

Comparison of Political Environment, Economic Policy and Achievements of South Korea and Pakistan after Independence:

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Abstract:

The aim of this paper is to focus the economic strategy as well as achievements of South Korea and Pakistan since inception. As the theme of the paper suggests being a comparative study in historical perspective, the major objective of the paper is to compare both the states regarding success/failure adopting the significant economic strategies in the light of their particular political environments after independence.

Keywords:Economic policies, Political Environments, Statist approach,

Ayub's regime, Export-oriented industrialization.

Introduction:

Remarkable and record achievements have been attained by South Korea regarding Economic development and Growth during the decade of 60s. During the decade of 50s South Korea was completely destroyed because of internal battles in the country which started in 1950 and continued till 1953. During the decade of 50s, globally, South Korea used to be known as a poor nation. During the year 1954, South Korea's Gross Domestic Product (GDP) remained merely just \$1.5 billion as well as per capita GDP \$70. But South Korea came up with a significant 5 year development program which was started in 1962 having the task of rapid industrialization process developing the State quite remarkably. Byimplementing the further 5 year development program it is presently

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known as the leading 13th economy with global rankings. South Korea's national GDP during 2007 remained \$949.7 billion as well as GDP per capita touched \$19,624. This is indeed such a remarkable achievement regarding economic growth by global rankings.

Though it achieved the amazing success regarding rapid economic growth during the past several years, but South Korea too experienced up and downs in terms of administrative as well as developmental disturbances comprising the similar years. Soon after the murder of President PARK Chung-hee during the year 1979, an Army authoritarian ruler actually organized the nation's swift developmental plan, which the public actually anticipated to be carried out by the democratic regime. But, another Army ruler totally damaged the anticipations of the people known as Chun Doo-Hwan who made things worse, and Korea experienced its first significant catastrophe during the decade of 80s in the 2nd world oil crisis. Though the Chun government handled the problems, government opposition as well as political protesters moved regarding restoration of democracy. The first presidential voting was held in South Korea during the year 1987, after almost three decades. In spite of the reality that President ROH Tae-Woo, a hand-picked descendant of earlier authoritarian, CHUN Doo-Whan, was chosen, the experience represented the evolution for democratization. Ever since, democratic rulers have been nominated as president as well as 2 significant shifts have happened.

This democratic process possesses several constructive results upon country's political as well as environmental scenario, for example constitutional rights development, an improved image of civic outlook in policies, impartial voting, also autonomy. However, it too had several significant bad results. Such as, to legalize the labor union improved labor privileges as well as paved the way to inflations that affected in decreasing the exports. Furthermore, common labor-administrative disagreements paved the way toward a severe surge in lost workdays that played the part out breaking regarding the economic disaster. A foreign trade catastrophe was faced by South Korea during the year 1997 then security given through International Monetary Fund (IMF). While South Koreans accommodated by the IMF's rescue plan more rapidly than anticipated, the Korea's economy hadn't been capable getting back toward the swiftness it enjoyed in the past earlier to the disaster. For instance, the South Korean economy was anticipated growing within 2008 with 4.9%. Whereas that anticipated increase ratio was not dire as compare to other nations, the Korea's inhabitants were familiar with double digit increase.

Consequently the center of previous presidential vote was on putting the economy back on track. (OECD, 2007)

Pakistan:

The significant phase during the year 1947 as Pakistan came into being toward the division of 1971 as East Pakistan broke away becoming Bangladesh remains a significant one to study the factors of economic achievement in the Indian subcontinent. At one side, in spite of considerable disparities regarding the economic plans of Pakistan as well as India, their ratios of economic growth remained extraordinarily alike. Then again as State's non democratic organizations had several characteristics alike to contemporary East Asian countries, especially South Korea, its long term contribution remained very bad as compare to the countries of East Asia.

During that time period, role of Pakistan remained much alike India by the exemption of a rupture of economic development during the beginning of 60s in Ayub's regime. On the contrary economic development ratios in East Asia were constantly higher. During the 80s as well as 90s economic development ratios in Pakistan as well as Bangladesh were at the long run South Asian ranks of between 5 to 10% whereas the States of East Asia continued industrializing fast.

