

Decision-Making and Its Specification Process of Food Policy in Korea*

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Since the Military Revolution in 1961 Korean government officials have been concerned about solving problems involved in agricultural or food policy. However, farmers are still kept in a predicament mainly due to the improprieties contained in the policy-making process.

In this study, to define the reasons for the difficulties involved in food policy, policy-making process as well as its specifications were examined based on the objectives, participants, and the contents of food policy in Korea. Because policy-making is largely dependent upon political or administrative structures, a comparative study was conducted to see the radical changes in food policy before and after the Yu-shin Revitalizing Reformation in 1972.

Before the Reformation, farmers fell victim for the economic development which was the moral obligations of the military government. Thus top priority in food policy was set on price stabilization rather than achieving self-sufficient food supply or boosting farmers' incomes. Likewise government officials were more concerned about politics, that is, winning elections. However, political concern has become less decisive after the Reformation, and administrative power has become more dominant in terms of policy-making. In addition to such a change, food supply situation has deteriorated due to poor harvests and the public's improved diet. Therefore, rice price has been maintained at a considerably high level, and government officials have become aware of the importance of boosting farmers' incomes. But there still is a room for improvement on the part of participants. Farmers are usually conservative or inactive and have weaker political power because of their lower political awareness and capabilities of united action under the government-manipulated Nonghyup. Moreover, the Ministry of Agriculture and Fisheries or research institutes of rural economy are still suffering from the disadvantages of weaker power than other Ministries or industry's agencies. Therefore, to improve the agricultural administration, it seems desirable for government officials to consider the farming based on the concept of marginalism or efficiency as usual in other industries. Further, it is important to cultivate farmers' attitudes and capabilities to participate in the policy-making process to avoid the imbalance in the power structure which is unfavorable to farmers.

Finally, a definite improvement in policy-making process may be possible by establishing a so-called Conference on Agricultural Administration which will be composed of politicians, high-ranking ad-

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ministrative officials, and other specialists who are responsible for rectifying the improprieties contained in food policy.

I. Introduction-Purpose, Objectives, and Method

1. The Purpose of the Study

In recent years, most of the countries in the world, together with their farmers, have worked hard to solve food policy problems. Since the Liberation in 1945, political leaders of Korea have emphasized the importance of solving the problems, but efforts to solve the problems have been in a state of limbo, due to the complexities involved in food policy. Only a few countries have succeeded in properly dealing with the problems, that are one of the most important tasks of any government. As for Korea, she was one of the food-exporting countries before the Liberation, but the trend was reversed after the Liberation. There had been a steady increase in the import of grains in terms of amount as well as ratio, while farmers, who produce grains, received less attention while the Government focused on industry. (The farming population has reduced from 56.1% in 1961 to 31.1% in 1978).

Even though the Ministry of Agriculture and Fisheries (MAF), which is the competent authority for coping with these fundamental problems, has made every effort to solve these problems, but there are still a lot of problems to be solved. This situation led the ruling party after the election to set the food policy as one of the most urgent on the agenda. (In "Proposals on current problems in grain policy", the Democratic Republican Party)

This study primarily attempts to define the reasons for the difficulties that have been encountered in the course of solving the problems in food policy by means of analyzing the decision making and its specifications for implementation. Its basic premise is that, if we succeeded in defining the reasons, the problems in food policy will become easier to solve, and problems for future study can be defined. It is our hope that this study will create a framework upon which solutions to still more may be built by other theorists. For this purpose, from the viewpoint of the political economy, we will first indentify the objectives of food policy in Korea and look at the reasons for changes, by time periods. Then we will look at the decision making process of food policy because formulation of any policy should be consistent with the objectives of that policy. For the

purpose of this study, we will first look at the process of policy formation and participants in that process, and then compare and analyze the contents and results of the policy. For analysis, the emphasis will be put on the decision making process in the price and amount of staple grains to be purchased by the Government, and on whether these decisions benefited the farmers.

In analyzing the implementation of the policy, we will focus basically on the following factors; each projects that were considered important to implement; participants; contents and means of communicating with farmers; and the farmers' (recipients') attitudes.

2. The Object and Method of the Study

Since the object of this study is the formation of food policy and its implementation in Korea, it is necessary that the following terms used in this study be defined; political situations concerned, agencies concerned, and the public. For this study, the broad term, food, first of all, will be narrowed to mean rice¹⁾ since it is the main grain in Korea. Policymaking concerning other grains will also be examined if they are related to the rice policy. Agencies concerned may include executive agencies such as the Ministry of Agriculture and Fisheries, the Economic Planning Board (EPB), the Ministry of Finance, the Presidential Office, the Ministry of Internal Affairs, and the Office of Rural Development; Congress; political parties; research institutions and academics; mass media; Nong-hyup (the Agricultural Cooperative Federation); foreign agencies; and international relations.

Since political systems were transitional right after the Revolution in 1961, the time period targeted in this study will be from 1963 to 1978.

The primary method for this study was a comparative and the study was based on literature within and outside Korea as well as in-depth interviews²⁾ from June 1979 to August 1979 with those persons who were supposed to take part in formation and implementation of food policy in Korea.

The authors continued to gather information and discuss on the framework of this study in meetings in June. In July, we met again in the United States to discuss and modify our framework. The final decision about our study was made during the session of the World Convention on Politics held in Moscow in August. In analyzing the object of this study, it is important to examine the tendency for changes and their historical significance.

II. Changes in Policy Objectives

The objectives of food policy, as annually stated by policy makers may be summed up as price stabilization, attainment of self-sufficiency in food, and increasing the incomes of farmers.

Nevertheless, these objectives have tended to conflict with each other forcing policy makers to set priorities among them. Since these priorities seem to have been changed according to the time periods, we will divide the whole period into two terms, and analyze the contents and reasons for the changes according to the terms.

1. The First Term(1963~1967)

Partly due to the need to obtain political support from farmers and partly due to the Revolution leaders' backgrounds, the Military Government after the Revolution tried to raise farmers' income by rescinding high-interest farmers' debts and by establishing an act for shoring up farm prices. However, in 1962, one year after the Revolution, the act became meaningless and the Government stopped attempting to raise farmers' incomes or to secure a self-sufficient supply of farm products by increasing crops.³⁾ Instead, they became more concerned about price stabilization. There are several reasons for such an abrupt change in the Military Government's attitudes.

