brought about actually environmental damage.

***MODERATOR: Kelechi A. Kalu (Professor, African-American & African Studies, The Ohio State University, U.S.)**

The discussants did a wonderful job, articulating their thoughts and raising questions and issues, and I am hoping at the end of this session, authors will meet with discussants to harmonize the differences and to learn from each other on how to improve paper, I really apologize that I don't want discussants answering questions, and I want questions for the authors. One more question? OK

QUESTIONER 3: An anonymous man

I find the whole discussion of lessons from Korea is very interesting but I'm a little uneasy about how very quickly we seemed to formulate lessons coming from the context. It worries me a little bit. And this goes to Professor Powell and his counterpart.

There are NGOs or civil societies in promoting environmental protection in South Korea. Again, I think we can say, this is something that has been observable in Korea it has happened, but I think you listed it as another lesson for developing countries. When I was a graduate student, I remember NGOs rather rich. There used to have endless arguments with my colleagues about it. There was an explosion of NGOs and civil society groups in Africa. The problem is that these groups, they are not always led by public-spirited people who are motivated to do good. The question is, where there is no NGOs, or where their NGOs or civil society is weak, what should happen?

***MODERATOR: Kelechi A. Kalu (Professor, African-American & African Studies, The Ohio State University, U.S.)**

If there are no NGOs or if they are weak, what should happen? If we go back to Professor Evan's argument, there is an assumption that there is no organized civil society or NGOs. Suppose they don't exist. What then?

Manohar Pawar (Professor of Social Policy, Charles Sturt University, Australia)

I think that is a very relevant question. I think we need to understand that within the broader frame work of democratization, NGOs are one element of civil society. Now If there are no adequate number of NGOs, or no NGOs, I think the best thing to begin with people's organizations are community organizations, which are the organizations of the grassroots level, whether you call them as interest groups, people's organizations, or community organizations. And when those groups emerge, they will help to build NGOs. And that maybe the beginning step in brief. I think that is a very relevant question. I think we need to understand that within the broader frame work of democratization, NGOs are one element of civil society. Now If there are no adequate number of NGOs, or no NGOs, I think the best thing to begin with people's organizations are community organizations, which are the organizations of the grassroots level, whether you call them as interest groups, people's organizations, or community organizations.

And when those groups emerge, they will help to build NGOs. And that maybe the beginning step in brief.

***MODERATOR: Kelechi A. Kalu (Professor, African-American & African Studies, The Ohio State University, U.S.)**

Thank you very much. Session 2 comes to a close. Please join me in a round of applause for the presenters and discussants. And I wish all of you a happy rest of the day, Thank you.

Wrap-up Session

***HOST**

Thank you, thank you for moderator, speaker and panelist for making the session into one that is extremely intriguing enriched with insights. Thank you very much. Why don't we send them hands of applause for all of them? Thank you. Now, we would like to close session and head write into wrap of session without any break? So as soon as our speakers and panelists, moderator for the current session return to their seat, I would like to invite to this stage our moderator and panelist for the finale of the 5th Seoul ODA international conference which is the wrap up session and that would be Mr. Chang, General Park, Professor Mkandawire wire, Professor Evans, and Professor Amsden. Once again I would like to ask the current session speakers to return to their seat. Thank you very much. Now once again I would ask all panelists and moderator to have their seats on the stage.

We have Dr, Chang Hyun sick, who graduated Ph.D from Pennsylvania state university. Since joining KOICA in 1991, he served as a representative as KOICA office in China and managing director for the policy research, and currently served as Vice president of KOICA. Ladies and Gentleman, please join me with Dr. Chang.

***MODERATOR: Hyun-sik Chang (Vice President, KOICA, RoK)**

Thank you very much for giving me applauds. I'm Dr. Chang and working at KOICA as Vice president. And I joined KOICA 20 years ago, and this is the 20th anniversary of KOICA. I am very proud that KOICA has grown as of today. Then I'm personally in charge of Seoul conference, and the conference started in 2007. And I was very proud to be a member of conference team at that time. And this conference has grown to be a very, you know, a good scale, and in depth of learning arena for the ODA. So this is a wrap-up session. Therefore I will not take up too much time because your patience right now is uncontrollable. To have also food security in dinner, therefore, I have to make a wrap-up session by 20 minutes of that. As you see, we have many, very famous distinguished scholars from other countries that you see presentations in the morning and then I also invited a very important figure especially in Korean ODA policies. Director General Park Euna, she is right now the director general of ODA bureau in the ministry of foreign affairs and trade. She is the co-chair of the working party of G20 in terms of corporation, as well

as vice chair of working party of effectiveness in OECD DAC. And the reason why she plays the important role is that, as you see, the November 29th the high-level forum will be held in Pusan. That's the reason why we hosted this kind of conference, to have some kind of very invaluable input to this conference. She is the right person to translate this kind of findings to the HL4 conference. That's why we invited her to be here. And the time is limited, therefore, I'll give a brief presentation of HL4 meaning of that first, and then another distinguished three speakers will be followed by that.

Enna Park (Director-General, Ministry of Foreign Affairs and Trade, RoK)

Thank you, distinguished panelist and participants. I'm very much excited to be part of this important ODA international conference. I wish I could have participated in the whole session but I couldn't do it. So I'm not in the position to wrap up our discussion. Instead, I'll share the vision or aspiration of Korea as the host of Pusan HLF4 to be held in November in Pusan. Actually we are enjoying increasing global attention to HLF4. And we are very much encouraged by increasing attention and expectations for Pusan forum around the world. It is demonstrated by the number and the level of participation. As of now, more than 110 ministers and 40 heads of major international organizations including UN secretary-general Ban Ki Moon, and OECD secretary-general of Korea have confirmed their participation and over 50 parliamentarians, and 300 CSO representatives and about 70 private foundations and the enterprises are expected to be there. We are going to have a several forums in addition to main conference which are parliamentary forum, civil society forum, private sector forum, and youth forum. And it will make Pusan truly a multi-stakeholders' gathering. This very positive and enthusiastic response to Pusan forum is related to the recognition that development is actually a global priority. And in particular, in the context that we are facing, we are currently in, we have only four years to the target year of MDGs and also we are facing many challenges, global crises like food crisis, climate change, and financial instability. Those are actually requiring more coherent efforts of all stakeholders. In this context, we believe that Pusan forum should serve as an opportunity to regenerate a global momentum for MDGs and to establish a more strengthened and inclusive global partnership for development. Through that global partnership, we can address those challenges we can't not work more effectively toward sustainable development. In order to achieve these goals in Pusan, Korean government believes that Pusan forum should be guided by the following 3 directions. One is we have to deepen, core and effectiveness agenda. So building upon the previous meetings in Rome, Paris and Accra, Pusan forum is an opportunity to reaffirm our commitment

