

# The Ideology of Economic Development And Its Impact on Policy Process

Chung-Kil Chung

Professor, Graduate School of Public Administration  
Seoul National University

*As one of a series of studies on dominant political ideologies and their impact on Korean policy process, this paper deals with the ideology of economic development which has overwhelmingly dominated Korean policy process in the 1960's and 1970's. The paper identifies some impacts of the ideology on non-economic policies such as environmental, welfare and labor policies. The government tried very hard to contain any anti-developmental movement in these policies. Slightly different impacts are discerned in the case of economic policy process. Technocratic, secretive and speedy decision making, coercive implementation and overemphasis on visible and quantifiable performance criteria are all due, at least partly, to this ideology. All these impacts intensified the already-prevalent phenomenon of "Government-Leads-People-Follow", resulting in the exclusion of people from the policy process. Moreover, they also strengthened the centralization of the already over-centralized Korean political system. They intensified the concentration of power in the executive branch vis-a-vis its legislative counterpart. This paper indicates the necessity for similar studies which will deal with the brighter side of the economic development ideology and its interaction with the ideology of national security. The destiny of these two ideologies will largely determine the future of democratic policy process in Korea: An important theme for another study.*

## Introduction

Liberal democracy, economic development, and national security have been three dominant ideologies<sup>1)</sup> in Korean politics and administration since the Second World War, the latter two continuously challenging and constraining the former. The three ideologies have had profound and wide ranging influences on policies, policy process, or the power structure of the political system. Many unique characteristics of Korean policy system have originated from

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1) Shils defines ideology as "one variant form of those comprehensive patterns of cognitive and moral beliefs about man, society, and universe in relation to man and society, which flourish in human societies". Thus we can roughly define political ideology as a system of widely shared beliefs about what and how political system must do in relation to society. Thus, we do not insist on the exact name of the term: We may use dominant political beliefs, values or even doctrines instead of political ideology. The name does not matter. For Shils' definition, see, *International Encyclopedia of the Social Sciences* (The Macmillan Company and the Free Press, 1979), Vol.7, p.66.

each of the three ideologies, or from their interactions. Unfortunately, however, this aspect has not been systematically examined.<sup>2)</sup> This paper is one of a series of studies which will try to connect those ideologies and their interactions to characteristics of Korean policy system.

More specifically, the paper deals with the ideology of economic development and its impact on policy system. Some assertions, arguments and hunches on the impact can be found in various books or articles of various fields of study. This paper will put together those assertions or hunches to generate some plausible hypotheses, concerning some probable impacts of the ideology on the policy process and power structure of policy system.

In order to discern impacts of the ideology on policy process, we will first see its impact on non-economic policies, and then, on the process of economic policies.

Hypothetical impacts of the ideology, which will be discussed, are not solely due to the ideology itself but due to many other factors such as Korean political culture, and other ideologies. The danger of spurious causality due to those hidden variables becomes really serious when we cover only a short period of time as we do: we nominally cover 40 years (1945~1986) of Korean experiences but practically only 20 years (1961~1979).

To avoid the danger, we will do our best, trying to base our arguments on sound logics and some empirical evidences whenever possible. Most of all, we will examine the context in which the ideology blossomed to have some ideas about hidden variables: those variables which can give the exactly same impacts to political system as the ideology does. This is what we start with in the next part: when and how the ideology of economic development began to be sufficiently supported by the ruling power elites as to influence policy system. We will focus on the ideology of governmental leaders. For, in Korea, their ideology could make important and significant impacts on policy process and system.

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2) As a matter of fact, many hypothetical arguments and assertions have been made on the relationship between economic development and political development. Modernization theories of the 1960's and recent hot debates among Korean political scientists on the theory of state or bureaucratic authoritarianism are all of such kind. However, economic development and political development as ideologies have not been received appropriate attention, not to mention national security. Moreover, political scientists have not looked into more specific policies or policy processes and their relationships with those ideologies. See, for example, recent studies in this field by political scientists as followings: S.Y. Choi et al (eds.), *Modern Korean Politics and State* (Seoul: Bum-Mun Sa, 1986); B.H. Hahn, *Politics of New Nations* (Seoul: Chung-Eum Sa, 1983) Thus, we relied on very rare studies or observations by some prominent public administration, scholars and some economists.

## Origin and Evolution of the Ideology of Economic Development

### Efforts for Economic Development in the 1950's and the Early 1960's

President Park's government (1961-1979) has widely been known for its successful attempt at economic development. However, it was not the first effort of the kind by Korean government. The first effort, even though we consider only post Second World War period, can be traced back to at least the late 1950's. Yet, many argue persuasively that a meaningful and successful effort at economic development began after the military took over the government in 1961. Let us see this somewhat controversial argument in detail.