(1) Economic Reasons

First, in 1962, crops of staple grains were 5% less than usual, and by 15.7% than 1961 because of a poor harvest. As a result, the price of staple grains began to soar sharply after the Fall of 1962. Thus the Government began to consider the stabilization of grain prices as a top priority.

Second, the Government, challenged by the poor harvest, gave top priority to stabilizing the price level by suppressing the rise of grain prices, rather than to achieving the long-term policy objectives of raising farmers' income by motivating farmers to produce more crops through maintaining grain prices at a reasonable level. Political reasons for this will be mentioned later. The economic reason for this may be that the situation of food supply in Korea was quite satisfactory. According to government statistics, the rate of self-sufficiency in supply of staple grains was quite high, just slightly under 100%; for rice, the rate was 101.6% in 1962, and 96.1% in 1963, and, for barley, the rate was 90.1% in 1962, and 64.0% in 1963. Moreover, about 10% of the shortage of grain demand

could be filled without Korea spending money thanks to aid from the United States in grains (according to PL 480).

Third, the Military Government launched the First Five-Year Economic Development Plan in 1962 with the intention of rapidly obtaining the legitimacy of their Government. Consequently they could not give a priority in allocating resources to the primary industries because of their political goal. The reason for the priority was self-evident since the primary industries had a low earning rate, a longer term for capital turnover, and low productivity.

Moreover, the fact that the amount of governmental investment in the primary industries, 36.6% of the GNP in 1962, and agriculture only accounted for 33.3%, was less than that in the mining and manufacturing industries, 16.3% of the GNP in 1962, explains the trend.⁴⁾

(2) Political Reasons

First, farmers as an interest group, in general, had weak influence on policy makers because of their low participation. Even though there were a greater number of farmers, their education and political awareness level was lower than those people engaged in secondary or tertiary industries. Above all, farmers' organizing ability, or capacity for united action under the Agricultural Co-operative Association, was weak because the Association was not efficient as a pressure group.

Second, city-workers, as consumers, could have stronger influence on policy makers than farmers who were producers.

Third, since the Military Government, in 1962 and 1963, was about to restore the Civil Government through elections, there was no choice but to dispassionately evaluate the political influence of each on winning the election. As a result, even though farmers outnumbered city-workers, the Military Government favored city-workers, consumers, more than farmers because of their political influence on the election.

Meanwhile, in 1964, the Government tried to maintain the price of farm products at a reasonable level. Thus they adopted, for the first time, a parity price system in order to set a standard for the Government's purchasing price of farm products. This resulted in the sharp increase in the price of rice in 1964.⁵⁾ But, the system was in effect only one year. After that, farmers were treated unfavorably, and had to bear the cost of price stabilization due to their weak political influence. Doubtless, farmers fell victim to politics because, the amount of currency issued was also increased. This played a

greater role than the rice price in raising the price level. Even in terms of producers' price, the secondary or the tertiary industries played a greater role than agriculture because of the farmers' weak political powers. As stated above, the first goal of the Government during the period was to prevent inflation and to stabilize the rice price. Thus the rate of self-sufficiency was inextricably decreasing because farmers had been kept in low motivation while the demand for cheap rice was increasing with the increase of population and living standard.

2. The Second Term(1968~1978)

The objectives of food policy began to undergo a change from those of the previous period, and, at the same time, the order of priority among the objectives shifted from price, self-supply, income to self-supply, income, price. Major economic and political reasons for such a change in 1968 may be summed up as follows;

(1) Economics

First, crops of rice were reduced sharply due to the bad harvest in 1968,⁶⁾ This resulted in the sharp decrease in the rate of self-sufficiency of rice supply from almost 100% in 1968 to 81.0% in the following year. At the same time, the rate of self-sufficiency of food supply as a whole was sharply reduced from about 90% in 1968 to 73.6% in 1969. The reduction in the percentage itself was not perceived as very striking, but the deficiency transformed into the amount of dollars for purchasing grains from foreign countries to make up for the shortage of food was a big burden for the Government at that time.

Second, in addition to the shortage of food, to make things worse, inflows of foreign grains authorized by PL 480 was terminated in 1969.⁷⁾ As a result, the need for foreign currency increased sharply because of the magnified amount of food shortage.

Third, as a consequence, the amount of imported grains and expenditure of foreign currency for purchasing foreign grains imposed a big burden on the Government. In the light of the national economic power or the condition of foreign exchange reserve, Government officials were forced to put their full efforts on raising the rate of self-sufficiency in food supply.

Fourth, during the first term, the most important reason for curbing the price of grains was to prevent the price level from soaring, and, above all, to prevent living expenditure for city-workers, because they had stronger political influence. However, the reverse was the case. Because the public's diet was improved thanks to the economic development, the percentage of expenditure for consumption per household of city-workers, had begun to

Table 1. Inflows of Foreign Grains, 1967~1969

Thousands of M/T, Thousands of Dollars.

Year	Item	Foreign Grains		Rice	
		Quantity	Dollars (Thousands)	Quantity	Dollars (Thousands)
1 9 6 7		1,100	89,410	113	19,216
1 9 6 8		1,496	136,206	216	40,102
1 9 6 9		2,389	264,930	755	139,659

Source: Economic Planning Board, Handbook of Korean Economy, 1978, pp.156-57.

Table 2. Income Comparison Between Urban and Rural Areas, 1962~1969

Average annual growth rates unless otherwise indicated

Year	Category	Number of households	Per capita income	Terms of trade in farming (Parity rates)	Purchasing price of rice
1 9 6 2		70.3	—	75.9	—
1 9 6 3		116.2	—	100.7	—
1 9 6 4		129.3	—	99.5	—
1 9 6 5		99.7	87.7	78.5	44.4
1 9 6 6		80.6	71.2	75.8	6.2
1 9 6 7		80.1	52.7	79.2	4.9
1 9 6 8		82.6	55.1	81.4	8.6
1 9 6 9		85.3	55.7	80.4	17.0

Sources: Ministry of Agriculture and Fisheries, Handbook of Agricultural Administration, 1979, pp.80-81; Economic Planning Board, Handbook of Korean Economy, 1978, pp.136-7.

decrease sharply, from 54.2% in 1963 to 42.4% in 1968 and to 40.9% in 1969.⁸⁾ Government officials realized that the rising standard of living kept the percentage of rice in consumption below 20%, and that the increase in the rice price could not greatly affect cityworkers' living expenses.