toward core effectiveness principles. Secondly, the 2nd direction is inclusiveness. So we have to think about inclusiveness of development partnership which embraces actors and the new way of corporation. As all of emerging economies, CSOs and private sector play an increasingly important role in development cooperation. And the 3rd direction will be broadening to aid and beyond seeking development effectiveness. So we have to expand our perspectives and the range of corporation into the broader issue of development effectiveness. Aid is important, and critical yet limited resource of development. Hence aid must play a catalytic role in leveraging and mobilizing other resources. So we also need to look into important non-aid policy, which will have significant implications on the development such as trade and investment. In this regard we believe that it is very important to be linkages with other development process such as G20 development agenda. Following these three main directions, host country's view is that Pusan should aim to set a new set of common principles. For all actors, regardless of their government, DAC members, non DAC members, private sectors, civil society, whoever it is, all actors should respect. So we suggest that as common principles among others, ownership, focus on result, inclusive partnership, and accountability. In addition to agreeing on common principles, we have to identify action of agenda for development effectiveness. For the action of agenda, we suggest that four main priority issues. The first one, effective institutions, and effective states second, gender quality and women empowerment, third, engagement of private sector, enterprises, fourth, south-south and tri-angular cooperation which also has a significant implication for knowledge sharing. I'd like to further elaborate these four priority issues which the host country proposed as an action of agenda area. The 1st one is effective institution and effective state. Effective public institutions are very much critical in delivering development result in a sustainable and holistic manner. We have to invest more in states, as legitimate responsive and accountable actor in development. And we have to support effective public sector institutions' policies including public financial management, procurement, domestic resources mobilization, responsive and accountable service delivering. The 2nd area we suggest is women, gender equality and women empowerment. As everybody agrees, women empowerment is an engine, very effective engine for development. We have to recognize the gender equality and women empowerment as a prerequisite for sustainable and inclusive growth and development. And also we have to enhance women's economic empowerment as one of most effective profitable investment for development. So we have to urge all our partners to mainstream gender perspective in aid development policies and programs. And the 3rd issue is engaging private sector. So we at Pusan, we hope we will fully recognize the role of private sector as an important partner to government and civil society. So we have to improve the environment for private investment and ensure a sound policy and the regulatory environment for public

sector's full engagement in the development. And the 4th area is a south-south cooperation and knowledge sharing. We value knowledge and experiences of all actors and countries as input to sustainable development. So we have to scale up south-south cooperation and triangular cooperation. In this regard, the participation of middle income countries and emerging economies in Pusan process is quite critical. We all have shared interest in finding common answers to address more effectively global development challenges and fight poverty. And we believe that there are many valuable lessons from unique experiences of emerging economies as both recipient and the providers such as China, Brazil, India and the South Africa. So we should not stop there. We have to work on Post Pusan mechanism. At Pusan, having a very nice, beautiful declaration than if we don't agree on implementation mechanism to support the implementation of Pusan agreement, then I don't think it is very much desirable for everybody concerned. At Pusan, we will actually face three options. One is we don't have any follow up mechanism just we have a very beautiful declaration and common principles. And it's up to each individual country or actors to implement. Second option would be we can renew or expand the lifespan of existing mechanism which is OECD working party on aid effectiveness. The part of option has some limitations because the membership is not broad enough. And we have to engage, especially in the middle income countries and emerging economies in our follow up mechanism. So the 2nd option will be, in this sense, the second option have limitations. So the last option is to create a new mechanism. But creating new mechanism is not an easy job, because nobody wants to have additional burdens. In previous process, implementing (Paris's) principles and Accra action agenda, quite many partners, they felt quite a burden in monitoring, reporting and making assessment. So we have to lessen this burden. The key elements of the Pusan, post Pusan mechanism is that we have to focus on country level implementation while we have a very light, global monitoring mechanism. But however we need a certain mechanism to ensure global partnership to bring everybody on board. So, my presentation stops here and to, for the success of Pusan forum, we need concerted effort and we need your full support. Thank you

***MODERATOR: Hyun-sik Chang (Vice President, KOICA, RoK)**

Thank you, Director General Park. She introduced the meaning of HL4 in Pusan and the process in agenda and expected outcome from this conference. I was personally in Paris in 2005 and to press the Paris Declaration on aid effectiveness which was signed in Paris. And this is the fourth conference. It is my sincere hope that this kind of conference will be the end at this time. And we need more action-oriented things from all stakeholders together to have some kind of a

conclusion from this conference. This is my sincere hope that we need action, not a kind of words from this kind of conference. I hope that this kind of conference will be very successful as Director General Park mentioned that this is our hope of not only Korean people but also the development agencies-concerned people like that. And thank you very much once again, and I will give the floor to Professor Mkandawire for his brief wrap up about that.

Thandika Mkandawire (Professor of African Studies, London School of Economics, U.K.)

Thank you very much. This is the end of the day.

I mean, obviously I've enjoyed this session and discussions here. And maybe I was gonna make my last point that I put that as the first point. I think it's very important for Korea to have its own knowledge of capacity and global issues, that is to, as it becomes a big actor in an aid business. It is imperative that you build up your own capacity to be able to engage this debate on aid. I speak this party from experience of countries in Europe, they are very important donors but ignore their own capacity. Especially, the northern countries, they didn't invest much, they did invest a lot of money in research and development they didn't have enough capacity within their own.

Eventually the problems there were debates, Anglo-Saxons come up with studies and documents and so forth. They have better prepared than anybody else I think it's very important that Korea creates its own and becomes an active participant in the debate and in shaping the agenda not passive implementing some consensus come from one source. So I'm happy that this is going on and I might say something about social policy by the way that some of the best work and development taking place in Korea. I say this with absolute confidence that Korean scholars in social policies are on cutting edge in social policy development. Much of the debate, say for instance in the U.K., they are still talking about protection, very simple pro-poor protection I think Korea has really already gone the way ahead of us.