Korea, when she was liberated from the Japanese colonial rule after World War Two, was in chaotic political, social and economic situation. Thus President Rhee's government established in 1948 had to meet many serious challenges, especially political ones. The economic situation was nonetheless troublesome. Most of factories, mines and power plants were located in North Korea and were already cut from South Korea; A great number of refugees from North Korea demanded more food, while production of rice and other staple crops were greatly reduced, leading to a very serious food shortage. The government tried without any success to stabilize the price of rice sometimes adopting a rationing system. And in 1950, the Korean War hit this already out-of-control economy. Three years of war almost completely destroyed the remaining industrial facilities, infra-structures, transportation networks, not to mention many houses and buildings.<sup>3)</sup> Thus Rhee's government would have no alternative but to try hard to maintain social order in a chaotic situation and to recover from severe war damage.

With a tremendous amount of American aid, the Korean economy finally recovered in around 1958<sup>4)</sup>. The Economic Development Council, created in 1958 under the Minister on Reconstruction, even made a comprehensive three year economic development plan in 1959.<sup>5)</sup>

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3) Some important damages are shown in Hahn-Been Lee, *Korea: Time, Change, and Administration* (Honolulu: East-West Center Press, 1968), pp. 55-58.

4) Hahn-Been Lee, "Public Administration and Society", in Hahn-Been Lee et al. (eds), *Historical Analysis of Korean Public Administration*, (Seoul: Korean Research Institute of Public Administration, 1969), p. 30.

5) This was not the first comprehensive economic development plan of 1950's either, not to mention many sectoral plans such as 5 year plan for increasing rice production, electricity, coal, etc. Nathan's 5 Year Economic Development Plan in the mid 1950's was the first comprehensive plan. But it made no impact on governmental economic policies for many reasons: President Rhee's government was rather occupied with many other serious problems; the UNKRA appointed

Rhee's government, however, from around 1958 was concentrating on a very notorious political game for power maintenance and so, spending valuable resources not for long-range development, but for short-term popularity.<sup>6)</sup> Quite naturally, the implementation of the three year plan was postponed for a year and never got started, since the government was toppled by the 4.19 Student Revolution in 1960.

It is a well-known fact that Premier Chang's government, taking power after the student revolution, tried to give its first priority to economic development. Chang's government, launching nation-wide construction projects and absorbing large numbers of the unemployed, made a comprehensive five year economic development plan. However, the government faced too many problems to concentrate on the implementation of the plan. Chang's Cabinet Government must, most of all, solve urgent political problem: it struggled to get enough support from the Congress for its maintenance. It postponed the implementation of the plan till 1962.

#### **Military Government and President Park's Government**

The plan was quickly approved by the Military Junta after the military took over the government in May 1961. And the economic development plan met the real owner. President Park's government tried really hard to implement this plan and succeeding ones. Thus, it is largely correct to argue that "President Park's economic development plan was not a sudden innovation.... And yet, it is doubtful that Premier Chang's Cabinet Government could have successfully implemented those policies."<sup>7)</sup> We can conclude that it was under President Park's rule that the ideology of Economic Development received serious attention and enough support from the government.

#### **Evidences**

The logic and supporting evidence for the above conclusion is pervasive. First of all, President Park really wanted rapid economic growth, if not development, for two different

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the Nathan team without prior consultation with the government; The plan might have created a very serious political crisis. About the last point, see D.C. Cole and Y.W. Nam, "The Pattern and Significance of Economic Planning in Korea", I. Adelman (ed.), *Practical Approaches to Development Planning*, (Baltimore: Johns Hopkins Press, 1969), p. 33. This article describes and examines various aspects of the Korean government's early efforts at planning.

- 6) This is well explained in Hahn-Been Lee, op. cit., (1969), p.30. Also, Professor Whang noticed that governmental savings for capital formation fluctuated inconsistently in 1950's, indicating their dependence on short term situational changes. See I.J. Whang, *Public Administration and Economic Development*, (Seoul: Seoul National University Press, 1985), pp. 275-276.
- 7) Il Sakong and L. Jones, *Government, Business, and Entrepreneurship in Economic Development: The Korean Case* (Seoul: Korea Development Institute, 1981), p.75.

reasons. (A) President Park and his military colleagues always kept in mind the problem of legitimacy of their regime. They badly needed rapid economic development to compensate for the weakness in political legitimacy.<sup>8)</sup> This has been more so since 1972 when President Park built up the most unpopular, undemocratic and authoritarian regime and the legitimacy of his power was severely hurt. (B) It is highly probable that they, or at least President Park, had really strong belief in economic development itself. The President repeatedly expressed this belief.<sup>9)</sup> There are also some evidences that the overwhelming majority of Korean people in the 1960's, stricken by absolute poverty, most probably gave a high priority to economic development, much higher than to political democracy.<sup>10)</sup> Moreover, the President himself was born a very poor peasant's son, and understood the misery of a poor life.