Fifth, since the beginning of the sixties, the increasing gap between incomes of city-dwellers and farmers had begun to be criticized more loudly as city-dwellers' living standards kept rising.⁹⁾ Such a trend may be exemplified by the following facts: According to Table 1, the income gap was enormous, as the ratio of per capita income reduced to as low as almost 50%. However, for this comparison, there is a critical point that should not be overlooked; that the gap is underestimated because city-dwellers generally tend to have earnings from properties. These earnings should be added to their annual income. The reason for such a big gap is that the production of grains, especially rice, was not increased rapidly, the government's purchasing price was too low, thus making the terms of trade low. These facts indicate that the food policy during the first term was targeted

only at controlling the price level and treated farmers very unfavorably.

Sixth, those, who were engaged in the secondary or tertiary industries, changed their attitudes when they became aware that the farmers' low income lowered the purchasing power of farmers who accounted for over a half of the whole population. They began to demand that the price of farm products be raised so that farmers could have stronger purchasing power. They reasoned that the stronger purchasing power of farmers would be better than the pressure from city-workers to increase their wages.

(2) Politics

First, the rapid development of national education uplifted peoples' awareness of political participation and consciousness on political affairs. As a consequence, rural people, who steadily had been in support of the ruling party after the Liberation, began to change their attitudes toward the ruling party. Such a trend was demonstrated in elections, and the election in 1967 was not an exception.¹⁰⁾

Second, as the result of education which stressed the importance of economic values, peoples' sense of values had changed since the Revolution. By virtue of such education, the income gap between urban and rural areas became more problematic, and peoples' concern about the problem became intensified. These changes in economic and political affairs seem to have forced policy makers to alter the objectives of food policy. In order to raise the rate of self-supply of grains, it was necessary to encourage farmers to increase productivity and to strengthen farmers' motivation for producing more crops. Therefore, policy makers decided to raise the Government's purchasing price of rice as

Table 3. Index of Price, 1968~1977

Average annual growth rates unless otherwise indicated

Year	Rate of increase	Purchasing price of rice	Wholesale price	Consumers' price	Terms of trade in farming (Parity rates)
1 9 6 8		23.9	36.2	37.6	81.4
1 9 6 9		29.7	38.5	42.3	80.4
1 9 7 0		32.8	42.0	49.1	89.6
1 9 7 1		41.1	45.7	55.7	91.8
1 9 7 2		52.2	52.0	62.2	98.4
1 9 7 3		54.9	55.6	64.2	100.9
1 9 7 4		79.4	79.0	79.8	100.2
1 9 7 5		100	100	100	100
1 9 7 6		121.6	112.1	115.3	99.3
1 9 7 7		132.3	122.2	127	98.9

Source: Economic Planning Board, Handbook of Korean Economy, 1978, pp.116-22.

Table 4. Comparison of per Capita Real Income Between Urban and Rural Areas, and Increasing Rates of Purchasing Price of Rice, 1970~1978

Average annual growth rates unless otherwise indicated

Year	Category	Per capita real income	Purchasing price of rice
1970		67.4	19.6
1973		83.6	5.3
1974		95.0	5.5
1975		92.9	0.1
1976		84.4	-4.7
1977		76.4	-4.3
1978		65.4	-11.3

Source: The Mae-il Kyoung-Je Shinmun, 1979.10.3

high as possible so that farmers could be motivated to yield more crops, neglecting the price level. Accordingly, they actively carried out a high-rice-price policy by fixing higher rate of increase in the price of rice than that of the wholesale or consumers' price, 26.6% in 1969 and 35.9% in 1970.¹¹⁾ They also tried to ease city-workers' living hardships caused by the increase in the price of rice, by adopting the double grain price system in 1969 to discourage peoples' consumption of rice and encourage fixing mixed-cereal meals. Nevertheless, in the middle of the seventies, the rate of increase in the rice price began to drop again, mainly because: 1) per capita income of farmers had increased close to that of city-workers in 1974; 2) a continued increase in the rice price; 3) the Saemaul (the New Community) movement supported by the Government; 4) yield of crops increased thanks to plant breeding, and most importantly; 5) no elections were anticipated. Table 4 shows this trend of decreasing income of farmers compared to city-dwellers.

A similar situation can be observed in Japan's case. Japan achieved a self-sufficient supply of rice in 1967 but imposed a freeze on the rice price in 1969,¹²⁾ because the rice price in Japan was two or three times higher than the international price. Moreover, Japan had different socio-economic situations from those of Korea, The Farmers' Association and Congress of Japan had a much stronger influence on policy makers, and the ruling party was more concerned about the rice policy. It seems that Japan's case will provide a good example for Korea's rice policy. The changes in the objectives of food policy in Korea can be summarized as follows; The primary objectives of food policy in Korea have been aimed only at lessening large deficiencies in food supply which hindered the development of secondary and tertiary industries both economically and politically, rather than at protecting farmers' interests. Therefore, from the viewpoint of national

development, agricultural or food policy has always been only a secondary concern for policy makers.

III. Policy-making

In regard to the method of analyzing policy-making, it seems that there is not much difference between that of food policy and other policies. Therefore, we will adopt the method most generally used, that is, to analyze the process of decision making, participants who make decisions, and the content of the decisions.¹³⁾ Since policy-making is inextricably related to the political and administrative structure characteristics, changes in political and administrative systems after the Yu-shin Reformation in 1972 will be examined here.

The reason why the Yu-shin Reformation was selected for the comparison is that the Reformation had brought in very unique, unusual changes in both systems.

Especially in terms of policy-making, politicians' participation in the process was restrained, and administrators' participation was increased.

