

**LEXKHOJ RESEARCH JOURNAL  
OF LAW & SOCIO-ECONOMIC  
ISSUES**

**ISSN: 2456-4524**



**VOLUME II ISSUE I**

**Website: [www.lexkhoj.com](http://www.lexkhoj.com)**

**E-mail: [lexkhoj@gmail.com](mailto:lexkhoj@gmail.com)**

**LEXKHOJ PUBLICATIONS**

## **EDITORIAL NOTE**

Lexkhoj Publication is committed to bring the highest quality research to the widest possible audience through an unparalleled commitment to quality and reliability. It is established with the objective of promoting academic research and fostering debate on contemporary legal issues all across the world. Lexkhoj Publications collectively bring together leading scholars in the field to cover a broad range of perspectives on all the key issues in national and international law.

Lexkhoj is delighted to announce the Issue of the Lexkhoj Research Journal of Law and Socio-Economic Issues which is an international journal, publishing critical approaches to socio-legal study and multi-disciplinary analysis of issues related to law and socio-economic. The journal will strive to combine academic excellence with professional relevance and a practical focus by publishing wide varieties of research papers, insightful reviews, essays and articles by students, established scholars and professionals as well as by both domestic and international authors. Authors should confirm that the manuscript has not been, and will not be, submitted elsewhere at the same time.

The Journal provides a forum for in-depth analysis of problems of legal, social, economic, cultural and environmental transformation taking place in the country and world-wide. It welcomes articles with rigorous reasoning, supported by proper documentation. The Journal would particularly encourage inter-disciplinary articles that are accessible to a wider group of Social activist, economist, Researcher, policy makers, Professionals and students.

This quarterly issue of the journal would like to encourage and welcome more and more writers to get their work published. The papers will be selected by our editorial board that would rely upon the vibrant skills and knowledge immersed in the paper.

*Needless to say, any papers that you wish to submit, either individually or collaboratively, are much appreciated and will make a substantial contribution to the early development and success of the journal. Best wishes and thank you in advance for your contribution to the Lexkhoj Research Journal of Law and Socio-Economic Issues.*

## **EDITORIAL BOARD**

### **Editor-in-Chief**

**Mr. Parikshet Sirohi**

ASST. PROF. CAMPUS LAW CENTER

DELHI UNIVERSITY

### **Founder Editors**

**Mr. Vishnu Tandi**

(Founder)

**Ms. Sukriti Ghai**

(Co-Founder)

**Ms. Yogita Lohia**

(Managing Partner)

## **SOUTH KOREA: DEMOCRATIC TRANSITION, ECONOMIC DEVELOPMENT AND DIPLOMACY**

*\* Akanksha Arya  
National Law University, Orissa*

### **Abstract**

*Today South Korea is ranked as fourth largest economy in Asia and the 11<sup>th</sup> largest in the world (Gurría, 2016). And it is also ranked 24<sup>th</sup> in the world on the Democracy index of 2016 (EIU Democracy Index, 2016).<sup>1</sup> Given the good position on the economic front as well as on Democratic front, it is hard to believe that a few decades ago South Korea was one of the poorest countries and had an authoritarian regime. Today, South Korea is a rare success amongst the third world countries which began modernization belatedly. Democracy in South Korea operates more successfully than in any other Third World country (Jung & Kim, n.d.). But this success did not come easy; it was result of many political and economic upheavals*

### **Introduction**

Korea had ruled as a monarchy for centuries until it was annexed by Japan in 1910(Oh, 1999, p. 79). After the Japanese surrender in World War II, Korea was liberated from the Japanese rule in 1945. Under the American influence South Korea slowly started moving towards the democratization process. However, it was too idealistic to move to democracy on the model of US democracy superstructure given the ground realities prevalent in South Korea such as Confucian influence, hierarchy and influence of communism from the North side. The representative government established in South Korea is a result of the long transition.

The first chapter of this paper tries to provide an insight into the transition which took place in the economic sphere as well in political sphere under different regimes. The second chapter analyzes the relationship between democratization and economic development, particularly in relation with South Korea. 3<sup>rd</sup> chapter highlights the impact of democratization and economic development on South Korea's diplomatic relation. 4<sup>th</sup> chapter analyze the

---

<sup>1</sup> The democracy index is compiled by the UK-based company the [Economist Intelligence Unit](#) (EIU). The EIU has taken 167 countries for democracy index measurement. The Democracy Index is based on five categories: electoral process and pluralism; civil liberties; the functioning of government; political participation; and political culture.

recent events such as impeachment of ex-president Park Geun Hye and their impact on South Korea's democracy, economic development and its diplomacy.

