

The Shifting Agenda of the State and Governance Schemes in the Korean Development Process

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Abstract: Although successive administrations in Korea have generally worked effectively in pursuing the goals of national development, each has shown a varying degree of success in achieving their missions and tasks and there were significant variations among the administrations. While the Park and Chun Governments were successful, the Kim Young Sam and Kim Dae Jung governments were criticized for being inadequate. These variations among the regimes call for a new analytical framework to analyze and evaluate the successive administrations which have managed the state agenda for national development at different stages. This paper first develops a new analytical framework, based upon Lee Yoolgok's three-stage development model, which can be used for the analysis of changing governance schemes for different stages of development; Second, it applies the new analytical framework to the Korean case to see if it can be used to evaluate the effectiveness of the governance schemes since the Park administration; Third, the paper makes some normative suggestions to help develop the governance capability of the current government.

ISSUES AND PROBLEMS

Since its establishment in 1948, Korea has pursued most of the developmental goals of the modern state: social equality, economic growth, democratization, and finally globalization as an OECD member. In general, the Korean administrative system worked very well in pursuing these goals. The political leaders of successive administrations rightly conceived and committed themselves to the priority agenda of the state. In accordance with the task-agenda of the state, the political leadership has tried to restructure the government bureaucracy and institutional arrangements.

However, not all of the leaders have shown the same degree of success in achieving their missions and tasks. There were significant variations among the administrations. The great success in achieving economic growth during the Park Chung Hee Government during the 1960s and 1970s was hailed

as a 'miracle' and a model to be envied by other developing countries (World Bank, 1993; Amsden, 1989). In contrast, the government strategies taken by President Kim Young Sam in the middle of the 1990s were criticized as one of the main causes for the Foreign-Exchange Crisis in 1997. Despite some initial success, the policies and actions of the current Kim Dae Jung government have yet to show visible and concrete results in fully overcoming the crisis.

This variation among the regimes calls for a new analytical framework by which one can analyze and evaluate the successive administrations that have managed the state agenda for national development in Korea at different stages. In this respect, traditional theories of comparative government, Almond (1978) and Heady(1979) for instance, which sought to compare and evaluate government systems in terms of the structural ramifications of the political system, the characteristics of bureaucracy, and the bureaucratic relationship with political leadership, were not very helpful, because they neglected cultural differences among states.

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Lately, the developmental state model (Wade, 1990; Pempel, 2001; Moon and Ryu, 2001) has been useful in correcting the 'superiority complex' of the Western model. They have been indeed helpful in explaining the effectiveness of the governance scheme in the East Asian cultural context particularly at an early industrialization phase. However, the development state model has a fundamental flaw. Although it proclaims to focus on the 'management of change and development' in a different cultural context, it still fails to consider the critical change in the governmental task, within East Asian countries. That is to say, because the development state model implicitly assumed the static nature of the development goal, the study considers the priority goal of administration and governance schemes to be static over time. Consequently, the study takes a specific set of institutional arrangements for granted. In other words, it cannot show the dynamically changing nature of the governance scheme which includes political leaders' goal perception, corresponding strategies and institutional arrangements, because the agenda of the national development may constantly shift. A different goal of national development may require a different set of governance scheme to pursue it.

Considering these issues, this paper first develops a new analytical framework to be used to analyze the changing governance schemes at different stages of development. Second, the paper applies the new analytical framework to the Korean case to see if it can be used to evaluate the effectiveness of the governance schemes since the Park Chung Hee administration. Finally, the paper makes some normative suggestions to help develop the governance capability of the current and incoming next government.

THEORETICAL FRAMEWORK FOR THE STUDY

Many social scientists agree that for political, economic and managerial reasons, national development should proceed in sequential stages (Almond, 1966; Organski, 1965; Rostow, 1971; Greiner, 1972; Hahn, 2000). If that is the case, then we need to identify a set of stages and the priority task and corresponding governance scheme for each stage. Then we can examine whether the linkage between these two factors are actually materialized by political leaders particularly through the successful reengineering of the bureaucracy.

A stage may be conceptualized as a matrix of policies, institutions and behaviors formulated by a society in order to meet challenges confronting the state (Rostow, 1960: 148; Meier, 1976: 79-82). Political scientists like G. A. Almond (1966) and A.F.K. Organski(1965) proposed a four or five stage theory of development: state-building, nation-building, industrialization, democratization, and welfare. Almond goes one step further to suggest that each goal stage requires a different set of the political system capacity, such as regulative, symbolic, extractive, responsive and distributive capacities (Almond, 1996: 190-209). For instance, the industrialization places increased pressure on the political system. However, a political system can utilize an 'investment strategy' to develop the necessary system capacity to respond to the shifting goals of national development.

W. W. Rostow's five stage theory of economic development namely, - traditional, preconditions, take-off, drive to maturity, and high mass consumption - and their corresponding institutional arrangements is so well known that it need not be explained (Rostow, 1971; Meier; 1976).

Scholars in business administration have also shown great interest in the development stages of business organizations. Peter Drucker (1969)

identified three different stages of the changing atmosphere of the American business during the last century. The first stage (50 years prior to the First World War) was characterized as 'the heroic age of innovation and entrepreneur;' the second stage (50 years after the First World War) was characterized the age of management; and the third (30 years after 1970s) was characterized as a new structure of the entrepreneur' and based on a managerial foundation.