1. The Process of Policy-making

Because the term, food, is too extensive, the analysis here will be centered on the decision making in the Government's purchasing price of rice. The decision making process begins in March, when farming starts. The competent ministries, the Ministry of Agriculture and Fisheries (Food Grain Policy Bureau) and the Economic Planning Board (Price Policy Bureau) start preparatory works with contacts and negotiations among bureaucrats to decide the purchasing price that will take place in Fall. Of course, the Ministries usually have differing interests and perspectives; MAF's officials generally want to set the purchasing price as high as possible; on the other hand, EPB's officials want to keep it as low as possible in order to holdback the rising prices. In addition to the relation between the two agencies, EPB has an advantage over MAF since the Board is headed by the Deputy Prime Minister; the Ministry of Finance adds to EPB's power. The Ministry of Finance participates in the process with the hope of controlling the issuance of currency.

After compromising conflicting interests among bureaucrats, the issue gets out of the hands of executive officials; and officials in political service, like members of the Economic Ministers' Conference or the President's Chief Secretary of Economics, begin to participate in the process in September. MAF seeks aid from mass media or public

opinion to cope with the dilemma between their hope of protecting farmers' interests as much as possible and the incompetency of the Farmers' interest group, Nong-hyup. In the process, we can tell with certainty about the extent of the influence by mass media, the ruling party, and specialists because, it may be dependant on current political situations and the concerns and characteristics of the Ministries involved. However, it seems from experiences so far, that MAF tends not to take positive political actions by soliciting aid from these powers, but it sets out a preliminary skirmish for raising the purchasing price, and waits for the aids from mass media or the ruling party.

The reason that MAF does not take the initiative in the process may be attributed, in a broader sense, to our traditional culture; our characteristic view on the relationship between the public good and specific interests; the propensity to avoid overt confrontations among departments in the same Government; and the weaker power of MAF compared to EPB or the Ministry of Finance. Even though the Nong-hyup is expected to play a leading role in absence of the Ministry's power, to make things worse, it usually fails to meet the expectations. Thus the situation in Korea is quite different from that of Japan where the farmers' association has stronger power. Of course, MAF may be in a better position, in a sense, to get support of congressmen from the opposition parties after the closing of the Regular Session in Fall, and the ruling and the opposition parties usually work in concert as far as the purchasing price is concerned. After completion of these processes, the issue is referred to each Minister concerned to obtain consent. Finally, the issue is referred to the President for decision. Therefore, MAF is placed in a disadvantageous position until the issue is referred to the President, because the Ministers' agreement is made as disadvantageous to MAF. However, the President's decision tends to compensate for the Ministry's weakness.

It is not clear whether the President is aware of MAF's relatively weak position and makes decisions with the intent of helping the Ministry or is politically motivated to win support of farmers who are large in number. In either case, the end-result is desirable. From the descriptions and analyses of the policy-making process stated so far, it appears that there have been less participants of politicians in the process of policy-making and that they participated in the process only after executive officials investigate and make out their draft. Accordingly, they participate under the initiative of executive officials, and consequently, they have weak influence on the policy-making process. On the other hand, before the Yu-shin Reformation, there was relatively more participation of

politicians-political parties and the congress-in the policy-making process, and consequently, politicians took the initiative in policy-making. Politicians first framed a plan to decide the Government's purchasing price, and then referred it to executive officials. The executive officials examined it and then referred it to the Ministries concerned and political parties to submit a draft to the President, and the President made the final decision. Since the Reformation there has been less politician participation in the actual policy-making process, Politicians participate only after executive officials investigate and make out their drafts; consequently, they have weak influence on the policy-making process. Therefore, the policy-making process before and after the Revolution was different. In theory, it seems that policy was made more favorable for farmers before the Revolution. However, as made clear by the description and analysis of the process, the rice price is not decided merely by economic or operational factors such as production cost; market price; and comparison with the price of industrial products, to no small extent, but also by political considerations.¹⁴⁾ These political consideration may have, after all, stronger influence on the policy-making.

2. Participants

Generally speaking, participants in a policy-making process may include the following: high-ranking executive officials(competitive service, career public officials); specialists; farmers; interested persons; political parties; congress; mass media; public opinion; and officials in political service as legal policy makers. Following the above categorization, participants in the decision making process for rice price in Korea, along with their influence according to time periods, may be described as follows:

(1) High-ranking Public Officials.

The main executive agencies concerned are MAF, EPB, Ministry of Finance, and, to a certain extent, officials of the President's Office who are in charge of economic affairs. Regarding the power-relation among these agencies, MAF had weaker power because, the Government emphasized the importance of rapid economic development as its first goal. EPB had the responsibility of compiling of budget and was headed by the Deputy Prime Minister. The of Ministry Finance supported EPB, and, in general, officials of MAF were incompetent. Even though MAF had weaker power compared to other agencies, executive officials, as a whole, had relatively stronger power because, since the Reformation, the power of non-executive officials including politicians had become weaker.

(2) Academics

Professors of agricultural economics participated in the process from the outset

owing to the traditional esteem for them, even though they were small in number. In addition to them, researchers of the Korean Development Institute(KDI), which was established in 1971, and the Korean Rural Economics Institute(KREI), which had been reorganized from the faltering Korean Institute of Agricultural Studies, have participated in the process. Even though the number and influence of the specialists on the policy-making was increased due to those researchers' participation in the process, but it is not clear whether their increased influence was favorable to farmers or not. Even though the two institutes were self-regulating by law and were composed of professionals, and were supposed to research and make suggestions on policy-makers independently, however, KDI had a close relation with EPB in terms of budget and others, and the objects of their research ranged over the whole national economy. Therefore, researchers of KREI could have not been expected to protect farmers' interests, and tended to be in opposition to KDI, or had different perspectives with KREI, as disclosed by our former experiences in such issues as importation of farm products or decision on the Government's purchasing price of rice. KREI or EPB tends to make policy suggestions only from the viewpoint of economics, and, as a result, they suggest the Government to import farm products when the domestic price of farm products are one and a half time higher than the international price, while specialists of agriculture blame that such perspectives ignore the characteristics of agriculture and its political and social significancies and they insist that the rice price of up to five times as high as the international price be tolerated.¹⁵⁾

Awaring of these circumstances, MAF established the research institute which was supposed to study only agricultural economy and to help with developing rural economy. However, in terms of age, manpower, and reputation, KREI is behind KDI which is the first research institute established in Korea. As a consequence, MAF is still in disadvantageous situation. It is necessary that KREI become more powerful than KDI as far as rural economy is concerned.