## **DEMOCRATIZATION AND ECONOMIC DEVELOPMENT UNDER DIFFERENT REGIMES**

The transition in democratization and economy is divided in 3 time phases i.e. 1945 to 1960, 1961 to 1987, and 1987 to present.

### **DURING 1945-1960**

After WWII, Korea became a major front in the Cold War with Soviet troops stationed in the North of Korea and U.S. troops in the South (Oh, 1999, P. 79). Since South Korea was surrounded by two major communist countries there was a big chance of South Korea to turn into a communist country as well. To stop this from happening US stationed its troops in South Korea; as a result, South Korea was under USA military administration from 1945 to 1948.

After the Korean War, South Korea was one of the poorest countries in the world. In 1960, its gross domestic product per capita was \$79 (Chun, 2010), even lower than that of some of the African countries (Jensen, 2008).

American influence over democratization in South Korea is undeniable. The situation might have been totally different than what it is now if it had been occupied by some other country. The USA had also provided aid to South Korea to encourage its growth and democratization and made sure it would stay as a loyal and non-communist state.

However, the so launched democratic superstructure by the USA lacked congruity with the then existing socio-economic foundation and realities in South Korea as it was still emerging from debilitating colonial domination. The governmental systems were not founded on the existing political realities of South Korea; in fact, there existed a huge gap between the idealistic aspirations and functional capabilities of the system. Autocratic tendencies within South Korea became evident almost immediately after the establishment of the Rhee administration (Oh, 1969). Increasing corruption and rising inflation under the Rhee regime led to the student protests of April 1960 and the end of the First Republic (Hwang, 1996). In the second republic, which was established in the wake of the Student Uprising, various constitutional amendments were adopted on June 15, 1960. These amendments gave

substance to the constitutional guarantees to citizens of their rights, abandoned the presidential system in favor of a cabinet system of government, and establishing the Central Election Management Commission and Constitutional Court to give political parties constitutional recognition (Oh, 1969). However, the Second Republic under was not able to control either the political corruption or the economy, which resulted into a coup d'état within less than nine months after the formation of the first cabinet (Oh, 1969). The military rose to fill the political power vacuum left by the fall of the first Republic and the inability of the second Republic to make any progress in leading the country out of political and economic chaos (Hwang, 1996).

### **DURING 1961-1987**

The 1961 coup d'état brought General **Park Chung Hee** to power turning South Korea into one of the authoritarian states. This coup d'état shattered the Korean dream of becoming a democratic country. However, this period had observed impressive progress in Economy.

During this very time, the first ever five-year economic plan (1962-1966) was implemented; that initiated industrialization to develop the economy (Heo, Jeon & Kim, 2008). During this period the state had adopted the statist approach (Choi, 1990) i.e. state autonomy based approach and also Chaebol<sup>2</sup> ties approach. During the 1<sup>st</sup> five year plan, the government had also provided assistance and also invested in social and economic infrastructure. Basically, during the first five-year plan the government aimed to improve the basic foundation of the economy.

During the second five-year economic plan the key focus was increasing the exports. The government had intervened not only to protect domestic industries but also to compete in the International market (Heo, Jeon & Kim, 2008). The government initially promoted light industries for export and gradually shifted to heavy chemical industries. Earlier agriculture was the major industry of South Korea but with time it balanced out with the industries such as manufacture industry.

With the implementation of third five -year economic plan (1972-1976), the government started pushing for heavy chemical industrialization such as petrochemicals, shipbuilding, nonferrous metal, and electronics. Since it was risky, the dependency of business on the

---

<sup>2</sup> A term used for a large family-owned business conglomerate in South Korea

government for the credit increased leading to the deepened tie between the government and business (Heo, Jeon & Kim, 2008).

However, progress on political front was not in sync with the economic development. In October 1972, President Park declared the martial law and suspended the Constitution and in November 1972 the government adopted a new constitution called Yushin Constitution which gave effective control to Park over the parliament and possibility of unlimited period of presidency as it provided for indirect election and concentrated the power of three branches (executive, legislative and judiciary) into president (Korea Bridge, 2012).