Corporate growth models by A. D. Chandler (1962), L. E. Greiner (1972), D. Miller et al (1984) have also suggested very useful stage models of system development. Particularly, Greiner's theory of corporate growth stages shows distinctive sets of tasks and corresponding managerial paradigms for each of the five stages—growth through creativity, direction, delegation, coordination, and collaboration. Greiner pointed out that if the task and managerial paradigm at a given stage do not fit well, a system crisis might result.

The analytical purpose here is to find a more generally applicable model of developmental stages. Lee Yool Gok (李栗谷), a great scholar-statesman of mid sixteenth century Korea, laid out a very insightful idea of the shifting agenda theory (The Korean Institute for Cultural Studies, 1984 and 1985). This model was originally advocated Lee to persuade the King and fellow officials to launch system-wide reforms of the government to cope with an anticipated Japanese invasion. Lee's three-stage model of development is very easy to understand for its precise conceptualization of the nature of shifting agenda of the state, corresponding strategies, and leadership's role in realizing them. Based upon Lee's original idea, we can refine the model in a more comprehensive and modern fashion, and make it applicable at the state, private and university sectors (Hahn, 2000).

A refined model of the shifting agenda theory is composed of three different stages of development: founding (創業), maturing (守成), and restructuring

(更張). Each stage consists of a matrix of priority task, appropriate strategies and managerial paradigms as follows.

Founding Stage

The key agenda of the founding stage is to establish 'a new kingdom' out of nothing. The birth and survival of a new kingdom requires strategies of creative, unusual, and risky nature.

First, in order to give birth to a new kingdom, or new dynasty in Shumpeterian sense, the most crucial task of the founding leader is to identify, mobilize and assure the continuous flow of various resources, material and nonmaterial (Selznick, 1957; Freeman, 1982: 19-20). This task requires the leader to use unusual strategies to overcome strong resistance from the existing interests. Thus, the founding stage calls for very creative, risk-taking entrepreneurial leaders. Often the strategies for this task may involve illegal and unethical actions that are not acceptable in the existing norms. Founding leaders should well understand the warning, 'The winner gets a crown, but the loser gets the brand of a rebel.'

Second, the founding leader must have entrepreneurial qualities. Leaders must be filled with creativeness and adventurism. In fact, a Machiavellian with the 'fox-type' may have a better chance of success at this stage (Chandler, 1962: 315-318). The Robber Barons of the early 20th century United States symbolize the difficult and unethical nature of founding leadership (Cutlip, et al, 1958: 26).

Third, the managerial paradigm suitable for this stage may be a matrix of charismatic decision-making, secrete information processing, and loyalty based personnel system (Selznick, 1957: 112; Robey, 1986: 360-361). At this stage, entrepreneurial leaders must make virtually all the important decisions for themselves, which results in a highly authoritarian, centralized, charismatic decision-

making system. Because of the risky, illegal nature of the strategies, most of the managerial information might be processed through a secret or double booking system. Personnel management is therefore based upon personal loyalty to the leader rather than professional competence.

Once the founding tasks are accomplished to a certain degree, however, unusual or 'illegal' measures of resource mobilization are no longer needed for the institutional survival. If the continuous growth of the system is practically assured through a more open and legal way, the leadership style, strategies and management paradigm of the founding stage may begin to function negatively hindering further development of the system. When the founding stage comes to a completion of a given task and signals the rise of a new task, the current leadership begins to face new challenges. If the leadership cannot understand or is not prepared to cope with these challenges, the system may be led to a crisis in terms of legitimacy, legality and participation demands. Resolving this crisis comes with the transition of the stage from the founding to the maturing.

Maturing Stage

At the maturing stage, the most important task for the system development is upgrading the quality of the system outputs. Making high quality products is more important than expanding of the system's territory. The best strategy to achieve this goal is to rationalize all aspects of the system operation. Therefore, the leadership quality most suitable for this task is professional expertise. Also needed is a paradigm shift in management practices. The decision-making process should be decentralized, participatory, and self-directing (Selznick, 1957: 92; Chandler, 1962: 316-318). It is no longer necessary to keep managerial information secret. The management becomes more rational and accountable to public scrutiny where management

information is recorded and open. Personnel systems should therefore place more emphasis on professional competence than the personal loyalty.

As the rationalization task of the maturing stage approaches an acceptable level of completion, the system may confront challenges to the new demands from the changed environment, which were the result of an adaptation lag. This signals a need for a shifting stage from the maturing to the restructuring stage (Hahn, 2000: 197-198).

Restructuring stage

A system-wide restructuring is necessary for the system because of a natural tendency toward institutional decay at the end of the maturing stage. This primarily due to old laws and regulations that are no longer relevant to the reality of the changed environment, and the closed and routine perceptions of bureaucrats that stagnate system vitality.

At this time, an able reformer has to emerge to save and revitalize the old, stagnating system. The leader has to introduce new goals, new programs, and new people, as well as to reorient the culture of the system. Therefore, restructuring is very difficult because it cannot be made without high intellectual vision and able diplomacy of the leader (Robey, 1986: 372-374).