However, there are many issues we still have to discuss. Where is society as we talk about social policies? Somebody say that we talk about states and very little about society in general and its influence on society and social policies, I think it is important to discuss. I'm also interested in the question of the complex transition from one model to another and Korea has gone through various transitions. And sometimes societies fail to recover from transition, 20 years or more, lost

decade because transition from one model to another took a wrong turn and 20 years is lost and I think learning how people manage transition is managing both managing success but also managing transition from one model to another is important. I think also think for researchers it is important to maintain the interdisciplinary social policies struggle all kinds of disciplines and I think it is very important that scholars from different disciplines are involved in this. In that respect, I'm a trained economist, I consider myself as an extinguished economist (laughter) but I still believe that it is very important to bear in mind what economic model you bear in your head when you think about social policies. Much of the discussion in the Western Europe, how the Keynesian view, Keynesian economics and models are in your mind. I found out quite recently that was not true of northern Europeans they didn't have Keynesian models in their head. They had something else and if so, you get social investment at the same time you get social policies which have to reconcile creative destruction capitalism and protection workers and you have some models in your mind economic models informs you social policies. And finally as an African, I speak from that, I hope that there will be more Africans who will visit or study in Korea or interacting with Korean scholars to have direct experiences. I think this kind of south-south, I think one of the most important south-south contribution is the transfer of knowledge and do it directly as possible. That would mean if you insist Africans learn to read Korean, I recall once asked Japanese officials "Why don't you translate your books on Japanese experience and development?" He said, "Well, if you're interested, study Japanese!" I think it's true if you want to know about Korea, we will have to learn to read Korean, some of us, at least some Africans who can read on behalf of, the rest of us for what's going on here. Thank you very much.

***MODERATOR: Hyun-sik Chang (Vice President, KOICA, RoK)**

Thank you, professor Mkandawire. I'm not an economist so I cannot summarize his saying in one word but to me, I'd like to interpret this way that capacity building is very important. Without this, I think aid or whatever, from donors to recipients is groundless it should be also respected by local ownership as well. This is very important words of it. He also reiterated the emphasis of south-south cooperation as the way to strengthen their capacity of that. Okay, I will then turn to Prof. Evans from his point of view.

Peter B. Evans (Professor of Sociology, University of California, Berkeley, U.S.)

Well it's been a very rich and quite exhausting day. So I will be brief and I will in fact return to the comments that I made at the very beginning of the day and that is, first of all I think that KOICA and UNRISD deserve real congratulations on the success of this enterprise. And also I think it's worth underlining one more time that this is an interesting success because it is a success produced by a partnership of two very different source of organization, that is United Nations Research Institute for Social Development on the one hand, a transnational research organization and KOICA on the other hand, a national research organizations dedicated to the formulation implementation of policies. So I think this conference should take away as one of its lessons, very fruitful possibilities of this kind of collaboration.

Now the other general comment that I made this morning and will repeat again is that this conference is exciting because it represents the marking of significant shift in the structure of global, political economy. And I'd like to elaborate briefly on this point. Obviously, development is fundamentally a process undertaken by communities and countries. And therefore it is not surprising that in general, development aid is a failure.

But I think the current conjuncture represents an opportunity to correct at least one source of this common failure. Traditional northern donors, as many others have pointed out, have been guilty not just of telling recipient countries what to do regardless of local context, but much worse, of telling them that they should follow a model based not even an replicating experience of development of north but rather replicating a model based on how the north imagined that its own development took place. Now it's certainly to be hoped that I think the current structure will shift, will end the practice of dictating policies to recipient countries based on imagined versions of history. I think it's certainly to be hoped that Korea emerges as a donor, it will remember the days when its aid donors told it that it should not develop the steel industry that it should not engage in the kind of national policies that Alice has so compellingly argued have been central to its success.

In short, one would hope that Korea as a donor will remember that when it was a recipient, it actually was better than a donor in identifying potential strategies and successful development. At the same time, I think one of the will come again with the today's discussion is the conviction that a careful, dispassionate interrogation of Korean experiences, not one that simply reiterate the successes but one that looks carefully at both successes and failures is an excellent way for recipient countries to reflect on the policies choices they themselves must make. So hopefully our

discussions here represent a small contribution to a process of replacing an outmoded, patterned development cooperation with more effective, new forms of engagement between donors and recipients and I'd like to thank the organizers for allowing me to participate in this very exciting process. Thank you.

***MODERATOR: Hyun-sik Chang (Vice President, KOICA, RoK)**

Thank you, Professor Adams. He already evaluated this conference to be successful and I believe that, and as a co-organizer of this conference KOICA and UNRISD, designed this conference last year when we believed that there is something very unusual of Korean experiences, someone says, Korean experiences, what is the secret of it? But we don't know what the concrete contents of Korean experiences like that. That is the reason why we started this kind of research with UNRISD. I believe that still this is a tentative not the final version of it, I believe it will be next year, I guess so. Hopefully this kind of temporary findings will be reflected in the meeting as well.

And last but not least Professor Amsden, because of her long time journey, but despite that, she came here. And I really appreciate that she came to this conference. Please.

Alice H. Amsden, (Barton L. Weller Professor of Political Economy, M.I.T, U.S.)

Thank you very much. It's very nice to be last, in a country where the status of women is so high.I would like to start with the growth generalization of Korea. Korea has uncontrollable and irresistible, and inescapable urges to be like a developed country. And I think sometimes this is good I think it's good in the case of the environment. I think it really pushes Korea to be serious about setting environmental standards was the fact that the other developing countries were doing and Korea didn't want to be regarded as the slob of the country that with high growth rate but horrible environment. I think it's very bad that if we think that Korea is running, dashing racing into the arms of the OECD which only caused it to liberalize its financial market and immediately go into the huge crisis in 1997. So I think Korea is so worried about how it positions itself with the developed world. I think the matter of aid, it would be making a big mistake if it starts to emulate and imitate a lot of the practices that now governed that developed countries aid regime. I'll just say something about the U.S for a minute. The U.S. is now, we are in a position where We are really examining where we are and where we are going and what the competition