Secondly, President Park's government pushed their subordinate bureaucrats very hard for an effective implementation of the developmental policies. The government did everything for the vigorous implementation of developmental policies and their follow-up. President Park relied heavily on bureaucracy for this and created a new strong super-ministry: the Economic Planning Board. And he could find many capable and highly motivated bureaucrats.<sup>11)</sup> These capable and achievement-oriented bureaucrats were systematically recruited and promoted to important economic positions by the strategic personnel policies of the power elites. And political leaders brought into bureaucratic power those who represented their values with regard to developmental policies and who had the capabilities to implement them.<sup>12)</sup>

In short, President Park's government repeatedly expressed its intention to achieve rapid

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8) President Park himself admitted the point. In 1971 after 10 years in the top position of Korean Government, he reflected, "Only through economic development, I tried to gain people's support and legitimacy of my power. With economic development and political stability, the voice of opposition from campus and mass media intellectuals began to soften...." See C.H. Park, *Potentia of the Nation* (Seoul: Kwang-Myong Publishing Co., 1971), p. 169.

9) For example, he frequently said, "Economic development can cure almost every disease", "Sound development of (political) democracy and enhancement of national power for unification completely depend on the successful economic development". See C.H. Park, *The Country, The Revolution and I* (Seoul: Hollym Corporation, 1970); C.H. Park, *Our Nation's Path* (Seoul: Hollym Corporation, 1970)

10) Professor H.B. Lee could recognize people's strong desire for economic development in the early 1960's. See H.B. Lee, 1969, pp. 30-31. Even in the early 1980's much more people responded that freedom from poverty is more urgent than that from political oppression and power. See Social Science Research Center, Seoul National University, *A Survey on People's Attitudes toward Social Development* (1981. 12), p. 26 and p. 41.

11) When the top leader really wanted economic development, it was not very difficult in Korea of 1960's to find some bureaucrats to carry out developmental programs, as was well explained in Adelman and Morris, *Society, Politics and Economic Development*, (Baltimore: Johns Hopkins University Press, 1967) pp. 237, 238, 246.

12) Professor Whang offers a lot of evidence for this point. See I.J. Whang, op. cit., pp. 251-267.

economic development, really tried, and was able to find capable and motivated bureaucrats to do so. And it got surprisingly successful results.

The successful results in the 1960's strengthened President Park's belief in his economic developmental policies; perhaps too much. The success also gave him the people's support and popularity on one hand, and a rationale to his undemocratic power maintenance scheme of 1972 on the other. In order to compensate for his weak legitimacy which was deeply shaken by the scheme, he had to try harder for economic development in the 1970's.

The ideology of economic development, strongly supported by the powerful leader and a militaristic push for implementation created an unprecedentedly rapid growth: per capita GNP increased from \$ 80 in 1961 to \$ 1,600 in 1979 even though the population size almost doubled during the period: the share of agricultural sector in GNP shrank from more than 40% to less than 20% in 1979, while that in employment dropped from more than 60% to less than 40% during the period.

## **Impact of the Ideology on Related Non-Economic Policies**

### **Three Non-economic Policies**

The fact that the ideology of economic development received strong support from President Park's government in the 1960's and 1970's has several important implications with respect to its influence on policy process. Among others, those implications have the following dimensions: it started to work when the country was so poor that people widely supported it; it received full support by the top leader; it received a strong push from the government in somewhat militaristic ways. These, together with the ideology itself, have various impacts on policies, policy processes and power structure of political system itself.

During the period of rapid economic growth, the ideology has left indelible marks on many aspects of non-economic policies. In order to see some patterned impacts of the ideology on other policies, we selected three areas. The most profound and uncontroversial impacts of the ideology were made on non-economic policies such as environmental protection policies, labor policies and social welfare policies.<sup>12)</sup> We will briefly examine these

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13) When we discuss the impact of the ideology on substantive policies, we must not omit the fact that economic policies accepted for the ideology in the 1960's and 1970's were based on "unbalanced growth" strategy. Thus, more emphasis was given to infrastructure and industry than to agricultural sector, and to big-size enterprises than to smallsize ones. However, they

policies focusing on those impacts which are both very important and have some characteristics to be generalizable to other policies and their processes.

### **Environmental Protection Policies**

“Environmental protection is in many ways not compatible with economic development. It will directly give a heavy burden to pollution-prone industry, weaken the propensity to investment and push up the cost of industrial products, weakening their competitive power in international markets”. Such is a typical response of governmental leaders and bureaucrats with respect to the pollution problem. A Vice Premier and Minister of EPB in the late 1960’s even declared, though informally, “whoever speaks up for the issue of pollution is a traitor”<sup>14)</sup>

In the 1960’s and until the early 1970’s, people also accepted the governmental leader’s attitudes toward pollution problem, i.e., that pollution is a cost to be paid for the greater benefit of economic development. Thus, political leaders and bureaucrats could successfully try every possible strategy to block environmental protection policies.<sup>15)</sup> They tried at every stage of the policy process.<sup>16)</sup> For example, the Military Junta in 1963 passed an Anti-Pollution Law but soon realized its economic implication. Then, of course, the government neither established any administrative agency to carry out the law nor allowed any budget for its implementation.<sup>17)</sup>

As economic policy began to emphasize heavy and chemical industry from around 1973, pollution became a serious problem. The ministry of Public Health and Welfare unsuccessfully tried to amend the old toothless Anti-pollution Law, arousing strong resentment and critics from economic ministries. Only after President Park mentioned the issue of environmental protection in his New Year message of 1977, could the government pass the new Environment Protection Law. But it was soon discovered that the President’s intention

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will not be discussed here.