Despite all oppressions and authoritarianism, the government was able to maintain stability during this period through its economic success. But in October 1979, the president Park Chung Hee was assassinated leading to the state of confusion and instability. Some people were also hoping for a democratic change but against to their hope General **Chun Doo Hwan** assumed to power.

Once the dust had settled from the turmoil of the battle to fill the power vacuum left by Park's death, the political and economic landscape of South Korea did not look much different. Contrary to the hopes of democratic transition, the country was once again under the control of an ex-general who had risen to power on a military coup (Hwang, 1996). Thousands of people came out to the streets to protest, the most notable one is May 1980 Gwangju uprising, but it was oppressed brutally.

In September 1980, Chun was elected president through an indirect election. In 1981 a new Constitution was adopted with notable changes; which limited the presidential term to a single 7-year term without changing the presidential system (Korea Bridge, 2012). Due to oppressions and military background, Chun had faced many protests even though he was elected by the Electoral College.

When he assumed the office, South Korea was facing economic problems due to the oil shock of 1979 leading to economic inflation and the international economic environment was also not favorable to Korean exporters. To tackle these economic problems Chun administration adopted aggressive policy measures (Heo, Jeon & Kim, 2008) and tight fiscal policy such as increased interest rate, reduced credits, freezing of government expenditure in 1984 etc. (Haggard & Moon 1990). In an effort to create his own power base separate from that of his predecessor (Hwang, 1996), Chun administration tried to restructure the existing Korean

economy (Heo, Jeon & Kim, 2008) that included the liberalization of foreign trade and efforts to curb down the power of the chaebols, which had grown uncontrollably and also increased the efforts to distribute more resources to medium and small enterprises (Heo, Jeon & Kim, 2008). This shift in policy was reflected in changes in the balance of power within the economic bureaucracy itself. Besides the domestic factors that made liberalization attractive to the Chun regime, there were important mitigating international factors as well such as the United States pressed hard South Korea on economic liberalization (Hwang, 1996).

Another effort taken by Chun administration was rearranging the businesses to improve the overall effectiveness of the national economy. The government selected the unprofitable business and liquidated them through acquisition. The Chun administration also avoided the direct government intervention in the economy and put more emphasis on improving the business environment and economic infrastructure. Due to these efforts the Korean economy got back on the track and resumed its rapid growth. His new economic policy gave way to other economic take-offs in the 1980s and a more liberalized economy (Heo, Jeon & Kim, 2008).

Although the Chun administration was successful in bringing the economy back around, and allowed limited freedom to obtain the public support (Hamilton & Kim 1993) the protest for democracy increased due to the administration's human rights abuse and authoritarian rule. All these lead to protest against the Chun administration. Finally, in October 1987, constitutional amendment was promulgated to change the presidential election to direct election and the first seeds of liberal democracy were sown.

## 1987 ONWARDS

In 1987, South Korea had its first direct presidential election in nearly three decades and President **Roh Tae Woo** assumed the office. This democratization transition has many positive impacts on Korean society and politics such as freedom of speech, fair election, human rights improvement etc. (Heo, Jeon & Kim, 2008). The successful hosting of the 1988 Olympic Games brought South Korea to the center stage of world recognition (Korea Bridge, 2012). The ROH administration emphasized on equity and adopted various social welfare plans such as housing policy, national health care plan. This public investment led to an aggravated balance of payment.

However, President Roh Tae Woo's legitimacy was still questioned because of his military background (Heo, Jeon & Kim, 2008). As South Korea became an increasingly complex, pluralistic, and rapidly industrializing society, popular demand and hope for democracy remained strong. At the same time, a new radical voice for drastic reform and revolution arose in the highly politicized environment of 1989 (Kihl, 1990). To avoid opposition and pass policy resolutions freely, president Roh approached to opposition leaders i.e. Kim Young Sam and Kim Jong Pil which resulted in three-party merger (Heo, Jeon & Kim, 2008). The pact-making forged in 1990 thus worked out all its policy-making dilemmas by the end of 1996 only to create a new problem that would deal a fatal blow to Korean economy and the pact (Suh, Park & Kim 2012).

The Roh Tae Woo government achieved some success in the foreign policy arena: South Korea joined the United Nations and signed the "Agreement on Reconciliation, Nonaggression, and Exchanges and Cooperation between the South Korea and North Korea," the first historical document laying down the basic framework for inter-Korean relations (Lee, 1992).