The task of restructuring is like a second founding. It is to correct the institutional decay and widened social gap between the system and the environment. While the founding stage might assume the internal stability of the power structure within the kingdom, the restructuring stage entails serious political resistance and struggles due to a shift of power within the kingdom.

Lee Yool Gok suggested a number of strategies to help accomplish the task of restructuring. First, the most critical arrangement for successful restructuring is to find a core of able reformers that can guide the entire reform process. Lee said that if the right reformers were found, the restructuring task would

be well accomplished. Otherwise, no true restructuring would occur. Second, for effective restructuring, the 'open communication channels in both the horizontal and vertical directions are important to foster public support. Leaders must be able to aggregate and utilize the support of public opinion.' Lee said that restructuring would be successful if the leader could wait to hear public demands for reforms three times. Third, an organizational base is also important. Lee proposed establishing a special agency that would be solely responsible for designing and implementing restructuring consistently and strategically. Fourth, Lee recommended an incremental approach: "Set high goals, yet, the implementation must be taken step by step" (The Korean Institute for Cultural Studies, 1985: 332).

With his three-stage model of shifting agenda theory, Lee Yool Gok used an analogy to underline the importance of the leader's timely response to the shifting agenda of the state. "When a state still needs maturing, but the ruler seeks to restructure the system, it is like taking medicine without having disease. It will eventually lead to a disease. In turn, when a state needs restructuring, but the

leader adheres to the preservation of old system, that is like a sick boy refusing to take medicine. It will lead to the eventual death of the boy"(The Korean Institute of Cultural Studies, 1985).

In a contemporary sense, the main task of political leadership during the restructuring is to introduce, ignite, and diffuse innovations in every aspect of the system (Hahn, 2000). The restructuring leader must have dramatic, persuasive, and bold leadership to overcome the persistent resistance from entrenched interest groups in and outside of the system, in addition to having the intellectual competence to draw and visualize the road map toward a new system.

The personnel system may utilize dual standards. First, there must be a loyal devotion to reform ideology among members in key political positions in order to protect system integrity during the restructuring turbulence, with professional qualifications being the more important qualification in the most other policy positions. Also necessary is the mixed utilization of information processing: and open channeling of information to formulate a public agreement on the general direction of the

Table 1. A Refined Model of the Shifting Agenda Theory

Governance scheme \ Stages	Founding (創業)	Maturing (守成)	Restructuring (更張)
Priority task	Mobilization of resources For a new system building	Improvement of product quality	Adaptation to changing environment
Characteristics of strategy risky	Entrepreneurial creative destruction	Rationalization of system operation	System-wide restructuring, the second-founding
Leadership style	Entrepreneur 'Robber Baron'	Professional manager management engineer	Reformer statesman
Decision-making	Charismatic authoritarian	Participatory decentralized	Persuasive selling
Information processing	Secrete informal	Open documentation formal	Mixed use of open and secret communications
Personnel management	Personal loyalty	Professionalism performance-oriented	Dual structure (loyalty/ professional expertise)
Crisis after completion of the task	Leadership crisis legitimacy crisis participation crisis	Inertia routinization lagging behind social change	Instability psychological saturations

Source: Hahn, Young-Whan(2000). Development Administration. Asia Publishing Co. p. 200.

reform on one hand, but some secret handling of policy information with regard to specific reform measures in order to reduce the possibility of organized resistances. The shifting agenda theory is summarized in Table 1.

The shifting agenda theory is a normative stage model of development process, so it does not necessarily presuppose a linear process of development. In reality, a stage may be prolonged over time, or a system may not be able to shift its managerial paradigm in response to the changed task. In this case, the system may confront a crisis or breakdown as it proceeds toward a higher stage of development, as we shall see later in the case of Korea.

The normative theory provides us with an analytical framework against which we can examine the effectiveness of the constellation of the system goal, policies, and institutional arrangements taken in reality. There are more, specific questions of this analysis. First, how did the political leaders of different regimes conceive state priorities at a given stage of national development; and how much did they commit themselves to achieving the goal? Second, what were the main strategies and institutional arrangements to pursue the goal; and in particular, how did the political leadership try to re-engineer the bureaucracy to better fit to the task? Third, how can we evaluate the performance of each regime for the task given at the particular stage of the national development?

The Shifting Stages of the Korea's Development and Governance Schemes

Founding Stage: the Park Chung-Hee Administration

The founding stage in Korea's national development may include both periods of the state building under the Rhee Syng Man administration during the 1950s and the industrialization under the Park

Chung Hee administration during the 1960s and 1970s. For simplicity of analysis, however, our analysis will focus mainly on the industrialization process during the Park administration.

The Park Chung Hee administration regarded the industrialization of Korea as the most important historical task of the state. President Park's conception of and commitment to the goal of economic growth was sincere and deep. The task conception was socially responsive to the aspirations of the people at the time, and politically desirable to compensate for the weak political legitimacy of the military government.