The soaring development ratios in industrialization in Pakistan during the years 1950-55 were relatively a numerical piece since the State began by a remarkably lower development foundation the year 1947. However, the State managing to begin development process during that time specified its unpropitious primary gift. Further momentous remains the speeding up in economic development ratios during the start of the decade 60s as it adopts development plans that remained at first quite alike to (with actually predated) South Korea. However, contrasting the countries of East Asia, Pakistan might merely maintain soaring increase in support of a much short phase by regressing toward the South Asian standard in the late 60s. The disappointment of the State sustaining East Asian development ratios remains then intriguing in offering visions within the State economy of increase in the Indian subcontinent. Whether its malfunction was because of the strategy faults otherwise were there further limitations that turned quick economic development process hard to maintain?

The decade of 60s is mainly exciting since with contrasting the soaring development ratios of the early 60s by the decrease in contributing during

the late 60s we are able testing numerous challenging hypotheses to explain bad development achievement in the State?

It remained exactly regarding those innate customs of country's environment relations which the state varied considerably as of the States of East Asia as well as particularly South Korea. While Pakistan for a short time tried during the decade of 60s implementing a exclusive economic development plan, its growth as well as effects remained somewhat unusual from that in South Korea.

It is argued that the public authority of excluded factions also their skill drawing upon customs of integration as well as mobility remained significant issues to explain why the State acted in a different way from South Korea in spite of the resemblances in their plans as well as institutes. The means by that the public authority of developing middle classes interpreted within financial results are scrutinized. That's why too the State's economic contribution in the long run remains much alike to that of India in spite of the dissimilarities in their institutes as well as plans during the decade of 60s. (Bardhan, 1984)

Political Environment and Economic Policies adopted by South Korea:

A. The Statist Approach:

Several hypothetical clarifications have been given by South Korea's industrial progress; however one of the most main hypothetical factors remains the administrative-led growth model, which is known as the statist approach. (Alice H. Amsden, 1992).

In relation to that method, country (administration) sovereignty remains a vital issue in flourishing development contribution since administration remains the unit which plans as well as applies development plans. (J.A. Caporaso and David P. Levine, 1992)

Country's sovereignty remains mainly significant as strategy transformations happen since fresh inducements which impel the strategy transformations might pave the way toward a latest development alliance as well as different conquerors as well as losers. (Stephan Haggard, 1986).

Though national sovereignty remains significant, collaboration amid administration as well as main community forces, for example Chaebol in South Korea, remains too vital. (Yeon-Ho Lee, 1997)

The cause remains that main communal forces frequently look for affecting growth strategy-making having their individual concerns reflected whereas the nation looks for reinforcing its sovereignty

implementing effectual developmental strategies. (Stephan Haggard and Chung-In Moon, 1990)

The joint association amid the administration as well as the private zone, inclusive by means of its economic growth, remained too required to counteract the need of administrative legality of the non-democratic governments. The management maintains constancy with its developmental achievement as well as through distribution of the profits of their newborn financial accomplishment by means of the main community as well as developmental powers. (Danny M. Leipziger, 1997)

Therefore, Peter Evans declares that management had to be implanted within a solid set of community relations which connects the nation toward community as well as gives institutionalized guides for the frequent cooperation plus re-negotiation of aims as well as plans. (Peter B. Evans, 1995)

B. Export-Oriented Development:

Though the South Korea's administration vigorously interfered in the economy protecting local productions, their interference remained too intended to guide the economy to be viable in global markets. (Jung-Bock Lee, 1985)

Therefore, White and Wade disagree that the eventual purpose regarding Korea's management remained to liberalize the economy to be capable competing in global markets. (Gorden White and Robert Wade, 1988)

That course remained visible within the export-oriented developmental plan followed by the regime. During the year 1962, the Korean regime started the 1st 5 year development strategy. While American support remained dilapidated, the strategy looked upon to transform the economy to be foreign aid dependent to become independent. At that point, the management presented help to fundamental business as well as spent expenditure in the development of community as well as financial communications that remained crucial for economic growth. Similarly, by means of the 1st 5 year development strategy, the management focused improving the base of the economy by the beginning of export oriented developmental strategy. Following the 1st financial growth map was accomplished during the year 1967, to increase exports turned out to be crucial of the 2nd 5 year growth strategy. (Ho-Jin Kim, Han-gook-jung-chi Che-ju-ron, 1990)