is and if we are going to stay number one and if we don't stay number one what's going to happen to us and how we should really adjust. And I think in some ways we realized that we're being attacked at the top. We're still afraid of Japan, we're still afraid of Germany we're afraid of China coming up and we got response, is to say high-tech. Let's develop high-tech and spend more on R&D that's kind of interesting because we have huge trade deficit. And we also have the fact that manufacturing, as the share of GDP is falling dramatically so in the 1980s manufacturing was the share of GDP was about over 25% now it's less than 15%, it's about 12% so we are losing our manufacturing. And we recognize that manufacturing is mainly responsible for R&D there are a lot of manufacturing who's responsible for our trade deficit. So what we say is let's do high-tech. When, in fact, if you look at our trade deficit, most of it is a mid-tech. So we, out of quilt, we're trying to use high-tech as a savior when in fact our problem is we can't compete with a lot of mid-tech industries. Now, if we look at the bottom if we look at our relationship, not to the richest countries but to the poorest countries, we know that there is a big trouble there. It's not just security. We know that countries that are poor are bad risk in terms of economic stability, in terms of political stability. We know that we have to do something there, in order to make that lift unseen, the gap not within the U.S. but the gap internationally between rich and poor is growing. And yet, if you look at our policies for developing the third world, they're also out of quilt just as our policies are competing against richest countries. We are interested in reducing poverty not in promoting economic development. Our policies with respect to the developing world, all have to do with the grass root and increasing participatory democracy and having a whole movement from the bottom, alleviate poverty when we know that doesn't work We know that doesn't work because we look at World Bank data and we compare the poverty level in those countries, from 1981 to 2005, in the case of Africa, the percentage of population earning Less than a 25dollar a day and the percentage of population living under the certain poverty line has not changed in those 25 years. So we know that there is something fundamentally wrong with that grass root poverty alleviation. And yet, we're not doing anything. And we're not recognizing what is obvious to most people, which is that poverty in the current context may be not in the 16th century, maybe not in the 18th century, but in the 21st century we know that poverty is fundamentally a function of unemployment. That people with relatively well-paid jobs are not impoverished. And that way out of poverty is through employment and we know if we look at poorest society in the world the way the poor try to supplement their income, is that one member of the family will migrate from rural areas to the town if only temporarily to try to get an employment, to try to get some jobs either self employment selling something on the street or working at some kind of labor either a domestic labor or some low level job. So we know that the cause of the poverty is

unemployment. Yet we do very, very, very, very little to alleviate that. Let me say something about this. You can say that cause of poverty is an unequal distribution of land. And you can talk about improving that, the way Korea improved that through land reform. But a land reform these days in most developing countries is unrealistic. Because the population is so great the amount of the land is fixed. Such that, even if you redistributed the land, there would still be a large number of people who are unemployed and who couldn't get the land. Now a way of increasing the amount of land in fact is to raise productivity of agriculture and since that land is spending. But when you do that, the minute productivity rises in agriculture you get a huge migration of people from agriculture to the urban areas. That's what happens in China. That happens everywhere. So the productivity rises in rural areas people leave the rural areas they're not demanding any more for their labor, they go to the town. So the unemployment problem reappears in the towns. So you can't get away from the unemployment problem simply by improving agriculture. So what is ironic about that crops, about the aid problem is the fact that the developed countries do not lend the private sectors in the developing countries. In other words, If you talk to the U.S. ideologically we are completely at one with the private sector we don't like the state in the developing countries, it's corrupt it's inefficient we like the private sector we think that the poor are inherently entrepreneurial and that if we make resources available to them, they will self-employ themselves or they will employ others. So we have, our regard for the developing world is no longer that they are stupid and hopeless, ignorant and they drink too much and they do entertainment. Our ideals people in the developing worlds is that they are entrepreneurial if they can only get a chance but if we don't give them a chance by lending to them. We only lend to the public sector. We only lend to the governments. And the Organizations which we are parts, namely the World Bank and IMF they only lend to the public sectors. They don't lend to private enterprises. There are two reasons for that. One, and they are both political. One, imagine if the American government lent to the private sectors in the developing world and that private enterprises started to compete with the American enterprises that would bring the house down, politically that is unacceptable. So you don't lend to the private sectors in the developing world because you are afraid that that private sectors will compete with your private sector.

And number two, you don't lend to the private sectors in the developing world because you want your own private banks to do the lending. And yet your own private banks are so risk-averse that they only lend to government who give them sovereign guarantee. So basically the private sector in developing countries is shut out of the loan market. They are out of the credit cycle, they can't borrow except micro-finance I think most of us recognize now that micro-finance is just a tiny improvement that it is a very small share that developing world, the private sector really needs. So

having said that, what can we say about Korea and its foreign aid? One thing I would say immediately is that Korea should try to lend to the private sector. There is no reason why Korea's enterprises should be afraid that Africa will develop its own private enterprises compete against Hyundai motors or high speed rail. Korea should try to lend to private companies in the developing world. That would be a huge improvement. Number two, Korea is a genius in targeting industries for development. The World Bank, you should never do that. It is a terrible thing for the government, why doesn't government know better than the private sector to target industry? The problem with the developing world is that they have the people they probably have the capacity but they don't know which industry to develop. They don't have a sense of what could be competitive in the world market or even what could be competitive in neighboring market. And Korea has the capability in the form of some of the world's greatest entrepreneurs to actually help them to identify the potential industries that could really create the employment and create linkages and create multiplier effects that would be really meaningful part of economic development. And there are two types of people to do this one of the billionaires like the head of Samsung and Hyundai groups. The others are the ministry of industry and knowledge whatever you call it, those guys know about the industry. They know about the industries around the world they know about the competitiveness. They know what is required. That is the tremendous asset that Korea should share with the developing world. And finally my last point is this. It's very important to remember who is in control of foreign aid. In the U.S., foreign aid has fallen into the hands of the state department and in part of the state of department, it's in the hands of the USAID and USAID is a very homogeneous organization. There is not much diversity in the way people think about foreign aid. That would be a disaster if that happens to Korea. I think it would be a disaster, for example, and I don't mean to be rude here. If KDI is given permission to run aid shell, KDI has brilliant economists, they all go to Harvard and Stanford, they get to PH.D and etc., but it's a very undiversified organization. 97% of economists of KDI all had PH.D from the U.S. There is not a lot of blue sky differentiating the ideas between them. So what I'm saying is that I'm very happy that foreign aid in Korea under KOICA because it looks to me, like a very interesting, diverse and sensitive and imaginative organization. And I only wish Korea the very best of luck in the future. Thank you.

***MODERATOR: Hyun-sik Chang (Vice President, KOICA, RoK)**

How can I say? Thank you very much Prof. Amsten, for your outstanding and very focalized saying

about the aid we actually remind her saying and reflect it into our decision making process. Okay this is the end of the 5th Seoul ODA conference. I believe that this conference has many analyses of Korean experiences from many parts of it, macroeconomics, social policies and economic policies as well as human resources development, agendas and environment, many parts of it. And then I'm not sure if this kind of analysis is holistic thing or not but may be almost all of our economic or social policies were handled by that. And finally as a vice president of KOICA, who is a co-sponsor of this seminar, I'd like to express my sincere gratitude and appreciation to the distinguished scholars and experts who come here despite their busy schedule to attend here. I appreciate that. And also my appreciation goes to the audience who came here early morning and stay here until then. I was moved by your sincerity and integration, I appreciate that. And finally my appreciation goes to our staff, KOICA, as well as our staff who make this development possible and especially Dr. Lee Ilcheong and UNRISD teams who make this kind of research and seminar very successful. Thank you very much.

***HOST**

Honorable guests, ladies and gentlemen,

This brings us to the end of the official event of the 5th Seoul ODA International Conference.