President Park had the political ability to re-engineer and penetrate into the bureaucracy in several ways. He stressed economic development in his major public speeches, consistently and clearly dramatizing the growth-oriented reward and punishment criteria through the New Year Briefing sessions. He strengthened the Office of the Presidential Secretariat (OPS) as the base for controlling government operations, and boldly recruited a number of 'bulldozer' administrators as the champion agents to produce visible results. Finally the president was personally involved in the critical development projects such as Seoul-Busan Highways, Saemaul Undong (the New Village Movement), and Heavy Industry Drive (Whang, 1985; Hahn, 1996).

As model champion reformers, President Park recruited a number of entrepreneurial 'bulldozer' type administrators such as Deputy Prime Minister Chang Kee-Young (1964-67), the Lord Mayor of Seoul Kim Hyun-Ok (1962-70), and the Director of National Tax Administration Lee Nak-Sun (1962-66). These administrators pushed programs forward by all means until their goals were achieved. President Park provided them with all possible support and defended them from all critics (Choi, 1991; Lee, C.B. 1994; Hahn, 1996).

To bureaucratic competence in managing development programs, the Park administration introduced the open, competitive recruitment system, massive

retraining programs, and a new promotion system for the higher civil servants. The Central Officials Training Institute was completely revamped in order to undertake new management training programs for all of the upper level civil servants. About three thousand higher officials including ministers and vice ministers, took intensive retraining programs every year from 1961 to 1980. It was a dramatic increase as compared to 1496 recruits for 11 years from 1949 to 1960 (Choi, 1991).

President Park's success could not have been possible without the structural reforms introduced into the bureaucracy. Within ten days of the coup, the Economic Planning Board (EPB) was established as the super ministry to coordinate all the major programs for economic development. In addition, the Korea Development Institute (KDI), an excellent think tank established in 1971 under the auspices of the EPB to help develop long-term development plans, had a close working relationship with administrators in core economic ministries. This greatly contributed to increasing the bureaucratic capability of economic management and the administration's credibility.

Park's powerful leadership and deep commitment to economic growth was therefore the most important factor in building the administrative capability for economic development (Adelman, 1967; Hahn, 1996). With these strategies and institutional arrangements, the Korean bureaucracy was re-engineered from a traditional law and procedure oriented apparatus to an entrepreneurial, output-oriented agent of change. The new bureaucracy internalized a set of new orientations. It became a more output oriented institution rather than a sanctuary of procedural concerns and had a greater emphasis on technocratic rationality in policy decisions than on political compromise (Chung, 1986; Whang, 1986), with a pragmatic, speedy and innovative approach to problem solving (Jones and Sakong, 1980: 63).

The governance system for the founding stage

worked very effectively and produced a miraculous success in the economic development. By the late 1970s, however, because of that success of the founding stage, Korean society underwent an immense social change, culminating in a new, highly educated, highly urbanized, and highly civic conscious society. This new society generated new problems that called for a new set of bureaucratic behavior and governance system (Lee, H. B., 1989: 116). The system that had worked so well for the founding stage began to reveal increasingly more limitations and dysfunctions leading toward a crisis. What follows are four accounts for the nature of the crisis.

First, politically the excessive concentration of power in the hands of the President made Park's leadership more rigid, which limited openness and flexibility in correcting policy errors. Second, the private business sector, which had grown vastly, began to consider the government as an uninvited intruder. The complexities of economic management had reached a point far beyond the effective domain in which a few government officials could handle matters efficiently. Third managerially, too much emphasis on rapid and visible results led to poor quality output as the scope of the development projects became bigger and more complex, which resulted in such construction failures as the collapse of the big public buildings and bridges. Fourth, the unbalanced growth strategy, which ignored participation, equity, and economic justice, caused social cleavages across sectors, classes, and regions.

These challenges urged the country to shift the stage to a higher level. Nevertheless, the Park regime could not absorb the challenges and ended abruptly with the assassination of President Park in 1979. The delaying of a new stage by repressive measures finally met a system breakdown.

Maturing Stage

The task of political leadership in the maturing

stage, according to Lee Yool Gok, might be easier than other stages. In the real world, however, it is not a simple matter. In the maturing stage, many political leaders in developing countries are likely to find themselves in a dilemma. They must decide where to put more emphasis as the priority agenda of the state between responding to popular demands for democratization and accelerating existing economic growth policy. At the vortex, political leaders must decide the right policy directions if the nation wants to become an advanced industrialized society. This is no easy political task. The Chun Doo Whan and Roh Tae Woo administrations fall into this stage.

The First Maturing Stage: The Chun Doo Whan Administration

President Chun seemed to have clearly understood the task for national development. In 1982, Chun declared that the Fifth Five-Year Plan in his term would be a stage for the nation's second take-off. However, given the circumstances facing the nation, the administration expected the second take-off to be less spectacular than the first. This maturing stage was more concerned with the rationalization and sophistication of existing industrial structure than a new creation of big plans and programs.

The economic policy of the Chun administration may be characterized as a policy of rationalization, stabilization and liberalization rather than of growth policy. Chun's policy emphasis was on stabilizing the Korean bubble economy – high interest rate, high commodity price, and high labor wage – by first controlling the price and weaning business firms from government subsidies. This was a very risky and difficult political job. Business owners and politicians, so well accustomed to easy money and rent seeking, raised strong objections to the government policies. While economic ministries recommended a currency devaluation to promote exports, and the ruling Democratic Justice Party recommended the budget expansion and salary

increase for public employees in the face of the general election, the Chun administration rejected both recommendations in favor of price stability. Chun threatened rebellious ministers with possible dismissal if they continued their objections to the presidential policy directives (Kim, C. N., 1998).