The management focused upon to foster productions for equally export increase as well as import-substitution, though import-substitution was intended mostly supporting the material supply vital for producing

exporting supplies. Because of the lack of resources as well as latest technology, the administration firstly supported labor-intensive light industries for export. Because the economy developed by means of the boost in exports, the regime slowly shifted its attention as of light industries to heavy-chemical industries. The export oriented development strategy possessed 2 significant results. Primarily, import exchange of light industrial supplies remained about accomplished with the end of the decade 60s, as well as the value of the productions had attained global qualities. (Bohn-Ho Koo, 1991)

Subsequently, export oriented development possessed an important result upon the industrial organization. Previously, main industry, particularly agriculture, remained the main industry in South Korea. Such as, the agriculture industry accounted for amid 40-50% of the whole industrial organization in South Korea till the early 60s. The 2nd industry, for example production, made up simply 10-20%. Though, till the late 60s, both kinds of industries had balanced out, also each of these accounted for approximately 30% of the industrial structure. During the start of the decade 70s, the administration initiated to push for Heavy Chemical Industrializations (HCI). By means of the 3rd 5 year economic growth strategy (1972-1976), the regime allotted nonferrous metals, petrochemicals, general-type machinery, ship-building, as well as electronics as 5 planned sectors. As HCI was costly plus perilous, the dependence of commerce over the administration for credit share improved. Consequently the government-business ties intensified.

C. Controlling the Financial Division plus the Government Trade Ties:

Implementing the export-oriented development strategy, the Korean management formulated 2 strategy shifts:

1) Controlling the financial division to give special cure of export-oriented industries also increasing domestic investments; as well as:

2) Managing the exchange rates stabilizing the exports. At this point, the Korean administration purchases bank reserves plus publicly owned the major banks that brought 2 advantages:

1) It structured the national sovereignty; as well as

2) It gives it control upon credit share. By wholly exercising its control of credit share, during September 1965, the regime announces an act which limits interest rates. As said by Haggard, Kim, and Moon, this improvement plan remained one of the locomotives which played its part toward South Korea's economic development. (Stephan Haggard, 1991)

By means of this strategy, the Korean administration intended to shift an important quantity of investment from the private currency markets to banks with calculating the impractical interest rates of the private currency markets also at the same time to raise the interest rates of reserves account. Additionally, the administration planned increasing domestic reserves creating a significant basis of domestic savings. The strategy works plus savings rates constantly increase over time. For example, during the decade of 60s the normal individual investments share of GDP remained merely 1 to 2%, however by the 70s it had reached to 7%. (Leipziger, p. 169)

Additionally, the Korean administration forcefully manages the exchange rate maintaining the importance of the Korean currency, won, with no much variation. The won was kept devaluated promoting exports. Several researchers say that the result of exchange rate organization remained imperfect because of the big amount of imports of raw materials or was inappropriate due to grave grants plus force on exports. (Amsden. pp. 65-67)

Though, an intentionally upheld sensible exchange rate brought an inducement exporting plus continued the cost constancy of imported materials. (Sung Deuk Hahm and Uk Heo, 2008)

Political Environment and Economic Policies adopted by Pakistan:

During the decade of 50s Pakistan's initial economic growth was based on import substituting development in tariff barriers plus an overestimated exchange rate. Following the initial simple stage of import substituting development, developmental plans developed in a further logical developmental plan during the 60s in Ayub's non democratic government that came in the year 1958. That phase brought a number of chief economic development ratios ever enjoyed by either Pakistan or post1971 Bangladesh. However the development plan of the 60s distorted when Governmental resistance toward it rose in together Eastern as well as Western Pakistan.

Ayub's developmental plan remained a vital aim for the rising middle classes who sensed expelled through those plans. Since the mid-60s, their mobility started affecting the execution of the plan as well as started reducing the ratio of development for rationales.

Army Takeover and Development Plan in 60s:

Although the October rebellion remained firstly a reply toward an administrative disaster, the momentary end of distributive disagreements

that pursued to allow new answers toward the financial troubles experiencing the State. It is useful comparing the development of growth plans in the State by the equivalent procedures relating in South Korea where a comparable rebellion happened during the year 1961. In both States, developmental experimentations following the revolution paved the way toward a parallel development to growth plans. Though, the South Korean revolution consolidates the country in a culture where middle classes remain fragile in first place. Consequently, the institutes of the country might carry on coordinating development plan provisions upon a constant phase of approximately 30 years. (Amsden, Kim & Ma 1997).