I hope you enjoyed the conference as much as I did. Please return home with rewarding memories, thank you, and until we meet again, good bye.

The 5th Seoul ODA International Conference

첨부 III. 행사사진

첨부 III. 행사사진



[제 5 회 ODA 서울 국제컨퍼런스 등록 장면]



[Fill-up 데스크 이용 장면]



[개회식장 내부 전경]



[개회식_박대원 KOICA 이사장 환영사]



[개회식_홍성화 부산 세계개발원조총회 준비기획단장 축사]



[Thandika Mkandawire 영국 런던 정경대학교 교수 기조연설]



[세션 I_연단 모습]



[세션 I_연사 발표 모습]



[세션 I_청중석의 질의 모습]



[오찬_박대원 KOICA 이사장 오찬사]



[오찬_오찬장 전경]



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[정리세션_연단 모습]



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[행사장 현판 모습]



[컨퍼런스 룸 Ⅰ 백월]



[컨퍼런스 룸 Ⅱ 백월]



[회의장 안내 배너]



[오찬장 안내 배너]



[회의장 스크린]



[제 5 회 ODA 서울 국제컨퍼런스 기념 사진]

The 5th Seoul ODA International Conference

첨부 IV. 보도자료

1. 보도 현황 (사전 보도 총 7 건, 사후 보도 총 4 건)

❑ 사전 보도

- 파이낸셜뉴스(인터넷)

일자	2011/10/11 15:59
언론사	파이낸셜뉴스(인터넷)
제목	KOICA,13일,'ODA서울 국제컨퍼런스' 개최
출저	http://www.fnnews.com/view?ra=Sent0801m_View&corp=fnnews&arcid=111011155920&cDateYear=2011&cDateMonth=10&cDateDay=11
내용	대외무상원조전담기관인 한국국제협력단(KOICA)은 오는 13일 연세대학교 동원회관에서 유엔사회개발연구소와 공동으로 '한국의 개발경험과 효과적인 국제개발 협력』을 주제로 제 5회 공적개발원조(ODA)서울 국제컨퍼런스를 개최한다.고 11일 밝혔다. 외교통상부와 부산세계개발원조총회(HLF-4)가 후원하는 이번 행사는 오는 11월 부산에서 개최될 HLF-4를 위해 준비된 것이다. 국제사회가 주목하는 우리나라의 개발경험, 즉 개도국에서 단기간에 선진 공여국 대열에 합류할 수 있었던 배경과 그 과정에서 국제원조의 역할에 대해 학술적으로 심도 있게 조명하는 자리가 될 것이라고 KOICA측은 설명했다. 한편 부산총회에는 각국 고위급 인사와 국제기구, 시민사회 대표 등을 포함한 약 2000여명이 참석한 가운데 국제원조체제의 혁신 방향이 논의될 예정이다. 이번 컨퍼런스에서는 피터 에반스 미 캘리포니아 버클리대 교수 등 국제적으로 명망 높은 한국개발 관련 석학들뿐 아니라 국내의 우수한 연구진 및 개발협력 전문가들이 참여할 예정이다. ODA 서울 국제컨퍼런스는 세계 유수의 개발협력 전문가들이 국내외 개발원조 정책 및 이슈에 관해 논의하고 국민들의 국제개발협력에 대한 이해를 제고하도록 KOICA에서 연례적으로 개최하는 국제회의이다.
기자명	김태경 기자 ktitk@fnnews.com

- 파이낸셜뉴스(인터넷)

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제목	KOICA,13일,'ODA서울 국제컨퍼런스' 개최
출저	http://cn.moneta.co.kr/Service/paxnet/ShellView.asp?ArticleID=2011101116040204701
내용	대외무상원조전담기관인 한국국제협력단(KOICA)은 오는 13일 연세대학교 동원회관에서 유엔사회개발연구소와 공동으로 '한국의 개발경험과 효과적인 국제개발 협력』을 주제로 제 5회 공적개발원조(ODA)서울 국제컨퍼런스를 개최한다고 11일 밝혔다. 외교통상부와 부산세계개발원조총회(HLF-4)가 후원하는 이번 행사는 오는 11월 부산에서 개최될 HLF-4를 위해 준비된 것이다. 국제사회가 주목하는 우리나라의 개발경험, 즉 개도국에서 단기간에 선진 공여국 대열에 합류할 수 있었던 배경과 그 과정에서 국제원조의 역할에 대해 학술적으로 심도 있게 조명하는 자리가 될 것이라고 KOICA측은 설명했다. 한편 부산총회에는 각국 고위급 인사와 국제기구, 시민사회 대표 등을 포함한 약 2000여명이 참석한 가운데 국제원조체제의 혁신 방향이 논의될 예정이다. 이번 컨퍼런스에서는 피터 에반스 미 캘리포니아 버클리대 교수 등 국제적으로 명망 높은 한국개발 관련 석학들뿐 아니라 국내의 우수한 연구진 및 개발협력 전문가들이 참여할 예정이다. ODA 서울 국제컨퍼런스는 세계 유수의 개발협력 전문가들이 국내외 개발원조 정책 및 이슈에 관해 논의하고 국민들의 국제개발협력에 대한 이해를 제고하도록 KOICA에서 연례적으로 개최하는 국제회의이다
기자명	김태경 기자 ktitk@fnnews.com

- 서울경제(인터넷)

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제목	KOICA, 한국의 개발경험 세계에 알린다 제5회 ODA 서울 국제컨퍼런스 개최
출저	http://economy.hankooki.com/lpage/politics/201110/e20111011163658120280.htm
내용	정부의 대외무상원조전담기관인 한국국제협력단(KOICA)은 오는 13일 연세대학교 동원회관에서 '한국의 개발경험과 효과적인 국제개발 협력'을 주제로 제5회 공적개발원조(ODA) 서울 국제컨퍼런스'를 개최한다. 유엔사회개발연구소와 공동 개최되는 이번 컨퍼런스는 외교통상부와 부산세계개발원조총회(HLF-4)가 후원한다. 오는 11월 부산에서 개최될 HLF-4를 위한 사전 준비 작업이기도 한 이번 컨퍼런스에선 우리나라가 개발도상국에서 선진 공여국 대결로 합류할 수 있었던 배경과 그 과정에서 국제원조의 역할에 대해 학술적으로 심도 있게 조명하는 자리가 될 전망이다. 부산총회에는 각국 고위급 인사와 국제기구, 시민사회 대표 등을 포함한 약 2,000여명이 참석한 가운데 국제원조체제의 혁신 방향이 논의될 예정이다. 부산은 과거 우리나라가 원조를 받던 시절 많은 원조가 집결되었던 창구로서, 21세기를 맞아 부산에서 개발원조 분야 세계최대의 국제회의가 개최되는 것은 지구촌 나눔 정신이 맺은 결실을 상징적으로 보여준다. 이번 컨퍼런스에서는 피터 에반스(Peter Evans) 미국 캘리포니아 버클리대 교수 등 국제적으로 명망 높은 한국개발 관련 석학들뿐 아니라 국내의 우수한 연구진 및 개발협력 전문가들이 참여할 예정이다.
기자명	유병온 기자 rocinante@sed.co.kr