(3) Farmers: Nong-hyup

Since the Nong-hyup which is supposed to represent farmers' interests is not autonomous, but is a government-manufactured organization, it does not take part in policy making process, and it functions only as an implementing agency of agricultural administration. On the other hand, in the secondary and tertiary industries, associations with tremendous financial and uniting power, such as the Korean Chamber of Commerce and Industry (KCCI), the Federation of Korean Industries (FKI), and the Korean Federation

of Small Business (KFSB), are established to protect their members' interests, and they work hard to protect their members' interests. In this respect, they give the definite disadvantage to farmers. Consequently, MAF is obliged to protect farmers' interests without assistance from the Nong-hyup, in contrast to the Ministries governing the secondary or tertiary industries that take great advantages in that they are intrinsically powerful and are assisted by powerful pressure groups. The fact that farmers engaged in the primary industries are always treated unfavorably and are suffered from unfair distribution of resources due to such a disproportionate power structure is made clear from the analysis of the policy-making process and participants. There has been no change to the disadvantageous situation of farmers since 1972. Moreover, the situation has become worse, since the interval between elections, which are the only opportunity for farmers to influence policy makers, has been changed from four years to six years. However, it seems that, in place of farmers' participation, farmers' disadvantages have been diminished thanks to a rising standard of education and political awareness of farmers.

(4) Congress

In the sixties, Congress had a significant influence on policy-making. But, Congress' power has become weaker ever since 1972. This change may be attributed to the structure of Congress, type of election, the extended term of members, and the restriction on the duration of a session. But, the biggest reason for this change has been that the new political structure after the Reformation was aimed at strengthening the administrative power and restricting participation of non-administrative agencies, and lowering autonomy of pressure groups.

(5) Mass Media and Public Opinion

Since 1962, autonomy of the press has kept lowering mainly because they have been forced to strengthen their instructive role and to lower their propensity to politics. Even though administration of agricultural affairs has been affected by such a change, but as far as grain policy on purchasing price or purchasing quantity concerned, it has not been affected much because the press tends to obtain supports from farmers that are large in number, and the press has tried to make up for the power gap generated by the weakened non-administrative agencies. A good example of this is that officials of MAF admit that they are usually backed by the press when they compete with the officials of EPB. After all, the role of the press seems to have been on the right track, helping farmers.

(6) Executive Officials In Political Service

As for rice, MAF is a figurehead among the agencies in this category. As stated above, the problem involved in the rice policy is that EPB, MAF, and the Ministry of Finance tend to become much more powerful than MAF, but not necessarily in favor of farmers. Such a situation at the departmental level may be improved by the President's decision. The President, almost as a rule, protects farmers' interests by raising the rice price or increasing the amount of rice purchased by the Government. It is not clear whether MAF endures the disadvantage at the departmental level in anticipation of the President's decision or the officials of EPB cut the price as much as possible in anticipation of the President's decision. The fact that the President interferes even with the decision of rice price and the policy-making is adjusted at this level tells the President's decision strong concern on this matter. On the whole, the facts disclosed through the analysis on the participants may be summed up as follows;

First, the best way of securing fair distribution of values may be the participation of interested people in the policy. However, as for rice, farmers are disadvantaged due to the lack of farmers' participation in the process.

Second, before the matter is referred to the President, even though political parties, Congress, and the press try to take side with farmers, they don't participate directly in the policy-making process on the ground that they are not competent policy makers.

Third, competent policy makers, such as executive officials, executive officials in political service and specialists, tend not to make decisions favorable to farmers.

Fourth, even though the President's decision tends to make up for the farmers' disadvantages, but the President's participation has its limits because the matter is referred to the President passing many hands of officials who tend to make decisions unfavorable to farmers.

Fifth, the point that should be noted is that if the policy is made mainly by executive officials without participation of farmers, farmers' interests may be represented, to a certain extent, in time of peace, but in a crisis situation, farmers' interests are apt to be handily neglected or at the mercy of these officials. Among many of similar situations we have experienced in the past, such a situation may exemplified by the policy-making in 1978, on the issue of importing foreign goods for the purpose of preventing inflation. The import of industrial products could not harm much the interests of industrialists because they participated in the process as an interest group making it hard for officials to neglect

their interests. If the farmers' association could have participated as industrialists' association did, the foolish event that livestock-raising farmers went ruin by increasing the import of beef by forty-five times in two years¹⁶⁾ could have been avoided.

Sixth, when a policy is made mainly by executive officials by restricting participation of non-administrative agencies, it is possible to expedite decision making, but it is also possible to make a fickle policy by altering the policy too often due to the lack of rationality in the contents of policy. In other words, the policy-making process in such a situation is no more than carrying out experiments in a laboratory with pressing issues that have a significant effect on peoples' living,¹⁷⁾ as we have seen in the policy-making such as: compulsion on mixed-cereal food; reinstatement of rice wine; import of rice; import of red pepper and garlics; and the recommendation of the species, No-poong.

3. The Contents of Policy-making

As previously dictated the objectives of the food policy has undergone an abrupt change since 1968. Tables 5. and 6. show the resultant changes in the contents of food policy in terms of the purchasing price, selling price, quantity of the purchase, and the rate of increase in the production of grains. As for rice, the Tables indicate that the purchasing price, for the purchase took place in 1968, began to soar sharply in 1969, and the double-grain-price system came into effect in the purchasing price of 1973. As for

Table 5. Purchasing Price and Increase Rates of Purchasing Price of Rice and Barley, 1967~1978

Year	Wons, Annual grow rates					
	Purchase of rice		Purchasing price of rice	Purchase of barley		Purchasing price of barley
	Price	Increase rates		Price	Increase rates	
1 9 6 7	3,306	4.9	3,700	2,295	0	—
1 9 6 8	3,590	8.6	4,050	2,490	8.5	—
1 9 6 9	4,200	17.0	5,000	3,044	22.3	2,750
1 9 7 0	5,150	22.6	5,400	3,348	10.0	2,750
1 9 7 1	7,000	35.9	6,500	3,850	15.0	3,100
1 9 7 2	8,750	25.0	6,500	4,890	27.0	4,300
1 9 7 3	9,888	13.0	9,500	6,357	30.0	4,800
1 9 7 4	11,377	15.1	10,500	6,993	10.0	6,000
1 9 7 5	15,760	38.5	13,000	9,091	30.0	6,900
1 9 7 6	19,500	23.7	16,730	11,100	22.1	8,320
1 9 7 7	23,200	19.0	18,400	13,000	17.1	9,200
1 9 7 8	26,000	12.1	18,400	15,500	19.2	9,200

* Purchasing price denotes the purchasing price adopted in the previous year.