- 14) He was very notorious for his challenging manner and had many such episodes. See In-Sik Nam, *A Study on the Agenda-Setting of Pollution-Issue: With Focus on Non-Decision Making Theory*, (Seoul: The Graduate School of Public Administration, Seoul National University, Master Thesis, 1983), footnote 15 on page 49.
- 15) This was well described and explained in Marn Jai Cha and OK Ryun Moon, “An Evaluation of Environmental Policy” *Public Health Review*, Vol.14, No.2 (Seoul Medical School of Seoul National University, 1977), pp. 241-289.
- 16) Mr. Nam’s thesis (mentioned in the above footnote) well examined how pollution was contained so as not to become a hot issue during the agenda-setting process, how the environmental policy was crippled in the policy making process and how it was ineffectively implemented until the middle 1970’s.
- 17) How this kind of law could be accepted by the military junta was well explained by Cha and Moon, op. cit., pp. 258-259.

was not about pollution problems. For, governmental effort for environmental protection was directed toward preserving natural scenery rather than toward reducing pollution caused by industrial activities or transportation means. The new law was more symbolic than practical.<sup>18)</sup>

A more practical and effective law was finally made after President Park was assassinated in October 1979. The New Environmental Protection Law was born at the very end of 1979, And the Office of Environment was established accordingly.

### **Social Welfare Policies**

Social Welfare policies received similar treatment. The ideology of economic growth regarded welfare policy as auxiliary at best, and harmful to economic growth. It is true that the poor Korean economy of the 1960's could not support any meaningful welfare program. The ideology even argued that welfare policies are not helpful to the welfare of the poor: only economic growth is. "If government spends any money for welfare program, it will slow down capital cumulation. Rapid capital formation can provide more jobs to the unemployed, and it can be the only way to solve unemployment problem in poor countries. Reducing unemployment is the best way and the basic cornerstone for welfare".

The above logic is very sound, at least when the economy is just beginning to develop. For any government to pay more attention and resources to any specific policy, there must be more support from outside the political system. Looking back on the 1960's, it is clear that the poor economy could support neither enough tax for the financial support of, nor any saving for private sector contribution to, welfare policies. The Korean economy was just recovering to the pre-Korean War state of the early 1950's. And in the early 1950's, Korean economy was not very long out of a state of chaos.

There came a big change in the nature of relief program in 1964. The government started a "Self-help" Program: instead of giving free aid to the poor, the government gave daily payments to the poor for their work.<sup>19)</sup> The change too reflects the basic logic of economic development. Thus, it is not surprising to find that governmental expenditure was not very much increased during the 1960's and 1970's. In fact, the share of social welfare in total governmental budget did not improve at all during the 1970's.<sup>20)</sup>

18) See I.S. Nam, *op. cit.*, pp. 66-79.

19) Wonwoo Suh, "Welfare Administration", in H.B. Lee et al (eds), *op. cit.*, pp. 302-304.

20) It was around 14% during 1963~1965, 20% during 1970~1972 and 18% during 1978~1979. Among the share, education is overwhelming with almost 65% of the share. The share of pure welfare expenditure-social security program such as public relief programs and medical insurance program was less than 0.2% throughout the 1960's and only 0.3% during 1978~1979.



Recalling the miraculous economic growth during the 1960's and 1970's which could have given some material support for welfare programs on one hand, and no comparable improvement in them during the period on the other, we can recognize the remarkable impact of the ideology of economic growth on social welfare policies. The government made many laws fundamental for social welfare in the early 1960's. However, they played only a symbolic role. The medical insurance program began in 1976. But, the program did not receive any governmental support in finance and moreover, was not very progressive at all.

### **Labor Policies**

Welfare policy is only one part of redistributive policies which were systematically discouraged in favor of the ideology of economic development. Another more important part is labor policy. Labor policies of 1960's and 1970's had more than simple redistributive implications: They were a part of system maintenance policies which were unidentifiably mixed with the antiliberalism.

Wage increases, reduction of working hours, and the improvement of working facilities, work security are all more or less burdensome to capital formation. Thus, the same logic was applied to those issues as was applied to welfare policies: The government tried to block progressive labor policies for the sake of economic development.

However, governmental reaction was not all the same throughout all the labor issues. In some issues, the government was more generous. Looking back on labor policies of 1960's and 1970's we can discern two different labor issues.

One is the category of those issues mentioned above: Wage increases, reduction of working hours and the like which have a direct impact on workers' welfare. These issues cause a zero-sum game between labor and capital in the short-run. It is quite logical that the ideology of economic development should drive the government not to side with labor but with capital for the sake of rapid capital formation. However, the government was taking rather neutral or progressive attitudes to the issues. Amendments of several labor laws exemplify the point.<sup>21)</sup>

The other category of labor issues comprises of labor movement which plays the instrumental role for more progressiveness of the above-mentioned redistributive policies. This category received harsh governmental treatment during 1970's for three possible reasons.