Politically, economically, and diplomatically, 1992 is remembered as a watershed year for the South Korea. After 31 years of direct or indirect political domination by the military and soldiers turned politicians, South Korea had elected a civilian president **Kim Young Sam(KYS)** in a peaceful and fair election, thereby lending support to the optimistic view that South Korea will continue to progress toward political democratization. At the same time, the Korean people came to the painful realization that the national economy had reached a crucial juncture (Lee, 1992).

The KYS administration adopted local autonomy to further democratize the political system which reduced the central government's involvement in local policy making. This change made a significant contribution to democracy in South Korea. The government intervention was decreased and the government started liberalizing the economy through deregulation. The government adopted the real name financial transaction policy to make financial transactions more transparent and cut the politics-business ties. The government pushed economic policies which included the liberalization of the foreign exchange rate, foreign direct investment leading to increment in the foreign capital flow (Kim, 2005). The administration shifted into speedy financial liberalization without the parallel financial reform.

From mid 1990s South Korea started showing signs of economic trouble. By June 1997, the foreign debts by Korean banks have reached to 24% of the gross national product and short term was equal to 350 % of their foreign exchange reserve (Laurence, 1999). In 1997 Korea faced its biggest financial crisis after the revival of economy i.e. foreign exchange crisis. The International Monetary Fund (IMF) had to bail out the country. One of the main reasons behind the 1997 financial crisis was the number of outstanding short-term loans, which had increased rapidly over 1995-97. Even after publishing of warnings by different organizations the government failed to act on these and failed to respond cohesively in policy making. After democratization government as unable to act authoritatively and had to face opposition from different interest groups while making a policy. The turf battle between the government agencies could not be resolved easily without strong leadership at the top. As a result of these varied factors, the government never fully addressed such fundamental issues facing Korea's financial sector such as deregulation, transparency, lowering entry barriers, and reforms in corporate governance structure, leading to 1997 crisis (Heo & Kim 2000).

President **Kim Dae Jung (KDJ)** came into power in 1998 just after the 1997 financial crisis. KDJ administration faced the daunting task of overcoming the economic crisis. Heeding to the recommendation of IMF the KDJ government increased the interest rates which made credit allocation difficult for small and medium enterprises resulting into a number of companies going bankrupt and increment in unemployment rate. And it privatized most publicly owned banks and attracted foreign capital to save struggling companies. The KDJ government tried to improve the institutionalization of financial transactions so it created two financial supervisory authorities (Choi, 2002). The KDJ government adopted the so-called “big deals” approach (Park, 2003) i.e. chaebol swapped weak business to merge into strong companies. To make labor market more flexible KDJ government legalized the labor layoffs increasing the unemployment rate and eventually launching of the Tripartite Commission of Labor, Business, and Government in 1999 (Lee, 2006). Given the efforts of the government's aggressive pursuit of foreign investment, cooperation from the industrial sector, and the citizen's gold-collecting campaign, the country was able to recover from the 1997 financial crisis earlier than expected

President **Roh Moo Hun** was elected as president in 2003. Learning from the experience, the South Korean government increased its foreign exchange reserves from \$20.4 billion in 1997 to \$206.1 billion in 2006, the fifth highest in the world (Heo, Jeon & Kim, 2008). Despite the quick recovery from the crisis, the economy also revealed potential problems of the policies

adopted by KDJ government. One of the main problems was credit card debt. To enhance private consumption to bolster the economy, the KDJ administration encouraged to use credit cards it was beneficial for the economy in short run however the consequences came later because much of the growth was based on debt. The reason for adoption of this kind of short policy can be in South Korea's presidential system with its non-renewable, single term of five years. Another economic issue faced by ROH administration was reduced corporate investment. The increment in the expenditure on social welfare during ROH administration also led to pressure on economy (Heo, Jeon & Kim, 2008). In ROH's administration the economy rate was reduced to 4.2% only. In summary, ROH administration had to deal with the results of myopic policies adopted by the KDJ administration to quickly recover from the financial crisis. At the same time his regime was also tainted with corruption scandals in which his close associates were implicated, which lead to dipping in Roh's approval ratings and split of his party (Kwon, 2010).