Source: Economic Planning Board, Handbook of Korean Economy, 1978, p.146.

Table 6. Quantity of Rice Purchased by the Government, by Types of Seeds, 1967~1978
Kilograms unless otherwise indicated

Year	Category	Products versus purchase	Products(thounds of sucks)	New species (area)	Products per tan (new species)	Conventional species
1967		7.8%	25,022	—	—	—
1968		4.1	22,189	—	—	—
1969		7.8	28,406	—	—	—
1970		8.9	27,356	—	—	—
1971		12.3	27,961	—	—	—
1972		12.8	27,480	—	—	—
1973		11.4	29,248	—	—	—
1974		16.5	30,867	15.2%	473	353
1975		16.9	32,424	22.9	503	351
1976		20.0	36,215	44.6	479	396
1977		23.4	41,706	54.6	553	423
1978		23.4	40,258	76.2	486	435

* 1 suck=120kg

** 1 tan=0.245 acres.

Source: Ministry of Agriculture and Fisheries, Handbook of Agricultural Administration, 1979, p.222, 151, 146.

barley, the purchasing price began to soar more rapidly than that of rice, and the double-grain-price system was adopted for the purchasing price in 1969. These changes seem to be resulted from the efforts of the Government to increase productivity and of farmers to increase their incomes. The quantity of the purchase has also increased in 1977, and the rate of products versus purchase has increased from less than 8% to 23.4%, almost three times higher. Crops also have increased rapidly thanks to the increase in the rate of areas of new species, and the quantity of the purchase has increased almost four times in 1978 than 1970. Along with such increases in the price and quantity, high-yield varieties of grains were introduced and recommended by the Government, and farmers who are generally conservative acted in concert within a surprisingly short period. Thus crops have increased five times in only four or five years, and the the arable area has increased to almost four thirds of the total cultivated land. These Tables show that, since 1976, our agricultural productivity in terms of production per tan(1 tan=0.245 acres) has increased as to surpass that of Japan, and that we could accomplish self-sufficient supply of rice in 1977. Even though the self-sufficient supply of rice was accomplished through the Government's efforts to raise farmers' income and to uplift farmers' motivation by raising the purchasing price, increasing the purchasing quantity, and increasing crops by new species, however, it should be remembered that the Government, along with the efforts of accom-

plishing self-sufficient supply of rice, has kept on increasing the production of fertilizers, increasing the production of agricultural chemicals, making investments in the projects authorized by the Saemaetul Movement, and emphasizing the importance of educating farmers, resulting in the unwelcomed outcome of enormous deficit in the Grain Management Fund and the rice price which was two times higher than the international price. Such being the case, demands to stop Government's supports for farmers have been made by agencies that place emphasis on the national economy, such as EPB, KDI, or the Ministry of Finance which feared of the deficit in the Grain Management Fund, whereas MAF and political parties were opposed to such demands. For their part, they insisted that, self-sufficient supply of staple grains was not secured yet; the food policy was directly related to the living of people more than 30% of the total population; as for Korea, international comparison was meaningless as far as agriculture concerned because, cultivated land per household was much smaller in Korea; concerns for national security was much stronger in Korea. Even though the both sides were true in a sense, but it seems that the situation will become more unfavorable to farmers considering the Government's primary goal of achieving rapid growth of the GNP and farmers' weak political influence. For an example, since 1976, the rate of increase in the purchasing price has been even lower than the rate of increase in the price level. Dissatisfaction of farmers was reflected in this year's election in which count of votes for the ruling party was 1.1% less than that for the opposition party, and thus the ruling party unusually brought in the matter as an important agendum making MAF officials pleased. Even though farmers' situation may be slightly improved by such political actions, but it still is doubtful that, basically, food policy will be made representing farmers' interests. Moreover, the more problematic thing is how to compensate farmers' loss of income in case that the purchasing price is not raised to an appropriate level. In Japan, they compensate the loss by increasing farmers' extra earnings through attracting plants,¹⁹⁾ which would offer the opportunity of side-jobs for farmers, to the rural areas. Although this will help raise farmers' income, but it would give rise to additional problems in fostering large-scale farming. Such problems have been taken care of in a variety of way. However, as for Korea, it seems very difficult to solve these problems because Korea has a small territory and a big population unlike the United States, Australia, and Canada. Thus, in Korea, Saemaetul plants have been established in rural areas pushing up farmers' incomes. In addition to attracting plants in rural area, the desirable means of promoting farmers' incomes may include: to invest on the ground-

works of agricultural production-readjustment of arable land; farm mechanization; irrigation; to improve the nature of soils by utilizing foreign capital which has relatively low rate of interest in order to increase productivity. These means will benefit both producers and consumers by readjusting income distribution. However, the most important thing is that, the Government should make efforts on decentralizing educational and cultural facilities so that farmers may have opportunities of enjoying the benefits of these facilities, rather than merely depend on altering income distribution.¹⁹⁾

IV. Specification

As previously dictated, the process of specifying the skeleton of the policy outline may be compared and analyzed by many different frameworks. Among them, first, we will look at those aspects of the project emphasized during the course of specification; agencies mainly charged with the task of specification; methods of communication from officials to farmers, the contents of the communications.