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Y.M. Kim, "Perceptual Difference in Welfare Policy Between Government and People" in Korean Research Institute of Spiritual Culture, *Current Task for Welfare Society* (Seoul, 1986). pp. 16-17.

21) This is well explained in J.J. Choi, "A Study on the Politico-Economic Impact of Korean Labor Movement" (Seoul: Hahn-Kil Sa, 1984. 2), pp. 302-304.

(A) Labor movement, especially when it is radical or massive, may easily lead to the loss of social stability, creating an obstacle to more investment (foreign or domestic) and more export, and also damaging national security. (B) The government seemed to worry that labor movement, if permitted, might move out of its control to give a severe blow to the ideology of economic development: It might, for example, loudly speak up for the slogan of more equity than growth. (C) The labor movement, top leaders might have suspected, might probably change into anti-government movement.<sup>22)</sup>

It seems that President Park's government made, though reluctantly, some progressive concessions to calm down workers' radical dissent, while trying to contain labor movement within controllable limits.

Quite naturally, the government did not open the policy making process to either management or labor unions.<sup>23)</sup> Unions tried to influence implementation process, largely urging the government to faithfully execute contents of various labor laws.<sup>24)</sup> As workers strikes or other similar actions were prohibited, the government itself even assumed the role of dispute arbitrator between workers and management. And so, the government dominated every process of labor policies in 1970's, sometimes siding with management and sometimes siding with workers.

### Summary

We can see several characteristics common to the three non-economic policies roughly reviewed above.

First, those policies which are incompatible with the ideology of economic development received a very harsh treatment. Second, some ideal-type environmental, welfare or labor policies of such anti-developmental nature had already been in existence when they were not feasible at all. Thus they played only symbolic role and were not implemented. Third,

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22) Some indirect evidence can validate the two points. The start of President Park's third term as president and the establishment of an authoritarian regime in 1972 lead to a very critical problem of legitimacy, causing nationwide student demonstrations and intellectual opposition. The labor force increased very rapidly throughout the 1960's and 1970's. Many intellectuals and religious people joined and encouraged labor movement from the early 1970's. The labor movement began to become extremely radical from the late 1960's. And most of all, the movement began to wear a political color from the late 1960's. See for example, Y.W. Kim, "Labor Issues and Labor Movements in Industrialization Stage", in H.C. Park et al (eds.) *Reidentification of Korean Society* (Seoul: Han-Wool, 1985), pp.361-373.

23) Labor unions made some influence on the policy making process in the 1960's when labor movement was relatively free, compared to the case of the 1970's. Still the influence was not so remarkable.

24) J.J. Choi, op. cit., pp.307-308.

the efforts to oppress those anti-developmental policies were tried at every stage of policy process: agenda-setting, policy making, policy implementation and evaluation. Fourth, in case of labor policy the government sometimes sided with labor rather than with management. This was necessary to contain within controllable limits a labor movement which might be more harmful to economic development and to power maintenance. Fifth, as shown in labor policies, the government did try to deeply penetrate many phases of labor-management relations in order to keep the situation safely within its control. The last point is just one aspect of the very important phenomenon called "Government-Leads-People-Follow," which will be discussed later. Since the impact of the ideology on the process of economic policies is a bit different from those above, we now turn to it to get a broader view of the whole picture.

## **Impacts of the Ideology on Economic Policy Process**

### **Technocratic and Apolitical Decisionmaking**

The ideology of economic development had wide-spread impact on the process of economic policies. This impact on economic policy process alone includes at least five mutually interacting and very important aspects, which can also be seen in many other policies. Let us consider them one by one.

The ideology of economic development encouraged technical and analytical, instead of political, decisionmaking not only in policy implementation but also in policy making process. The ideology emphasized effectiveness and efficiency, downgrading compromise and participation. It highly praises economic rationality, sacrificing political rationality. In short, the ideology made a-political policy process. De-politicized policy process can best be explained by starting from the economic master plan. The ideology of economic growth, especially when it aims at rapid growth, requires a well coordinated (thus internally as well as externally consistent) comprehensive national plan (thus feasible and desirable, at least satisficing if not optimal, considering given important constraints). This kind of comprehensive plan has no room for compromise: when the ultimate goal is given, the total frame of means-ends hierarchy is theoretically determined without any discretion.<sup>25)</sup> Thus, there is no place in the process to put into political factors or consideration. It is quite logical that President Park and his top assistants tried to block any political interv-

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25) This is one of the reasons why PPBS was not welcome by US Congressmen.

ention which might significantly change the development-oriented economic policy<sup>26)</sup> We can easily guess that the similar atmosphere of anti-political intervention prevailed in the implementation process of the economic plan and policies.