In the first two years of Chun's reign, inflation, which had run between 20 and 40 percent in the 1970s, was brought under strict control and a reduced to single digits. This led to a significant increase in national saving. Chun took a number of economic reforms such as investment promotion for heavy chemical industries, a workout policy for unhealthy corporations, lowering the interest rate, and a fair trade system. After all, in two years of the Chun administration, Korea was slowly preparing itself to be a self-reliant, self-sustaining national economy. Furthermore, despite strong resistance from business, several measures were taken to liberalize the domestic market and prepare for globalization. During the Chun era, the country's economy came one step closer to a free-market system.

The Fifth Five-year Economic and Social Development Plan for 1982-86 specifically mentioned a major reorientation of the government's economic strategy. The government set three major goals – price stability, continued high growth and equity in income distribution. The EPB Plan Summary noted that 'the major strategy adopted for the attainment of these goals is to change the overall management of the economy from one that makes extensive use of government controls to one that relies heavily on the operation of the market mechanism' (EPB, 1982).

President Chun's institutional reforms were intended to strengthen market mechanism. The roles of government were changing from heavy-handed direction to light-handed guidance. This shift implied that the administration would have a reduced role in economic matters. The administration restrained from direct intervention in the market by avoiding

the use of such policy instruments as planning, credit controls, and export-promotion measures.

Essentially, President Chun adopted liberalized policies. He abolished several regulatory policies such as lifting the curfew, liberalizing overseas travel and study, and deregulating government control over business operations.

On the political front, President Chun held the strong belief that the 'ideal democracy' was not appropriate under the Korean circumstance and that without social and political stability the national crisis could not be overcome nor could economic growth be assured.

However, President Chun significantly weakened the Central Intelligence Agency as a political watchdog, and sought a smaller, more moderate Blue House. He preferred more moderate, low-profiled, and professional Chief Secretariat to strong hardliners. The Presidential Secretariat was directed to be involved only in such secretarial jobs as reviewing the effectiveness of proposed policies and their coordination and not to play any significant role in formulating and implementing new policies, which were delegated to cabinet ministers (Kim, C. N., 1998). Second, Chun seemed to try to recruit his key policy staff less from the military, than from professional bureaucrats and private sector professionals (Kim, C. N., 1998).

President Chun was concerned not only with utilizing, but also with protecting his reform core. He hired Dr. Kim Jae Ik, a highly committed professional economist, as the Senior Economic Secretary. Chun delegated most of his power for economic reforms to him saying, "You are the president for economic affairs, while I am the president for political affairs." Under the protection of the President, Kim with his liberal reform colleague in key economic policy organs consistently designed and powerfully implemented the liberalization policies that contributed to the establishment of a self-sustaining market economy

(Lee, C. B, 1994).

Without the maturing stage under Chun, the achievements President Park had made at the founding stage would not have been secured. During the Chun's rule, Korea's economic status went from the trade-deficit to the trade-surplus. The massive investment in high-tech industries, such as semiconductors and automobiles, which boomed in the early 1990s, was made during this stage. With these achievements, Korea became the world's 11th largest economy in the early 1990s.

The Second Maturing Stage: The Roh Tae Woo Administration

The main task of the Roh administration was clearly to shift more toward welfare and democracy. The Roh administration was born with the June 29 Proclamation in which constitutional reform for greater democratization including presidential election by popular vote was introduced. The power of the President was significantly reduced, while the power of the National Assembly expanded and the judiciary separated from the President. Considering the political environment at the time, it was clear that no further delay of democratization was possible.

President Roh made a great effort to institutionalize democracy. In 1991, he revived the local autonomy system for the first time in thirty years. Along with political democratization, further decentralization occurred during the Roh administration. Authorities for policy-making and implementation were delegated to ministers and rank-and-file administrators.

The Roh administration reconceptualized its role as facilitator or judge of fair competition in private sector, and moved away from the old concept of the planner, guider, and controller of the private sector. This required bureaucrats to become more client-oriented, and have more aptitude toward open competition, innovation, and private initiative. It required a reduction in government intervention in

planning, regulating and controlling of the entrepreneurial activities of business.

In terms of personnel administration, President Roh was very much like Chun. Roh was concerned with the various dysfunctions of authoritarian rule and tried to eliminate it from his state management. Although Roh was a former general, he preferred civilians and was known to be more democratic than civilians. The majority of his close aids were civilians. Roh further reduced the authority of the Blue House and recruited professionals, especially academics, from universities and other civilian sectors (Kim, C. N., 1998).

However, Roh did not have the political capacity to re-engineer the bureaucracy to accomplish the new task. Consequently, the five years of the Roh administration were unstable. Confronted with a number of social and political problems, such as labor disputes and student uprisings on campus, Roh had to overcome this transitional period with perseverance.