1. Projects Stressed During the Course of Specification

In the early days, as the primary objectives of the food policy was price stabilization, the Government was mainly concerned about the price level. In order to stabilize the grain price, it was necessary for the Government to prevent the price from hiking in Spring and from dropping in Fall, and to purchase enough grains. However, farmers did not respond in concert with the Government's plan because of their dissatisfaction at the low purchasing price. Therefore, the Government was more concerned about how to manage to purchase the pre-determined quantity of rice in Fall and to store the rice until Spring when the rice price would rise, and to release the rice on time. But, later, since the purchasing price was kept high, farmers began to voluntarily respond to the purchase, and thus the Government's main concern turned to how to induce farmers to increase the yield, from how to purchase. Consequently, main objectives of the Government policy became that of boosting production by means of adopting new species, heat-insulated rice seed-bed, agricultural chemicals, compost, and irrigation, and helping farmers with increasing their incomes.

2. Agencies Concerned

The first-line executive agencies with a long history under the control of the Ministry of Internal Affairs(MIF) and agencies established after the Liberation under the con

control of the Office of Rural Development(ORD) may be included in this category. Since the primary objectives of food policy was to lead farmers to comply with the Government's purchasing price, the local agencies under the control of MIF, which, had reigned over the people throughout the history and had had extensive administrative powers, were inevitably the primary agencies in charge of the specificatin of food policy. Farmers were forced to comply with the directives of the agencies because they anticipated invisible losses, not necessarily loss of money, in case that they would not obey to those powerful agencies. Such a situation may be attributed to our characteristic culture, the premature society. However, in later days, since farmers began to put out their efforts for improving productivity, agencies under ORD, along with the agencies under MIF, began to take initiative in forming the food policy because, high-level technologies and expertises rather than the power were required for boosting productivity, and farmers began to seek their assistance. Before, the agencies could have not properly perform their duties because; the primary objectives of food policy was price stabilization rather than production increase; competent persons tended to avoid working for the agencies that were unknown, newly-established, and non-administartive; they had poor marale because they could not expect extra earnings other than their small salary.

Only recently, they have begun to perform their duty worthily, and employees of the agencies reside in the farm area in order to give instructions to farmers. Thanks to their efforts, new species could have been developed, and, as a result, productivity and farmers' incomes could have increased considerably.

3. Contents of Communication

As we have noted above, the contents of the communication between the Government and the farmers, in the early days, assumed the form of the request for cooperation on the Government's purchase, but in recent years, the contents of the communication seem to be related to conveying technical knowledge to the farmers. Additionally, there was a serious lack of manpower and insufficient technical assistance since the personnels of the first-line offices had to visit each household to enforce compliance on the farmers rather than giving technical assistance to farmers. For this reason, the officails of MIF kept demanding on integrating those personnels under the control of the headquarters. Notwithstanding these reasonable demands, the local offices have been maintained thanks to the contradictory opinions that called for a consideration of the administrative development. In the last few years, as the contents of food policy have changed and

the local offices have become contributable to productivity and income increases, the demands have diminished, and thus the local offices could overcome the existence crisis and obtain justification for their roles.

4. Methods of Communication

In the early days, the officials were supposed to act based on requesting compliance, but in fact, they acted coercibly, and thus the farmers were forced to anticipate some kinds of sanctions or loss of money in case that they failed to accept the officials requests. If the coercive powers of the officials had been exercised in favor of farmers, it would have not caused a problem, but, actually, these powers were exercised to enforce farmers to suffer visible or invisible losses. However, later, these officials began to convey skills and techniques useful for farming, and farmers began to voluntarily follow their instructions and guidances because they judged that it was advantageous for them. Since farmers of Korea have a high level of education, and are secularised, and are capable of calculating loss and gain, high-yield varieties of grains could have been adopted. It is surprising that farmers, who are apt to be conservative at any time because of their narrow farmland and risk of living in case of failure of new species, could have been so innovative.

5. Receptivity

It is a matter of fact that farmers, in the early days, distrusted and resisted to the administrative officials and perceived them as unwelcomed guests, and thus there had been low receptivity of the policies made. Because farmers were a little bit hostile to the officials, they had to visit every household begging and appealing for compliance of farmers. The officials regarded such duties as the most laborious tasks, and, since the situation continued, the officials regarded them as the most typical administrative tasks. However, in later days, farmers began to realize that the officials were not harmful for the farmers, rather they were of much help for the farmers.

V. Conclusion

In this study, we have examined Korea's food policy on the basis of objectives, the process of policy-making, and its specification process. Since we already pointed out the characteristics of each in detail, we will avoid repeating it here. Instead, we will look at the reasons that farmers, who accounted for over 31% of the whole population, received

unfavorable treatment according to the theories of policy formulation.

First, since the political leaders after the Revolution, in contrast to those before, sought legitimacy for their power only by achieving rapid growth of the GNP, the primary industries, especially farming, had an economic disadvantage compared to the secondary or tertiary industries.²⁰⁾ Thus farming could not receive appropriate assistance from the Government. Productivity increased but the rate was retarded causing farming to remain in comparative disadvantage in international trade. Thus, the self-supply of rice could be achieved only at the price that was twice the international price.

Second, because of farmers' low political participation, they have been unfairly treated in distribution of income. The main reason for this might be that the Nong-hyup, the interest group for farmers, could hardly participate in the policy-making process; thus, the farmers' interests in such matters as, decision of the rice price; making investments in groundworks for arranging farmlands; and decision on the price of agricultural chemicals and fertilizers, were not protected. Moreover, MAF, which was supposed to be the competent authority in protecting farmers' interests, had relatively weaker power than EPB and the Ministry of Trade and Industry adding another disadvantage to the farmers.

Third, because administrative officials, as participants, usually took the initiative in the policy-making process, the characteristic nature of policy-making in Korea, bureaucratic decision, has been salient in the food policy. In other words, the policy-making has been inconsistent, improvisatorial, and authoritative, and officials could handily neglect farmers' interests by making such decisions as we have seen in the cases of over-importing of beef, red-pepper, garlics; replacement of candle lights with electric bulbs; reinstatement of rice-liquors; and encouragement of mixed-cereal meals. In time of peace, interest groups of each industries that are supposed to advocate the interests of their clients could have been working fairly well, but in a crisis situation, administrative officials have tended to concentrate only on pressing matters of concern to their supervisors, and carelessly ignored other issues.