The above argument has some, though indirect, evidence. Actual economic policies including the comprehensive 5 year economic development plans were formulated and finalized in the executive branch, and received ex-post rubber-stamp approval from the ruling party-government-coordination-committee before they were sent to Congress when Congressional approval was necessary.<sup>27)</sup> Within the executive branch, cabinet meeting of economic ministries was actually the final stage for economic policies.<sup>28)</sup> There were some conflict and "politicking" among members of the meetings. However, it seems largely true that the battle was won by whoever could back up his argument with better rationale for economic development<sup>29)</sup> Moreover, President Park and core power elites seemed to be very careful in selecting ministers of economic ministries. They seemed to try to select economic specialists for the ministers. During 16 years (1964~1979) of President Park's rule in the civilian government, only 7 (14.9%) out of 47 economic ministers were ex-military men, compared to 46(38.3%) out of 120 non-economic ministers. And no ex-military officer ever served during the period as the Minister of Finance, since the position has been believed to require the most sophisticated economic expertise.<sup>30)</sup>

President Park's government "used the 5 year economic development plan as the central

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26) Of course, there cannot be such a rigid comprehensive plan. There cannot be such a logical and strong causal chain starting from the ultimate goal to lower goals and means implied in the comprehensive plan. Moreover, effectiveness is not the only criterion to select the best means: Efficiency is equally and sometimes a more important criterions. Thus, the best policy means to accomplish certain economic goals must be selected, not on the sole basis of their contribution to the goal, but on its cost as well. However, the cost considered by the government was largely an economic one, and efficiency is also more of an economic than any other social concept. It is definitely not a political concept.

27) Numerous examples can be shown. Among others, the construction of Seoul-Pusan Express way and Educational Revolution are typical cases.

28) See, for example, S.J. Cho, *Korean Public Administration* (Seoul: Bakyong Publishing, 1982), pp. 284-288. Although the economic ministries usually received informal approval or order, explicit or implicit, from President Park before they discussed the policies in the meeting, this does not in any way weaken the argument that economic policies were decided a-politically.

29) See Sakong and Jones, op. cit., pp. 88-89.

30) The economic ministries included here are five. They are Ministries of Finance; Commerce & Industry; Construction; Agriculture & Fishery; and EPB. Doo-Sam Cha, *A Study on the Military Elite and Political Development in Korea* (Graduate School of Public Administration, Seoul National University: Graduate MA Thesis, 1984), pp. 62.

framework of action program. Relying on economic experts, the government demonstrated vigorous implementations and follow-ups." Thus, it was quite natural that "bureaucrats of the economic ministries must pay much more attention to technical problems to carry out economic policies... Technocratic factors began to rapidly emerge in the bureaucracy."<sup>31)</sup>

This kind of technocratic and expert-oriented atmosphere began to diffuse to other non-economic ministries. The diffusion, of course, is not solely due to the ideology of economic growth, but due also to the military influence: the ex-military officers moved to governmental positions together with their "managerial approach." However, it is also true that the new technocratic approach wore very much economic-oriented cloth when diffused to other areas of governmental activities. Thus, there even was a sarcastic rumor that a Vice Minister of Education in late 1960's, who happened to be ex-economic professor, was quoted as insisting that a preservation program for certain historical remnants should pass the test of cost-benefit analysis to attain some budget.

Exclusion of political forces from the policy process had a great political cost: the sacrifice of democratic ideology. Congressmen including even some leaders of the ruling party were cut off from the process, clientel groups could not participate in the process, not to speak of interest groups.<sup>32)</sup> This undemocratic process was further enhanced by three additional aspects of the ideology of "Economic Development." They are secretive and speedy decision making, more reliance on coercive compliance mechanism in implementation process, and overemphasis on visible and quantifiable criteria for the evaluation of both policies and bureaucratic performance.

### **Secretive and Speedy Decisionmaking**

Secretive and speedy decisionmaking is sometimes very crucial for the goal attainment of some economic policies.<sup>33)</sup> The rationale for this speedy, secretive and closed decision

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31) Hahn-Been Lee, op. cit., 1968, p.160, 173; and 1969, p.34.

32) Professor Lee observed that Governmental effort for modernization based on industrialization and economic development created wide spread attitude among people "that the less the politics, the better". See H.K. Lee, Political Implication of Presidential Union Message", *Shin Dong-Ah* (Feb. 1969), p.72.

33) Sakong and Jones indicate, as a typical example of such a kind, the case in which just a small number of experts worked together to decide the level of oil price increase after the 2nd oil shock in 1974. It was three-weeks work which only the Minister of Finance among ministers knew about in advance. The Anti-Real-Estate-Speculation Law of 1971 was formulated after 24 hours of work. The Price Stability Law of 1973 took three days' work and was known as a rare case for which they spent "a relatively long time". All these and their rationale are well explained in Sakong and Jones, op. cit., pp.89-90.

making was very persuasive: they argue that if the government effort is known in advance, somebody may get a wind-fall profit or may make preparations to avoid governmental control which is the very goal of the economic policy. And, moreover, open discussion and participation of various interest group will eventually cause stalemate to make no decision at all.<sup>34)</sup>

Secretive decisionmaking is not unique in developmental economic policies. It is ubiquitous in any economic policies and, in fact, more frequent and better justified in foreign and defense policies. Still, it is largely true that some developmental economic policies must be decided more secretly and that this rationale together with the doctrine of "Government-Leads-People-Follow" made economic policy process more and more closed.