- 시티신문(인터넷)

일자	2011/10/12 16:56:52
언론사	시티신문(인터넷)
제목	KOICA, 13일 '한국의 개발과 협력' 국제 컨퍼런스 개최
출저	http://www.clubcity.kr/news/articleView.html?idxno=90037
내용	대외무상원조전담기관인 한국국제협력단(KOICA)은 오는 13일 연세대학교 동원회관에서 유엔사회개발연구소와 공동으로 '한국의 개발경험과 효과적인 국제개발 협력'을 주제로 '제 5회 ODA 서울 국제컨퍼런스'를 개최한다. 외교통상부와 부산세계개발원조총회(HLF-4)가 후원하는 이번 행사는 오는 11월 부산에서 개최될 HLF-4를 위해 준비된 것으로, 국내외에서 유명한 개발혁력 전문가 등이 모여 국제사회가 주목하는 우리나라의 개발경험 등 개도국에서 단기간에 선진 공여국 대열에 합류할 수 있었던 배경과 그 과정에서 국제원조의 역할에 대해 학술적으로 심도있게 조명하는 자리.
기자명	이소진 기자 rayoung@clubcity.kr

- 스포츠한국(인터넷)

일자	2011/10/12 18:41:40
언론사	스포츠한국(인터넷)
제목	[Board] 한국국제협력단, 13일 공적개발원조 서울국제컨퍼런스 外
출저	http://sports.hankooki.com/lpage/life/201110/sp20111012164950109540.htm
내용	■ 13일 공적개발원조 서울국제컨퍼런스 한국국제협력단(KOICA)은 13일 서울 서대문구 연세대 동문회관에서 유엔사회개발연구소와 공동으로 '한국의 개발경험과 효과적인 국제개발 협력'을 주제로 제5회 공적개발원조(ODA)서울 국제컨퍼런스를 개최한다. 외교통상부와 부산세계개발원조총회(HLF-4)가 후원하는 이번 행사는 오는 11월 부산에서 개최될 HLF-4를 위해 준비된 것이다. 국제사회가 주목하는 우리나라의 개발경험, 즉 개도국에서 단기간에 선진 공여국 대열에 합류할 수 있었던 배경과 그 과정에서 국제원조의 역할에 대해 학술적으로 심도있게 조명하는 자리가 될 것이라고 KOICA측은 밝혔다.
기자명	인터넷한국일보

- 스포츠한국(인터넷)

일자	2011/10/12 18:41:40
언론사	스포츠한국(인터넷)
제목	[Board] 한국국제협력단, 13일 공적개발원조 서울국제컨퍼런스 外
출저	http://news.hankooki.com/ArticleView/ArticleViewSH.php?url=life/201110/sp20111012164950109540.htm&cd=2401&ver=v002
내용	■ 13일 공적개발원조 서울국제컨퍼런스 한국국제협력단(KOICA)은 13일 서울 서대문구 연세대 동문회관에서 유엔사회개발연구소와 공동으로 '한국의 개발경험과 효과적인 국제개발 협력'을 주제로 제5회 공적개발원조(ODA)서울 국제컨퍼런스를 개최한다. 외교통상부와 부산세계개발원조총회(HLF-4)가 후원하는 이번 행사는 오는 11월 부산에서 개최될 HLF-4를 위해 준비된 것이다. 국제사회가 주목하는 우리나라의 개발경험, 즉 개도국에서 단기간에 선진 공여국 대열에 합류할 수 있었던 배경과 그 과정에서 국제원조의 역할에 대해 학술적으로 심도있게 조명하는 자리가 될 것이라고 KOICA측은 밝혔다.
기자명	인터넷한국일보

- 인포뉴스(인터넷)

일자	2011/10/12 22:37:28
언론사	인포뉴스(인터넷)
제목	KOICA,제5회 'ODA서울 국제컨퍼런스' 개최 한국의 개발경험을 알리는 자리 마련
출저	http://www.inponews.com/news/articleView.html?idxno=1646
내용	한국국제협력단(KOICA)은 오는 13일 연세대학교 동문회관에서 유엔사회개발연구소와 공동으로 '한국의 개발경험과 효과적인 국제개발 협력』을 주제로 제 5회 공적개발원조(ODA)서울 국제컨퍼런스를 개최한다고 11일 밝혔다. 외교통상부와 부산세계개발원조총회(HLF-4)가 후원하는 이번 행사는 오는 11월 부산에서 개최될 HLF-4를 위해 준비된 것이다. KOICA 관계자는 "국제사회가 주목하는 우리나라의 개발경험, 즉 개도국에서 단기간에 선진 공여국 대열에 합류할 수 있었던 배경과 그 과정에서 국제원조의 역할에 대해 학술적으로 심도 있게 조명하는 자리가 될 것."이라고 밝혔다. 이번 컨퍼런스에는 피터 에반스 미 캘리포니아 버클리대 교수 등 국제적으로 명망 높은 한국개발 관련 석학들뿐 아니라 국내의 우수한 연구진 및 개발협력 전문가들이 참여할 예정이다. ODA 서울 국제컨퍼런스는 세계 유수의 개발협력 전문가들이 국내외 개발원조 정책 및 이슈에 관해 논의하고 국민들의 국제개발협력에 대한 이해를 제고하도록 KOICA에서 연례적으로 개최하는 국제회의이다.
기자명	인포뉴스 inpo@inponews.com

❑ 사후 보도

- 포커스신문(인터넷)