Despite a significant progress toward democracy, the Roh administration began to reveal some serious problems with economic management and control of the bureaucracy. Roh inherited a prosperous economy that had enjoyed the highest economic boom since the beginning of the nation. Yet, as political consideration pushed economic management aside, the continuity of economic prosperity was interrupted and overshadowed largely by the president's inconsistent economic policies, as well indicated in his popular nickname, 'Water President.'

Finally, both the Chun and Roh administrations could not complete the tasks of the maturing stage because of the weakness of their political legitimacy. For the maintenance of political power, Chun and Roh relied on a huge amount of political funds that was extracted from large corporations. This unethical behavior by both Presidents gave confusing signals to both government officials and business leaders and led them more toward

expanding their empires, rather than rationalizing their business operations.

Now, with the globalization challenges arising since the 1980s, the nation's agenda had to shift from the maturing to the restructuring stage, unfortunately without completing the tasks of maturing.

Restructuring Stage

Globalization shocks, together with the 'Reinventing Government Movement' in advanced countries, have forced the Korean government to shift to the restructuring stage. The Kim Young Sam and the Kim Dae Jung administrations in the 1990s may fall in this restructuring stage. The two Kim administrations understood the implications of the rapidly changing international environment and tried to prepare themselves for the change. A number of attempts were made to bring restructuring reforms to the management of economy and society. Yet, many doubts and questions were raised as to whether the priority agenda of the state has been rightly conceived and effectively pursued by the political leadership.

The First Restructuring Stage: The Kim Young Sam Administration

To restructure the Korea's governance system, President Kim Young Sam launched three kinds of reforms. First, shortly after his inauguration Kim took the unprecedented step of reforming the economic system, by imposing the 'real-name system' in all of the financial transactions. Under the traditional transaction system, a borrowed or false name could be used. This allowed, for large amounts of untraceable monies to circulate, and facilitated the illicit collusion between politicians and big business, and led to questionable real estate or stock transactions. Administrations before Kim were hesitant to take any action to eliminate these practices in fear of dampening the economy.

Second, Kim undertook political reforms. Since the beginning of the Republic, three political problems have persisted: assuring fair elections, regulating political funds, and reintroducing local autonomy. However, little effort was made to correct these problems. Reform-minded Kim broke from the past, and enacted the Election Malpractice Prevention Act of 1994, the Political Fund Law, and the Local Autonomy Act. These laws were evidently the centerpieces of the reform legislations. This integrated act represented a very important move to restructure the existing political traditions and malpractices.

Third, President Kim also touched upon business reform. Since 1987, the Korean government had attempted to reform the governance structure of business corporations. Owners and their family clans continued to control their businesses even when their businesses required more professional management as the economy approached to the maturing stage. The past management style, including high debt ratios, excessive investment, overcapacity, cross-debt guarantees between affiliates, and owners' excessive power without a due accountability, may have been inescapable at the earlier founding stage; but for the new era of globalization and harsh competition, the system was no longer working. Kim's attempt to reform the nation's conglomerates, or chaebol, for their opaque management was to increase management efficiency to international standard. In his view, resolving those flaws were vital to further growth of the business and to restoring foreign investors' confidence in the Korea's market economy. His administration definitely achieved some results on this front.

However, after some initial accomplishments of these reforms and the attainment of a majority in the National Assembly, the Kim administration seemed to be overconfident of its performance and popular support. In addition, with membership in OECD, Kim started to take an easier populist road

and put aside the hard task of coping with the globalization. He seemed to have conceived of globalization as a state of affairs, in which the country could enjoy the status of advanced countries, rather than as a hard task of system-wide reforms designed to increase the competitiveness of all sectors in the international market.

Instead of preparing for the future by strengthening the institutional capacity of competitiveness, President Kim turned to the political horizon and exerted most of the government's energy into punishing individuals and factions of political rivals for the past errors under the catch phrase 'Recovering Morality and Reestablishing History.' Eventually he put two former presidents Chun and Roh, in jail.

Moreover, the politics-business collusion that he exerted a tremendous effort to break remained intact. Even Kim's dramatic declaration not to accept any money for political funds became vain, when his own son was indicted for the bribery. Politicians still dominated credit allocations, and business conglomerates extensively used cross-investment and cross-payment between corporate subsidiaries to expand their business empires. Without careful market surveys, business made heavy democratic and international investments with borrowed money in which politicians played a critical role in allocating. It was far from the economic rationalization it was intended to be.

Lee Yool Gok recommended that reformers have their communication channels wide open in all directions and install a core action agency before embarking upon restructuring. These recommendations were totally ignored. President Kim failed to exploit the traditional vertical executive-bureaucrat nexus effectively (Moon and Ryu, 2001). The nexus was destroyed. Rather, Kim treated the bureaucracy as a reform target for political campaigns rather than as a reform agent. As soon as Kim was inaugurated, he proclaimed that he would reform the government bureaucracy, reflecting his campaign promises for 'small but strong govern-

ment.' However, he made little effort to restructure and utilize the bureaucracy. His poor personnel management performance has been well publicized. During the five years of his administration, Kim dismissed the Deputy Prime Ministers for Finance and Economy seven times for policy failures. With less than eight months in office, it is practically impossible for any Minister of Finance and Economy to design and implement effective reform policies.