In 2008 when **Lee Myung Bak** assumed the office South Korea was facing worst economic crisis since the 1997 economic crisis whereas on the democracy index it ranked highest till date conducted by EIU. Between 2006 and 2008 Korean democracy moved from being a 'flawed democracy' to the status of 'full democracy,' joining a small group of 30 advanced democracies. Compared with democratic developments through 2006 under Roh Moo Hyun, democracy under Lee Myung Bak has improved in areas such as government effectiveness and protection of civil liberties (Im, 2011). Lee's administration set out to revitalize the flagging economy, re-energize diplomatic ties, stabilize social welfare, and meet the challenges of globalization. After regulatory and economic reforms, the economy bounced back, with the country's economy marking growth and apparently recovering from the global recession (Souie, 2010). The administration also pursued improved diplomatic relations by holding summit talks with the United States, China and Japan, and participating in the ASEAN-ROK Commemorative Summit to strengthen ties with other Asian countries. The 2010 G20 summit was held in Seoul, where issues regarding the global economic crisis were discussed.

However, he had also abandoned a series of election promises. All this had damaged his policy decisiveness, consistency and credibility. He had also introduced some controversial and divisive projects that lack aggregate social interest and long-term orientation (Kwon, 2010).

In 2013 **Park Geun Hye** has assumed the office by becoming the first lady president of South Korea. In 2016 she was impeached from her office because of a corruption scandal involving Choi Soon Sil, a close friend of hers. It quickly blew up after reports from multiple news organizations in 2016, nationwide protests ensued with participant count hitting a maximum of over 2.3 million. These protests turned out to be the biggest series of mass protests in Korean history. Through 2016, the South Korean economy grew on an average of 2.9 percent a year. It is the worst performance of any South Korean president. She gave the country's economic challenges casual attention, spoke little about them and, when she did, offered uncreative fixes. She signaled little understanding, or empathy, for the financial difficulties ordinary Koreans faced (Ramstad, 2017, March 17).

### **RELATIONSHIP BETWEEN DEMOCRATIZATION AND ECONOMIC DEVELOPMENT AND CASE OF SOUTH KOREA**

The relationship between Democratization and economic development has always been a bone of contention between various scholars in particular the "economic miracle" of East Asia. Some scholars believe that for economic development a strong center is needed so the various economic policies can be passed without any opposition from different interest groups; so an authoritarian regime is the key to economic development, successful example of China and USSR is often cited by these scholars. While others believe that democratic regime is the answer for better and holistic economic development as it takes the interest of various groups into account. Authoritarian does not necessarily mean economic development; though it is possible that authoritarian regime might produce rapid economic development under favorable circumstance, it is not adequate enough to produce a mature and fully developed economy. Because Under the circumstances of rapid development, if formal channels for different interest representation are not present and fully functional, cronyism, corruption, and social disorder might occur. Olson argues that good dictators may have the skill to bring about encompassing coalitions and inspire attracting investment, but there are doubts that such confidence can be sustained in long term (Olson, 1993).

On the other hand, Democracy allows a relatively successful economically developing society as it ensures to represent increasingly diverse interests of different groups. It empowers diverse forces encouraging order and reliability, ultimately encouraging economic development. According to Olson the conditions necessary for a "lasting democracy" and maximum economic development are same (Olson, 1993). Democracy provides a structure

for orderly decision with rational consent and dissent which may be important in constructing a reliable venue both for enabling economic reform to ultimately achieve its full potential and for consolidating democracy. This explains why scholars have noticed a positive correlation between democracy and development. “While leaders sometimes must make critical and firm decisions, decision making ought to include due regard for democratic procedures, negotiations, and constitutional processes. This certainly has implications for the processes involved in deepening economic reforms, as well as consolidating democracy. Compromising democratic niceties might result in undermining economic development, depriving the economic order of its vitality, processes of orderly representation, and reliable constraints (Davis, 1998).

“A variety of conflicting interpretations of the South Korean political economy pervade the current academic and journalistic landscape” (Hwang, 1996). Some Scholars see authoritarian regime behind the economic miracle of South Korea, whereas the other believe that it is representative government which led towards the mature and equitable development. The economy of South Korea took off during the authoritarian regime i.e. 1960s to 1980s then it stumbled upon the 1997 financial crisis when the democratization was in transition. Looking on the surface it is inevitable to make such assumption that authoritarian regime led to the economic growth and democratization was the cause of economic failure. But the deep analysis of the situation shows different story altogether. It is undeniable that during the authoritarian regime Korean economy took, but the mature and equitable development in the economy was due to democratic transition.