일자	2011/10/13 10:19:11
언론사	포커스신문(인터넷)
제목	한국국제협력단'ODA 국제컨퍼런스' 개최 오늘 연세대학 동원회관서 한국의 국제원조 역할 조명
출저	http://www.fnn.co.kr/content.asp?aid=2fe7c2a903d044e19d86799b75755ab2
내용	한국국제협력단(KOICA)이 13일 연세대학교 동원회관에서 유엔사회개발연구소와 공동으로 '한국의 개발경험과 효과적인 국제개발 협력'을 주제로 한 '제5회 ODA 서울 국제컨퍼런스'를 연다. 이번 행사는 한국이 개도국에서 단기간에 선진 공여국 대열에 합류할 수 있었던 배경과 과정에서 국제원조의 역할에 대해 학술적으로 심도 있게 조명한다. 피터 에반스(Peter Evans)미 캘리포니아 버클리대 교수 등 국제적으로 명망 높은 한국개발 관련 석학들과 국내의 우수한 연구진 및 개발협력 전문가들도 대거 참여한다. 한편 ODA 서울 국제컨퍼런스는 세계 유수의 개발협력 전문가들이 국내외 개발원조 정책 및 이슈에 관해 논의하고 국민들의 국제개발협력에 대한 이해를 제고하는 국제회의이다.
기자명	구형녀 기자

- 연합뉴스(인터넷)

일자	2011/10/13 17:04
언론사	연합뉴스(인터넷)
제목	KOICA 주최 제5회 ODA 서울 국제컨퍼런스
출저	http://news.naver.com/main/read.nhn?mode=LSD&mid=sec&sid1=102&oid=001&aid=0005316664
내용	 (서울=연합뉴스) 강진욱 기자 = 한국국제협력단(KOICA)과 유엔사회개발연구소는 13일 연세대 동문회관에서 제5회 ODA(공적개발원조) 서울국제회의를 개최했다. 사진은 박대원 KOICA 이사장의 개회사 장면. 2011.10.13
기자명	강진욱 기자

- 연합뉴스(인터넷)

일자	2011/10/13 18:03
언론사	연합뉴스(인터넷)
제목	"개도국, 한국식 개발모델 신중히 적용해야"
출저	http://news.naver.com/main/read.nhn?mode=LSD&mid=sec&sid1=100&oid=001&aid=0005316122
내용	 KOICA 주최 제 5 회 ODA 서울 국제컨퍼런스 (서울=연합뉴스) 강진욱 기자 = 한국국제협력단(KOICA)과 유엔사회개발연구소는 13 일 연세대 동문회관에서 제 5 회 ODA(공적개발원조) 서울 국제회의를 개최했다. 사진은 박대원 KOICA 이사장의 개회사 장면. 2011.10.13 kjw@yna.co.kr ODA 서울국제회의서 비판론 제기 (서울=연합뉴스) 강진욱 기자 = 개발도상국이 한국의 경제개발 경험을 도입할 때는 신중하게 접근해야 한다는 지적이 제기됐다. 13 일 한국국제협력단(KOICA)과 유엔사회개발연구소가 연세대 동문회관에서 공동 주최한 제 5 회 ODA(공적개발원조) 서울국제회의에서 일부 전문가들은 한국의 경제 성장 성과를 높이 평가하면서도 한국식 개발모델의 개도국 적용에 대해서는 신중론을 제기했다. 짐바브웨 출신으로 영국 런던정경대학(LSE) 아프리카학 석좌교수인 탄디카 음칸다위르 박사는 `한국의 사회정책과 개발 : 비판적 성찰'이라는 제목의 발제문에서 "한국의 성공적 경제개발 이면에는 노동 부문에 대한 억압과 성적 차별 등 불합리한

	측면이 있었다"며 "한국의 개발독재를 합리화하는 경향도 있지만 수단이 목적을 정당화할 수는 없다"고 밝혔다. 그는 "한국이 개발독재 시절에 이룬 경제적 성과의 일부는 더 나은 정치적 환경 아래서도 가능했던 것들 "이라면서 "특히 자본가와 노동 부문간 소득 재분배가 불평등하게 이뤄졌다"고 지적했다.  KOICA 주최 제 5 회 ODA 서울국제회의 (서울=연합뉴스) 강진욱 기자 = 한국국제협력단(KOICA)과 유엔사회개발연구소는 13 일 연세대 동문회관에서 제 5 회 ODA(공적개발원조) 서울국제회의를 개최했다. (앞줄 오른쪽에서 일곱번째가 박대원 KOICA 이사장. 앞줄 왼쪽에서 세번째가 기조발제자인 탄디카 므칸다위르 영국 런던 정경대학교 교수) 2011.10.13 kjw@yna.co.kr 그는 이어 "개발을 위해 사회를 희생하는 일은 없어야 한다"며 "한국의 개발 경험은 다른 나라들에 유용하지만 각국은 자국의 역사와 현재 처한 상황에 맞춰 한국의 경험을 수용해야 한다"고 결론지었다. 미국 하와이대 마이클 더글러스 교수는 `새마을운동, 그 역사와 현재'라는 주제발표에서 "지금까지 최소 70 개 나라가 한국의 새마을운동을 자국 경제개발 모델로 채택했다는 발표가 있다"면서 "그러나 각국에서 벌어지는 새마을운동은 아직 실험적 단계"라고 평가했다. KOICA 박대원 이사장은 개회사에서 "한국은 과거 원조를 받는 나라에서 이제 원조하는 나라로 격상됐다"며 "이번 회의가 아시아와 아프리카 개발도상국들이 한국의 경험을 공유하는 계기가 되길 바란다"고 말했다. 이날 회의는 오전 9 시부터 3 개 세션으로 나눠 진행됐고, 유엔과 한국, 미국, 영국, 우간다, 호주 등의 개발협력 분야 전문가 20 여명이 참석해 `한국의 개발경험과 효과적인 국제개발 협력'을 주제로 토론을 벌였다.
기자명	kjw@yna.co.kr

- ODA Watch(인터넷)

일자	2011/10/28 14:22:46
언론사	ODA Watch(인터넷)
제목	한국 개발경험, 모든 나라에 적용될 수 없다 제5회 ODA 서울 국제컨퍼런스 "한국의 개발경험과 효과적인 국제개발협력" - 세션 1: 한국의 개발경험의 시사점을 중심으로 -
출저	http://www.odawatch.net/12648
내용	지난 10 월 13 일, 연세대학교 동문회관에서 한국국제협력단(이하 KOICA)과 유엔사회개발연구소가 공동주최하여 "한국의 개발경험과 효과적인 국제개발협력"이라는 주제로 제 5 회 ODA 서울 국제컨퍼런스가 열렸다. 금번 컨퍼런스는 KOICA 가 지난 1 년간 세계 각국의 개발협력 전문가들과 함께 진행한 연구결과의 보고서인 "효과적인 국제개발협력: 한국의 개발경험이 주는 교훈(Making International Development Cooperation Effective: Lessons from the Korean Development Experience" 의 주요내용을 공유하고 한국 개발경험의 국제사회 적용 가능성에 대해 심도 있게 논의하기 위해 마련되어졌다.  <사진 1> 제 5 회 ODA 서울 국제컨퍼런스에 참석한 세계 각국의 개발협력 전문가들의 모습 첫 번째 세션인 '한국의 개발 경험의 시사점'의 시작을 열면서 사회를 맡은 이일청 유엔사회개발연구소 연구조정관은 본 연구의 개관에 대한 설명과 함께 한국경험의 성공만 이야기하는 것을 지양하고 실패와 성공에 대해 모두 연구한 노력에 대해 강