Fourth, specification of the outline of the policy has become improved. Before, most of the problems resulted from irrationalities involved in the contents of the policy. Because of this, these irrationalities may be attributed to the central agencies that supervise local offices rather than to the local offices because, it was the first-line officials who had difficulties in contacting farmers.

In conclusion, it seems desirable to work out fundamental solutions for the problems involved in food policy to prevent these problems from emerging, rather than coping with specific problems as they are identified, for instance, reducing the amount of beef imported or temporarily increasing the rice price. To do this, at least, the following two critical points should be noted and considered in formulating the food policy.

First, investments in farming should not only be considered in terms of productivity, efficiency, comparative advantage, as similar to those of the second or tertiary industries, but also in terms of national security, politics and social effects. Perhaps then, agriculture should be supported by the Government to compete with other industries.

Second, it is necessary to make the Nong-hyup autonomous so that it may represent farmers' interests and participate in the policy-making process on an equal basis with those associations of the secondary or tertiary industries that compete with the Nong-hyup over limited resources. In addition, the present imbalance in participating in the policy-making process should be removed as soon as possible by forming a Conference on Agricultural Administration²¹⁾ which is composed of politicians, journalists, and scholars. Such a conference may be considerably helpful for solving the problems involved in bureaucratic decisions. Most importantly, attitudes of people toward farmers must be changed and the farmers' ability to participate must be trusted so that farmers can expand their participation in the policy-making process, get into the business of politics.

<Notes>

- 1) In 1978, the per capita consumption of the staple grains was 201.5kg, out of which 134.7kg was of rice. Others were of barley, wheat, corn, bean, and potatoes. The Ministry of Agriculture and Fisheries, Handbook of Agricultural Administration, 1979, p.215.
- 2) The interview was conducted with about twenty five persons of executive officials, officials of Congress and political parties, researchers, and professors.
- 3) The Ministry of Agriculture and Fisheries, The History of Korean Agricultural Administration, 1978, p.60.
- 4) Figures of governmental investments show the government's low preference to the primary industries.

Year \ Industry	Agriculture and Fisheries		Mining and Manufacturing	
	GNP	Investments	GNP	Investments
1 9 6 2	36.6%	29.1%	16.5%	21.6%
1 9 6 3	42.2	23.0	16.6	19.8
1 9 6 4	45.9	20.9	17.6	20.7
1 9 6 5	38.4	28.5	19.8	24.1
1 9 6 6	35.4	27.7	20.1	18.6
1 9 6 7	31.4	25.4	20.4	17.3

EPB, Handbook of Korean Economy, 1978, p.6,96.

- 5) In 1964, rice price was increased by 44.4%. However, in subsequent years, the rate was only 6.2%, 4.9%, and 8.6% in each year. Korean Economic Planning Board, Handbook of Korean Economy, 1978, p.146.
- 6) In terms of output and self-sufficient supply of rice.

Year	Output	Output(1,000Suk)	Rate of self-sufficiency(%)
1 9 6 6		27,217	99.1
1 9 6 7		25,021	99.1
1 9 6 7		22,190	94.3
1 9 6 9		23,406	81.0

The Ministry of Agriculture and Fisheries, Handbook of Agricultural Administration, 1979, p.147, 219.

- 7) Pal-Yong Moon, "Rice price policy and farmers' incomes", Food Research Institutes Studies, Vol. 1, No. 2, 1978, p.34.
- 8) Korean Economic Planning Board, op. cit. p.128.
- 9) Pal-Yong Moon, "The Evaluation of Rice Policy in Korea", Food Research Institute Studies, Vol. 14, No. 4, 1975, p.339.
- 10) Kim, C.I. Eugene, "Patterns in the 1967 Korean Election", Pacific Affairs, Vol. 41, No. 1, Spring 1968, pp.60-70.
- 11) Korean Economic Planning Board, op. cit., p.146.
- 12) Chong-Hwan Choo(et al.), "The problems of food policy", Agricultural Economics, Vol. 1, No. 2, 1978, p.108.
- 13) Professor Dong-Suh Bark categorizes a policy process as participants, policy-making process, and standards. Korean Public Administration, Korea, Seoul, Pub-Moon Sa, 1978, pp.121-137. Michael W. Donnelly adopts the same categorization. "Setting the Price of Rice: A Study in Political Decision-Making", in: T.J. Pempel(ed.), Policy Making in Contemporary Japan, Ithaca, Cornell University Press, 1977, pp.144-200.
- 14) Michael W. Donnelly, introduces several calculation methods adopted in Japan, but he says that these methods are too flexible and are prone to political influence.
- 15) Seoul Kyung-Je Shin-Mun, May 31, 1979. Yong-Jae Choo, "Current Issues in Economic Development and Food Policy", Agricultural Economics, Vol. 1, No. 2, 1978, p.9.
- 16) 1,017% of beefs were imported in 1976, and in 1978, as much as 45,253% of beefs were imported. The Ministry of Agriculture and Fisheries, Handbook of Agricultural Administration, 1979, p.202.
- 17) Chan-Hyun Lee, "A Scientific Analysis on Korean Agricultural Policy," Nong-Hak Yunku, Vol. 1, No. 2, 1976, p.83.
- 18) Part time jobs account for 86.8% for farmers of Japan. OECD, Agricultural Policy in Japan, Paris, 1974, pp.26-34. Farmers' extra-agricultural incomes account for 27.7% of their total incomes in Korea, and 74.9% in Japan. Young-Whan Kihl, "The Politics of Agrarian Change in South Korea," Mimeo. Prepared for the Annual Meeting of the International Studies Asso., Feb., 1978, p.7. The Ministry of Agriculture and Fisheries, Handbook of Agricultural Administration, 1979, p.79. 5.7% of all the family members of a farming household work at the plants in rural areas. Dong-Kyu Lee, "Report on A Survey on Farmers' Opinions on Agricultural Administration", Rural Economics, Vol. 1, No. 2, 1978, p.127.
- 19) Ibid., In the survey, 36.2% of farmers answered that they would spend their extra money for education of their children.
- 20) In Korea, budget for agriculture and fisheries accounts for only about 4% of the total budget, whereas about 10% in Japan.
- 21) Japan has a similiar committee.