The reasons behind the 1997 financial crisis are not the democratization or democratic institution but the lack of proper institution and immature democracy. As Korea was in phase of transition to democratization there was no prudential supervision system over international lending practices etc and immature institutionalization of political and economic organizations. The transition to democracy does not result in immediate economic growth. Instead, democratization requires consolidation, which involves institutionalization of the political and economic system (Heo, Jeon & Kim, 2008). Another reason of the crisis was economic liberalization without any parallel financial reforms. The financial liberalization in Korea was triggered by a much larger global process than just domestic factors, such as world capitalism and external pressure from the United States which led to a mismatch between too much financial liberalization and too little financial reform (Loriaux, 1997). One more reason which can be attributed to the 1997 financial crisis is South Korea’s limit of one five-year

term for president which resulted in the adoption of myopic policies as President does not have to worry about the next term. Another reason is the failure of the government to take heed into of warnings issued by various institutes (Heo & Kim 2000).

*Despite the drag that this institutional realignment had on reform, the financial crisis of 1997 was a catalyst for comprehensive reform on all fronts—financial, corporate, and labor. The crisis was a catalyst for change, which provided Korea with both opportunities and challenges. Experience indicates that economic reform is not easy under either an authoritarian or a democratic regime. Indeed, reform processes are affected by many variables such as the role of technocrats, institutional legacies, and coalitional politics, as well as democratization (Lim, 2009).* The information boom and information technology (IT) transformation in South Korea is an example of economic success achieved under democratic regimes. As argued by Moon, South Korean industrial policy under representative government has been more coherent because of more information was revealed through interagency and interest group negotiations (Jesse, Heo & DeRouen, 2002). Democratization has also provided in South Korea an improved political environment favorable to implement much-needed economic reform measures. Therefore, in the long run, South Korea is likely to enjoy economic development as the country consolidates democratization. The 1997 financial crisis might prove to be a short-term price that South Korea had to pay for failing to pursue economic liberalization at the same time as democratic liberalization (Jesse, Heo & DeRouen, 2002). Korea can sustain high economic growth as long as it can successfully consolidate its nascent democracy and continually upgrade its democratic qualities (Im, 2011).

So it can be concluded that Authoritarianism may promote short-term economic growth, but the democratic rule is more conducive to a sustained and equitable growth in the long run. The criteria for a successful political system for economic development include appropriate formal institutions, and the implementation of national economic policy that is decisive, consistent, credible, and long-term oriented (Kwon, 2010).

## **IMPACT OF DEMOCRATIZATION AND ECONOMIC DEVELOPMENT ON KOREA'S DIPLOMATIC RELATIONS**

Geographically with a population of just around 50 million South Korea have had an outsized influence in East Asia (Chaw, 2010). South Korea has emerged as a new middle power which

plays a crucial role in various important global issues and supports liberal international order with its leadership diplomacy (Mo, 2017). South Korea's consolidating democracy and rapid economic growth have had a significant impact on its external relations, including the strategic and economic relationship with the United States. South Korea's leadership role in multilateral institutions and regional fora has also enhanced as it seeks to establish a higher profile in a region dominated by China, Japan and the United States.

Considering South Korea's economic and political development since the state's birth in 1945, its ascent in global politics cannot be ruled out. At the end of the Korean War in 1953, the Korean economy was shattered. Under Park Chung Hee's authoritarian regime the country recovered rapidly. The economy flourished and massive corporations were founded due to large-scale investments in export-relevant industries in connection with protectionism for the domestic market. When South Korea joined Organization for Economic Co-operation and Development (OECD) it was a historical recipient of official development assistance (ODA) from OECD. Even though South Korea was classified as a recipient of development assistance until the 1990s, the country had already acted as a provider of assistance since 1987 however, its expenditures for development assistance at this time amounted to merely 24 million USD. Since then the South Korean budget has continually increased, reaching almost 700 million USD under President Roh Moo Hyun in 2007. Nevertheless, this substantial amount alone did not automatically give rise to a more active participation in international development assistance endeavors. Therefore, the President Lee Myung Bak's "Global Korea" strategy was launched to promote South Korea's development assistance activities, in the course of which a budget increase is planned and the efficiency of assistance is to be placed on the agenda. In late 2009 South Korea was accepted into the Development Assistance Committee (DAC) of the OECD and joined the company of established industrial nations such as the USA, Germany and Japan. In 2009, South Korea officially ascended to the status of a major donor of ODA from the first major recipient status of ODA (Kim 2009). "Korean expenditures for official development assistance (ODA) have increased by 65 percent, from approximately 700 million USD to 1.2 billion USD, since Lee Myung Bak's inauguration in 2008 (Philipp & Shim 2012)." The regional allocation of funds is a decisive aspect of development assistance. 30% of DAC development assistance funds are allocated to the sub-Saharan region as it is home of the poorest and least developed countries. However, South Korea spends only 13% of its development budget in sub-Saharan region and prefers to make concentrated expenditures of more than 50 percent in the Asian region. The regional