Whatever the rationale was, the speedy and secretive decision making in economic policies made very closed, and thus, very undemocratic decision processes. And together with the secrecy in foreign and defense policies, it was extended to other policy areas by the bureaucrats who could easily recognize its implications and never hesitated to exploit the rationale for increasing their power in policy process.

### **Coercive Implementation**

More harmful and more visible damage came from the frequent governmental reliance on coercive compliance mechanism rather than on persuasion or reward. Compulsion rather than incentives usually brings about intended effect more speedily, if it is accepted by the target group. Korea has been, and definitely was, a "Strong State", where people normally accept and faithfully follow governmental policies.<sup>35)</sup> During the implementation process of economic developmental policies, the government could decide the fortune or destiny of any private enterprise. Thus, entrepreneurs could not defy governmental compulsion, if the government really meant it. And that was exactly what President Park's government meant for economic development.<sup>36)</sup>

Again, it can be that frequent governmental reliance on coercive methods is not necessarily due to the ideology of the economic development. And it is also true that vigorous and unscrupulous execution of governmental orders by President Park's government may

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34) Ibid., p. 90.

35) G. Myrdal coined the term Strong State as an opposite concept of "Soft State". Soft State, according to Myrdal, often fails to implement policies and is reluctant to give new burden to people during the implementation process. G. Myrdal, *Asian Drama* (N.Y.: Pantheon, 1968), p. 67.

36) One good study shows a big difference in entrepreneurs' attitudes toward governmental orders of the 1950's and 1960's & 1970's. Only 3% of the respondents answered that they could not avoid governmental orders from Rhee's government (1950's), while 78% answered that way in case of Park's government (1960's and 1970's). See Sagong and Jones, op. cit., pp. 172-173.

be more due to its militaristic nature and that the government could apply it to any policy areas other than economic policies.<sup>37)</sup> However, the top leader's strong motive for "rapid" economic development definitely was one of the reasons for the phenomenon. With limited financial resources compulsion was attractive expenditure-free strategy. And among others, it accomplished the intended target with the maximum speed possible.<sup>38)</sup>

### **Quantifiable and Visible Evaluation Criteria**

Another category of influence that the ideology of "Economic Development" had on general policy process is about policy evaluation criteria.

As top leaders of the government really wanted rapid economic growth, their personnel policy became a weapon for the purpose: Recruitment, promotion and transfer of officials for important positions must in one way or another be based on the end result of achievement, which would be instrumental to economic growth. Tangible and visible performance criteria can easily be utilized for the purpose. Thus, there began to emerge a tendency that bureaucrats as well as governmental leaders emphasize visible performance criteria.

The tendency was greatly strengthened by the urgent need of the top leaders to demonstrate their performance before the people. The leaders badly needed some easily recognizable evidences of economic growth to compensate for the weakened legitimacy and to mobilize more support, including more compliance, from the people.

The tendency also was diffused to other sectors of government. Thus performance or policy evaluation relied more and more on quantifiable measure or outputs of governmental activities.

This trend created many undesirable results. One result very critical to policy process was that when evaluating anticipated consequences of policy alternatives and policy implementation process as well as outcomes of the executed policy, unobservable and intangible values were systematically under-evaluated and sometimes completely neglected. Those

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37) Professor S.J. Cho notes as the administrative philosophy of the military government (1961~1963) three important doctrines which in essence, means emphasis on effective implementation. See, S.J. Cho, "Organization" in H.B. Lee et. al (eds.) op. cit. pp.428.

38) The best example may be the diffusion of high-yield rice variety. The new seed was so superior in productivity that many officials believed that most farmers would sooner or later adopt it. But, the government was too eager to wait till the seed would naturally diffuse. Thus, it started the "guided" diffusion with every possible strategy, relying heavily on coercive one. The result was indeed a very rapid diffusion. See Y.C. Park, *Diffusion process of Innovation-The Case of "Unification Rice" Variety in Korea*, (Seoul: The Graduate School of Public Administration, Seoul National University, Ph. D. Thesis, 1984). Sakong and Jones note, "These could be accomplished by the parameter manipulation in the long run, but were accomplished more speedily by compulsion." Sakong and Jones, op. cit., p.170.

values are usually political, cultural and ethical and are sometimes more valuable than economic ones. It is, thus, not very difficult to understand that policy implementation was not much responsive to the clientle's demand.

Another result no less critical was that bureaucratic implementers exaggerated their performance. Usually they set very ambitious goals and reported overestimated goal attainments to impress their superiors. The longer the bureaucratic hierarchy was, the more unreliable the report was. It was no wonder why many people did not believe in "administrative" statistics. This kind of crippled information had most probably distorted the top policy maker's judgement, critically hurting the appropriateness of policy goals, the scope of alternative search, effectiveness or efficiency of selected alternative. The damage of distorted information became greater and greater as non-bureaucratic information could less and less penetrate the top power echelon.