President Kim failed to control intra- and inter-bureaucratic conflicts and fragmentations. At the beginning of the administration, President Kim initiated some institutional reforms such as merging the EPB with the Ministry of Finance (MOF) to form the Ministry of Finance and Economy (MOFE) symbolic of a reduced government's role in economic management. It produced some serious dysfunctions that no one could have imagined. The EPB faction, who dominated the MOFE decision-making machinery, ignored the MOF circle's warning of an impending foreign exchange and financial crisis.

As critical as bureaucratic dissociation was the politicization of economic policy. The Kim administration failed to exploit the traditional corporatist structure of policy process that had helped maintain an efficient governance system. The preeminent position of bureaucracy vis-a-vis the private sector helped insulate social and political influences from the economic policy arena. As the democratization progressed, the economic policy process rapidly became politicized. This meant that the government bureaucracy was penetrated by special interests. This became one of the reasons for the foreign exchange crisis in 1997, in which lobbying by banks and big business corporations who were enjoying windfall profits from external borrowings put pressure on the government not to devalue the Korean currency.

President Kim's reform efforts were aborted when he turned to the past, and to politics as the forefront

of the state agenda. His political campaign started to drain most of the political resources that had to be reserved for system-wide reforms. Kim sent conflicting signals to the public in and out of the country regarding the future, so no one could gain a clear understanding of the restructuring, which resulted in the national crisis of IMF-managed economy at the end of 1997.

The Second Restructuring Stage: The Kim Dae Jung Administration

Having been inaugurated in the middle of the economic crisis, President Kim Dae Jung understood very well the political and economic implications of the challenges arising from globalization. Initially, therefore, Kim put the highest priority on the need to reform the nation's economic system in coping with the new challenges of globalization. Thus, reforms in four areas – government, financial, corporate, and labor sectors – were set as the highest priority.

Viewing the government as an obstacle to the innovative and autonomous workings of the market economy, President Kim implemented a series of reform measures to streamline the bureaucracy and to enhance the efficiency of administrative regulations. Upon his inauguration, Kim reorganized the government and established the Government Reform Office within the Planning and Budget Commission. Kim pushed hard to build a greater enthusiasm within the government for a system that cost less and performed better. For financial reform, the administration established the Financial Supervisory Commission and the Financial Supervisory Service, a consolidation of three separate supervisory bodies on banks, securities, and insurance. An open employment policy to attract competent employees recruited about 300 higher level-civil servants.

These reform efforts were significant, especially during the early years of the Kim Dae Jung government. They greatly helped overcome critical

parts of the economic crisis in two years. However, the government started to show some serious problems as his terms passed the mid point.

First, there were signs of apparent confusion in his conception of the priority of the national agenda. Originally, the ultimate goal of structural reforms was to establish a new economic paradigm where market principles were effectively operating. More specifically, attempts were made to eliminate obstacles that distorted market principles and competition, which included political intervention in allocating financial credit, a rigid labor market, lack of transparency in business management, and numerous government regulations.

However, there have been many questions and doubts about the priorities of the Kim administration and the extent to which President Kim has committed to pursue it. Despite some initial efforts to increase competitiveness through various reforms and innovation in the four major sectors, Kim moved within a year or so to the pursuit of another goals, such as national unification and welfare. This situation seemed to send a confusing message to government administrators and the public as to what exactly his policy goals were. As a result, criteria for the rewards and punishments for public administrators were messed up.

The Kim Dae Jung Administration's troubles may be a result of populism, as argued by some critics (Chosun Ilbo, 2001,8,2). The Kim's government seemed to have been launched without a clear vision for national development (Kim, H., 2001). The so-called "IMF crisis" was not the result of a temporary failure in managing foreign currency exchange, but the result of structural weaknesses in businesses, universities, government institutions, and labor unions. Nevertheless, the government did not try hard enough or long enough to reform all of those systems, but instead boasted about its performance in stockpiling foreign currency.

Second, while Kim Dae Jung has continuously

emphasized that he truly respects the principles of a market economy, his administration continued to intervene in the restructuring of the private sector. Despite Kim's pledge that 'the administration will never influence financial institutions in lending money to chaebol or any business, his administration has used political criteria in doing so. This was the return to an old practice and was far from something that could ignite and diffuse the managerial and technical innovations through the market mechanism. President Kim's sympathy with labor unions, his concern for the poor, his political preference for equality, as opposed to liberty, all run against enhancing competition and innovation. From the beginning, Kim declared his intention to pursue both 'economic development and democracy in parallel,' which were, to a certain extent, contradictory to each other. Consequently, political considerations played a crucial role in the implementation of structural reforms for public corporations, financial institutions, and labor unions.

Third, since his inauguration, President Kim has been entangled in the scandal of inappropriate personnel practices. In a Korean proverb, 'Everything is built upon personnel affairs.' For the successful management of national affairs, recruiting the right and able persons for the proper positions is very important. Particularly problematic was the political appointment of heads of public corporations and major government agencies. Many reports pointed out that a majority of key policy making positions were occupied by persons from the Honam region, (the home base of Kim Dae Jung). This was especially fatal, because these positions must be filled with the most brilliant professionals if the government was to innovate the system.