The advantages of the initial incident in the State regarding national harmonization in the non-democratic government paved the way toward a much identical sets of plans as well as institutes for government-led development. The Ayub's government, similar to Park Chung Hee's in South Korea, remained dedicated toward the growth of capitalism. Neither chief perceived one disagreement to use the country in thorough interferences achieving this objective. The genuine difference amid Pakistan and South Korea remains in the way in which government as well as strategy came in the 2 States. The middle classes who had been momentarily bypassed through the 1958 revolution in Pakistan didn't stay inactive for extended period. The 1962 constitution legitimized for a moment the subordination of the influential middle class as well as rising middle class groups. Their tones remained momentarily inundated through the accents of individuals lower down the communal organization by the voting systems of Ayub's crucial democratic system experimentation. That permitted for a moment the portion of gigantic assets toward a much smaller faction of businessmen. That then permitted much swift growth as well as economic development. It remained that swift growth somewhat the results of partial liberalizations of the authorizing structure that propelled the inspiring development flourish of the early 60s. Though in the middle of 60s the middle class had to be put up once more by significant outcomes regarding to implement as well as sustain the development plan.

Liberalizations:

The liberalizing as well as decontrolling that occurred during the start of the decade of 60s remained not unimportant. The matters brought in over license decreased with 90.3 percent of whole import in 1960/61 to 39.5 percent with 1964/65 (Amjad, 1982)

That turned out to be much simple for industrialists importing raw materials as well as potential utility improved. The overvalued exchange

ratio turned out to be a crisis since there was a rising industrialist group whose exports remained to be vulnerable with the overvaluation. As a substitute of devaluing, Ayub's government formulated the resourceful key of multiple exchange rates by means of providing exporters of industrialized supplies a 'export profits in the shape of a profit check that remained successfully a further assert over foreign trade. Those procedures tempted an expenditure detonation in the start of 60s also exports of industrialized productions for instance, jute materials swiftly improved.

The Functioning of Growth:

The powerful vigor following the speeding up the economic development during the start of 60s remained just swift expenditure that then turned out to be potential with the national provision of investible means selecting industrialized shareholders. With the passage of some times, the government formulated a procedure of trials and errors, the inducements as well as credit allowance that illustrated by economists as development strategy. The economic development strategies that appeared in mutually Pakistan as well as South Korea remained firstly based upon communal exclusion somewhat than compromise. The military types of the regimes that appeared in both States during the start of 60s contributed an important part to allow the both countries doing this. An oblique assess of the achievement by that development strategy in Pakistan brought in means toward the fresh (also smaller) group of huge industrialists is given with the enormous attention of means that rapidly appeared in the industrialized zone. That proof is generally shown as a sign of the breakdown of development strategy.

Application vs. the Lack of Conditional Ties for Funding:

The significant inquiry remains if development application played its part toward the financial hold up of the late 60s. The significance of that fact may be perceived with contrasting Pakistan with South Korea. South Korea owned focus rates that remained much higher, similar to those in Pakistan though firmly similar statistics remain difficult to obtain. Conversely, it remains hard sustaining the row that focus constantly persuades ineptitude as we see South Korea. Wealth statistics for developmental awareness aren't existing for South Korea however as said by Amsden the transactions of the top ten Chaebol (family owned holding companies) in 1974 accounted for 15.1 percent of Gross National Product. That number increased with 67.4 percent of Gross National Product in 1984. (Amsden, 1989)

To see South Korea's swift economic development during the decade of 70s, those numbers demonstrate that an amazing development in focusing yet didn't restrain industrialization. Undoubtedly awareness by itself doesn't inevitably outcome in bad contribution. Certainly, the South Korean experience demonstrates that developmental ventures in sections that help by economies of balance obviously help by attention. In South Korea application didn't effect in incompetence since it didn't stop the strong contest of the Chaebol by global players. The country remained to be capable inducing that rivalry with producing export increase a condition of financial support. It remained capable doing that with signifying that it was capable withdrawing funding from chaebol either it desired, for malfunction exporting or for any other cause. Undoubtedly the control of the country making that kind of risk plausible remained the unique characteristic of the South Korean regime as well as its development strategy (Khan 1989, 1996a).

On the contrary, the incapability of mutually the Pakistan providing provisional funding caused in bad contribution associated with the increase in development application.