	조하였다. 사회정책과 한국의 개발 챕터 발표를 맡은 짐바브웨 출신 탄디카 음칸다위르(Thandika mkandawire) 영국 런던정경대학 아프리카학 석좌교수는 한국의 성공적인 경제개발 이면에 노동자들에 대한 억압과 차별이 있었음을 밝혀 주목을 받았다. 탄디카 교수는 개발을 위해 사회적 평등이 희생되어서는 안된다는 강력한 메시지와 함께 한국 개발경험이 모든 나라에 적용될 수 없으며 나라마다 처해 있는 상황과 환경에 따라 수용해야 함을 강조하였다. 두 번째 발표자인 피터 에반스(Peter B. Evans) 미국 캘리포니아 버클리대학교수는 한국의 개발경험에서 인적 자원의 역량강화를 높이 평가하고 인간의 역량이야 말로 개발의 목표이자 사회 안녕의 척도, 동시에 개발의 수단이 되어야 함을 강조하였다. 피터 교수의 주장은 인간역량 개발의 지속이 국가 정책에 반영되어야 지속가능한 성장이 가능함을 시사한다. 가장 인상적인 부분은 한국과 대만을 비롯하여 남아공과 브라질, 중국과 미국의 3쌍의 국가를 실증적으로 비교연구하여 국가의 역량강화를 위한 효과성은 시민사회가 국가와 함께 상호작용을 하는데에 달려있다는 결론을 도출한 것이다. 특히 한국의 경우에 1980 년대 시민사회가 정책에 영향을 미칠수록, 또 정치권력에의 접근성이 높아진 결과 1990 년대의 사회적 불평등이 감소되었다는 분석을 내리게 된다. 인적자원에 대한 역량강화, 공공정책과 사회정책 수립, 시민사회의 정치적 권리에 대한 개입이 유기적으로 작용한 것임을 알 수 있어 반가운 대목이었다. '국내시장의 강화' 에 대한 발표를 맡은 앨리스 암스덴(Alice H.Amsden) 미국 MIT 교수는 한국 개발경험의 특수성을 국내시장의 강화에서 찾았다. 박정희 정권 시절 의도적으로 자본주의와 자유주의시장에 대한 토대를 신념으로 개발에 박차를 가하여 무엇보다 내수시장 확보에 집중한 것을 성공요인으로 꼽았다. 또한 한국에 연수를 오는 개발도상국 공무원들과 국가운영기관, 관료들이 한국의 경험을 배울 때 이 점을 눈여겨 보아야 함을 주문하여 본 컨퍼런스에 참석한 주한국케냐대사를 비롯한 개발도상국 관료들의 관심을 끌었다. 토론에서는 한국의 개발경험이 다면적이므로 이를 단순화 시켜 교훈으로 도출시키는 것의 어려움이 토로되었다. 보고서 전반에서 자명하게 밝히는 메시지는 그 어디도 만병통치약이나 기적걱인 해결책이 없다는 것이다. 이에 공여기관들이 파트너 국가에 올바른 해결책을 제시하는 과정에서 파트너 국가가 원하는 해결책을 이야기하지 않고 근시안적인 패러다임을 제시하는 행태에 대한 성찰의 필요성이 제기되어 많은 이들의 공감을 받았다. 한편 청중에서는 방글라데시에서 5 년간 근무 경험을 가진 실무자가 인적역량강화를 방해하는 요소들을 명확하게 파악하지 않는다면 역량개발이라는 것이 밑빠진 독

	에 물붓기와 다름 없으므로 역량개발을 위한 적합한 환경을 조성하는 노력이 마련되어야 함을 주장하였다. 은고비 키타우(Ngovi Kitau) 주한케냐대사는 지난 1 년간 한국에 주재하면서 한국의 정책집행방법과 전략이 달랐던 것을 아프리카와의 가장 큰 차이로 발견하였음을 언급하였다. 그는 한국은 한창 개발이 왕성하던 1960 년대 이후부터 인적 역량개발을 위한 정책입안이 가능한 환경이었으며 이로 말미암아 고학력 노동자, 다양한 인재들이 많았음을 인상적인 요인으로 꼽았다. 은고비 대사는 새마을운동에 대해서도 당시 한국 사람들의 단결된 의식과 정신이 주된 성공 요인이었음을 발견하였으며, 이러한 공동체 정신, 협력 정신을 케냐에서도 볼 수 있다고 말했다. 하지만 새마을운동에는 유교사상, 군입대제도 등과 같은 한국의 특수적 맥락과 사회적 제도가 영향을 미쳐 시너지 효과를 낸 점이 분명히 있음을 통해 새마을운동을 그대로 케냐에 옮기는 것은 바람직하지 않다는 의견을 피력하였다. 마지막으로 피터 박사가 다시한번 효과적인 원조를 위해 시민사회의 참여와 능력배양이 중요함을 강조하는 것으로 토론이 마무리에 달했다. 피터 박사는 시민사회의 목소리가 포함이 되었을 때 개발이 더욱더 효과적으로 이루어졌음을 연구결과를 통해 확인하였으며, 무엇보다 시민사회의 능력과 참여 증진, 파트너 국가의 역량 강화가 중요함을 거듭 강조하였다. 나아가 참여의 과정에 대해서도 공여국과 다른 사람이 디자인한 개발원조 프로그램의 결과를 공유하는 수준의 참여가 아닌, 근본적으로 파트너 국가의 시민들과 지역주민들을 어떻게 참여시키는가에 대한 실질적인 방법 마련이 시급함을 덧붙였다. 세션 1 을 마무리하면서 머릿속을 관통하는 핵심 메시지는 이미 수십번 들어 익숙한 문장이다. One Size doesn't fit all. 만병통치약은 없다는 것이다. 서울 G20 정상회의에 이어 부산 세계개발원조총회에서 한국정부가 과도한 자신감으로 한국의 개발경험을 테이블 위에 올려놓기 보다는 보다 겸손하고 조심스럽게 내어놓아야 할 이유이다.
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업무 자료
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The 5th Seoul ODA International Conference

한국의 개발경험과 효과적인 국제개발협력

Making International Development Cooperation Effective: Lessons from the Korean Development Experience

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