Fourth, as many critics argued, there was too much concentration of power in the hands of the president for a modern public administration. In the Kim government, the President wielded all political power and made virtually every decision. The government seemed to have ignored delegation of

authority for reform policies to able professional experts recruited from in and out of the country. Such an action might have enhanced consistency, transparency and rationality in the policy formulation and execution. The bureaucracy, and school-teachers were alienated from the major line of reform agents. Under these circumstance, the bureaucratic responses to the reform strategies have been rather negative, or opportunistic at the best.

So far, we have discussed the changing profile national agenda, institutional arrangements and bureaucratic responses to achieve the agenda of consecutive administrations since the 1960s. A brief summary of our discussion is presented in Table 2.

Some Implications for the Better Governance of the Restructuring Stage

Utilizing the shifting agenda theory as a theoretical guide, our analysis has focused on evaluating the effectiveness of the governance system in each of three different stages of Korean national development. In summary, it can be said that while the governance system for the founding stage during the Park administration and, to a lesser extent, that of the maturing stage under the Chun regime, have achieved the priority agenda of the state more successfully than governance systems at the other stages.

A final question might be raised: Does our exami-

Table 2. Shifting Agenda for National Development and Governance Schemes in Korea

Governance scheme profile	Stages			
	Founding 1960s-1970s	Maturing 1980s-1992		Restructuring 1993-
Regimes	Park Chung Hee	Chun, Doo Whan Roh, Tae Woo	YS Kim	DJ Kim
National agenda	Structure creating for economic development, National security	Stabilizing/maturing economic structure, Transition to democracy	Democratizing, building 'New Korea'	System-restructuring for inter'l competition, Unification, welfare
Political leadership	Entrepreneurial authoritarian	Directive	Populist watchdog	Populist reformer
Main strategy	Resource mobilizing structure creating	Stabilizing	Moralizing	Restructuring
Priority in administrative doctrine	Target achievement	Effectiveness efficiency	Responsiveness morality	Equity competitiveness
Management style	Authoritarian centralized	Delegating	Delegating centralized	Authoritarian centralized
Criteria for personnel administration	Entrepreneurial devotion	Professional Expertise	Political affiliation	Personal/political oyalty
Achievement	Industrialization	Liberalization	Democratization	Globalization
Failure	Transition to the next stage	Moral hazard	Inconsistent policy directions alienating bureaucracy	Confusing goal perception neglecting bureaucracy

nation provide any suggestion to improve the governance system of the current Kim Dae Jung administration and incoming next administration in coping with globalization challenges? A few suggestions might be proposed.

1) In terms of setting the priorities of the state, government leaders should make a greater effort to draw a clearer picture of the priorities among the conflicting goals of national unification, welfare and international competitiveness. As we have discussed earlier, no system can tackle these multiple goals simultaneously, not only because of resource limits, but also because of the limited leadership capacity and the rigidity of institutional arrangements in pursuing the tasks.

Unless the governmental priorities are supported by the leader's consistent commitment, confusion in mapping out future policy directions remains clouded. Therefore, government leaders must make it much clearer that the priority goal of the nation is to increase the competitiveness of national economy to overcome the challenges of globalization. Only upon accomplishing this task, will the country be equipped with the socioeconomic base to tackle the challenges of welfare and unification.

2) Without a careful scrutiny, the Kim Dae Jung administration have relied on such neo-liberal strategies as marketization, deregulation and privatization, as "a flavor of the month" imported from the West. For advanced countries like the US and Britain, the neo-liberal policies might enhance the competitiveness of the private sector and universities, because those private institutions have developed their competitiveness without government support or guidance from the beginning. Now these liberal policies can eliminate the burden of government interventions. (Esman, 1991; Kamensky, 1996; Koenig, 1997).

However in Korea, the private sector, even 'the chaebol' and universities cannot enhance their competitiveness by using the market mechanism alone. Help from the government is still indispensable,

although through different means. This should continue up to the stage where these private institutions reach a level of global competitiveness.

3) The task of increasing international competitiveness demands a completely new matrix of institutional arrangements or a new governance scheme, to design, integrate and facilitate the extremely difficult steps of industrial transformation process. The basic format of the development policy structure must be transformed from a vertical, closed network of bureaucracy towards a horizontal, open network which involves the government, industry, research organizations, universities, and civic organizations (Chu, 2001; Shin, 2001). The critical agents of these policy communities should be a group of high level scientists, engineers and professional managers, boldly recruited into the government from public and private pools of talents in both domestic and overseas organizations. Singapore and Taiwan's successful experiments in this context are very useful for examination (Chu, 2001). Only when the essentials of these institutional arrangements are materialized, can a new ideology of the governance based on the principle of participation, fairness, efficiency, transparency and accountability be formulated (Shin, 2001).

At the same time, government leaders should delegate more power to the reform core within the bureaucracy that represents the respective policy communities. They should devote more energy to protecting reformers from the resistance encountering in the reform process. It would be much better for the leaders to treat bureaucrats as indispensable agents of reform rather than a target for reformation. This requires a new way to penetrate into the bureaucracy and restructure them to be more suitable for the new task with new people, new networks, new knowledge and orientations as suggested above.

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