## **The Doctrine of "Government-Leads" and Over-concentration of Power**

### **Anti-democratic Nature of the Impacts**

Though very roughly reviewed above, it is apparent that the ideology of economic development greatly influenced the policy process of the Korean political system. Among others, those impacts mentioned above are themselves very important. And, more importantly, those impacts significantly strengthened both the doctrine of "Governments-Leads-People-Follow" and the over-concentration of power. And the latter two in turn strongly reinforced those impacts. All of them, together with the ideology of national security which also intensified them, so overwhelmingly dominated Korean policy process that democratic ide als continuously shrank in the 1960's and 1970's.

### **The Doctrine of "Government-Leads-and-People-Follow" and Exclusion of People from Policy Process**

The most profound impact of the ideology of economic development will be that it greatly strengthened the phenomenon of "Government-Leads-and People-Follow." The doctrine of "Government-Leads-People-Follow" has several causes. One such cause is that the doctrine itself has been deeply rooted in Korean political culture for hundreds or thousands of years. However, the doctrine was greatly reinforced by those impacts of the ideology of economic development mentioned above. Let us summarize them.

First, technocratic policy processes required and strengthened by the ideology defied any



political intervention, inevitably leading to the exclusion of private forces, and therefore, the people from the process. Second, the secretive and speedy decisionmaking required by the ideology also excluded private sector participants from the policy process. Third, reliance on coercive compliance mechanism and emphasis on visible performance criteria are not very compatible with democratic participation or responsiveness to people's demand. Fourth, as we have briefly seen in environmental, welfare and labor policies, the government tried to eliminate any obstacle to economic development. Though unseen because of its "non-decisionmaking nature, the governmental effort penetrated every stage of policy process. The government tried to regulate whatever forces might interrupt rapid economic growth.

There is another very important reason for the doctrine: government, instead of private sector, did almost everything for rapid economic development. Two reasons deserve a brief mention here. (A) When President Park's government began in 1961 to implement economic development plan, shortage of capital and capable entrepreneurs was very serious: The governmental budget was a very important source of money; the government itself must raise some loans from foreigners, etc. (B) Logically, it is more effective to invest money on certain industries according to carefully planned industrial policies. This is especially so where the free market is less perfect as in underdeveloped countries.<sup>39)</sup> Thus, the government intervened even in the management of the private banks.

#### **Over-concentration of Power in the Government.**

The doctrine of "Government-Leads-People-Follow" inevitably expanded governmental functions. And in order to efficiently and effectively accomplish the very much expanded function, the government severely limited peoples's participation in the policy process. And the result is more power to government vis-a-vis society.<sup>40)</sup>

Those impacts of the economic development ideology, which have strengthened the doctrine, also made power shift in the political system itself; more power to central government from local government and more power to the executive branch from the legislature.

Korea traditionally had a centralized political system. Technocrat decision makings required newly educated and capable bureaucrats oriented toward managerial approach. And these bureaucrats were few in number and definitely were not readily available in local

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39) Similar argument was expressed in different ways. See Il. Sakong, *Economic Development and Governmental Role* (Seoul: KDI, 1981), p. 6.

40) The doctrine created many serious problems such as corruption, overall social inefficiency, etc., which will not be discussed here.

government in the 1960's and even in the early 1970's.<sup>41)</sup> Coercive implementation could be more possible when strongly supported by the central government. Secretive decisionmaking could be possible only when the decision point was located at the core power center. Non-decisionmaking to contain any anti-developmental factors such as environment protection policies and progressive welfare and labor policies or movement requires strong and consistent political support, which was easier to acquire at the central government. Moreover, other factors which we have not discussed yet, also intervened. Consistent and carefully planned economic strategies needed a strong center for their formulation as well as implementation. Huge amount of resource could be effectively mobilized only when central government was in charge.

Those impacts and factors, which caused centralization, also caused power shift in the central government: More power to the executive branch and to economic ministries. Technocracy and comprehensiveness in decisionmaking did not permit political intervention. And under a strong President's umbrella, the executive branch received real decision making power. The need for secretive and speedy decisionmaking also requires non-political closed decisionmaking process. Coercive implementation was both the direct result and the cause of apolitical Policy process. A similar relationship can be found between the dominance of the executive branch and the non-decisionmaking which tried to regulate any anti-developmental forces.

### **Democratic Policy Process?**

We focused on the dark side of the ideology of economic development, since it is a critical problem that must be solved. It is critical, because it, together with the ideology of national security, challenged and successfully attacked the ideal democratic policy process.

However, both ideologies were historically inevitable and necessary. Moreover both ideologies have a very bright side even when we focus our attention only on their impacts on democratic policy process. The most important impact of the economic development ideology, for example, is increased national wealth, industrialized economic structure, and rise of middle class, which are backbones of a democratic political system. These are themes for another paper.

The paper tried to show some inevitable impacts of the economic development ideology. And many of those impacts still stay around, and so must clearly be understood to explain

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41) Similar observations are presented in B.M. Ahn, *Korean Government* (Seoul: Dha-San Publishing Co. 1985), pp. 231-233.

in the undemocratic nature of Korean policy process. Can we expect that the ideology will fade away together with their undemocratic impacts? The answer is not simple, since it depends also on the interaction of the ideology with that of national security. Again, this is left for another paper.