Sectorally Focused Funds:

South Korea's capability disciplining its chaebol remains to be directly associated with a following unique characteristic of its developmental strategy. During the 60s its developmental strategy developed by being much focused. The government more and more utilized its authority allocating capitals to allot them advanced technology sectors. Sectoral strategy arrived at its climax in their Heavy as well as Chemical Industry Promotion map that was properly implemented during 1973. The regime turned out to be engrossed in thorough urgent preparation where particular sections were given the priority. Subsequent of the work of Alice Amsden as well as others, that phase had come characterizing the soaring peak of South Korean development strategy involvements. In spite of the ultimate troubles that South Korea's development as well as economic sections remained to be faced in the 90s, certainly the regime paved the way by developing strategy remained a crucial feature behind its achievement to organize swift development increase as well as achievement during the 60s, 70s also 80s. on the contrary, the Pakistani regime ever obtained a comparable extent of authority on sectoral provision. It brought out expenditure agendas that showed preferred expenditures in special sections however there remained no sanctioning for extreme expenditure in particular sections as well as little expenditure in others. It must be supposed that the South Korean government didn't achieve the entire

success overnight or else right from the word go. It fumbled to a scheme that compensated huge surpluses with a phase of about 30 years. The valid inquiry remains that why the development of the Pakistani scheme went towards an unlike way? Why could the heads of the country not comprehend that through examining what they were allotting they might make very large shares for the State, for the industrialists as well as even for themselves in the shape of corruptions or else bribes with swiftly increasing incomes?

Transformations in the Administrative Background:

It remains to be incorrect attributing the development of Pakistan's development strategy toward failed plans created by the leaders only. There is a need looking at restraints that might have prohibited the leaders by turning towards the course of the South Korea's experiment. Indeed during the middle of 60s, grave splits had appeared right from the start of State's development strategy government. Pakistan's capability even sustaining the distribution of credit as well as foreign exchange toward the aged factions remained swiftly decreasing also there was no inquiry of a continued intensification of the development strategy through implementing the allotment of provisional credit toward recognized higher technology sections. By the middle of 60s onward, the Ayub government experienced an increasing as well as more and stronger opposition by barred societal factions to demand adjustment as well as insertion. Administrative mobility against Ayub started to be ordered in West Pakistan by during 1967 through Bhutto in the flag of Islamic-Socialism. The fresh eloquent theory of Bhutto was utilized challenging the crucial distribution of wealth that development strategy had been involved. Soon Mujeeb-Ur-Rehman also embraced the clash in Eastern Pakistan in the flag of Bengali autonomy. He also confronted with the focus of developmental wealth by the backups of the rising industrialists who happened to be about completely non-Bengali. Those alterations in the administrative setting remained tremendously significant to determine the competence of interferences as well as portions at the micro rank that developmental strategy needed. (Ibid)

Conclusion:

An assessment of the Pakistan's economic development experimentation during the 60s shows us asking either the plan became unsuccessful due to the strategy faults or else due to certain more profound inappropriateness of the plan by the fundamental societal organization of the State. The Ayub's government attempted changing its administrative restraints making government further companionable by its development plan.

Experiment of Ayub overriding administrative restraints obviously became unsuccessful plus the State finally fell down in public warfare. The State experiment demonstrates that philosophy, alteration of constitution as well as considerable degrees of power remained to be nothing adequate changing models of growing mobilization into the Indian subcontinent. South Korean administrative as well as industrialization experiment possess significant plan repercussions as well as provide examples for Pakistan. That remains usual in newly democratic States for the regime adopting strategies to emphasize capital reallocation in attempting to draw much help by the more underprivileged groups. While in the South Korea's example, though, reallocation-oriented development plans tending to be acquired developmental efforts, at any rate in the short-term. Therefore, freshly chosen independent leadership requires being careful regarding strategy judgments. One more example portrayed by the South Korea's experiment remains to be the shift toward democratization doesn't effect in instant industrial development. Rather, democracy needs consolidations that engross institution building regarding administrative as well as financial organizations. Likewise, formerly discrete interest factions plus controlled factions start aggregating as well as articulating their concern that at times to create administrative wavering. Therefore, the ratio by that autonomous as well as financial organizations institutionalization remains of grave significance for developmental contribution following democratization since the ripeness of institutes would contribute a vital part in strategy formulation as well as accomplishment.

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