allocation of development assistance illustrates that the recipient country's economic potential as well as its resources are decisive factors in the granting of aid. The fact that issues of international security are increasingly acknowledged in South Korea's foreign policy is an indication of the country's global ambitions. The particular interest in international security and economic stability is not surprising as South Korea's economy is largely based on its global exports. The rebuilding of destroyed regions and the provision of humanitarian help are central elements of the missions when South Korea deploys its military abroad. When deploying its military to foreign countries, South Korea's priorities are non-military assignments such as civil reconstruction, political consulting or medical support (Philipp & Shim 2012).

In 2009, South Korea hosted Association of Southeast Asian Nations (ASEAN) summit. "In addition to signing an investment-protection treaty as part of the concluding terms of a free trade agreement (FTA) with ASEAN, South Korea offered to enhance development assistance, cooperation on clean energy initiatives, training and education, and other measures to deepen ties with the region." In 2010 South Korea became the first non-G8 Nation to host a G20 leaders' summit, showing its leadership in the global financial crisis. It also hosted two major international events i.e. the High Level Forum on Aid Effectiveness in December 2011 and the Nuclear Security Summit in March 2012. Both meetings highlight South Korea's potential and aspirations to increase its involvement in global development assistance and security. Analysts believe these steps are a sign of increasingly assertive regional leadership from South Korea and its global influence (Konishi & Manyin 2009).

### **WHAT LIES AHEAD**

Recently South Korea went through a major political upheaval i.e. a wide-ranging corruption scandal involving Park Heun Hye and her friend that ultimately led parliament to vote for the impeachment of the President, Park Geun-hye (EIU, Index, 2016). And South Korea also fell from "full democracy" into the "flawed democracies" category in 2015 and remained there in 2016 in the Democracy Index conducted by EIU. These recent developments again raised the question regarding consolidation process of democracy in South Korea. These recent developments in South Korea have seen by many as setback to democracy.

The corruption scandal and impeachment of Park Geun Hye revealed the vulnerability of South Korea's institutional functioning and possibility for gross abuses of presidential power. At the same time, "the impeachment suggests vital pathways for government opposition that should be reinvigorated for the protection of Korean democracy." The large scale of organized and sustained protests at Seoul's Gwanghwamun square against the government corruption and for Park's impeachment and removal from office indicate institutional responsiveness to public opposition. Moreover, the recent protests were sustained and on-message, reminding the potential for organized opposition to lead to political change. There is widespread public support for institutional reforms that curtail the possibility for corruption and executive abuse of power. In 2017 Presidential Election the almost 80 % of eligible voters turned out, the highest turnout in the history of Korean democracy (Lee, 2017). The sheer level mass protest organized by Korean citizens and voter turnout for 2017 election is a step towards consolidations of democracy in Korea as it shows the public's political participation an essential element of democracy and apathy and abstention are enemies of democracy.

Due to Confucian influence on Korean culture, political power in Korea has been highly concentrated in the president who is also typically the leader of a political party. The president is surrounded by an interconnected elite group comprising of big businesses, bureaucrats, and politicians all bound together by regional affiliations and educational and friendship ties (Helgesen, 2013). One of the major problems with the Korean political system under the existing Constitution is the system's inherent instability resulting from the instability and factionalism of its political parties, the single five-year term of the presidency and too much power is concentrated in President Post. The political system is an important variable for economic development and is not a matter of *ceteris paribus*. Even if all else remains the same, the prospects for the Korean economy will be tainted because of the low level of democratic consolidation, the unstable party system and inappropriate civic culture. In order to improve its economic prospects and to achieve the nation's long-cherished ambition of the status of an advanced country, Korea needs to accelerate the democratic consolidation process and improve its party political system (Kwon, 2010).

The National Assembly's recent [discussion on constitutional revisions](#) that would reduce the power of the presidency, tasking the president with diplomatic and national security affairs and entrusting more power to the prime minister for domestic affairs (Draudt, 2017) is a further step toward consolidation of democratization in South Korea.

After the 1997 financial crisis Korean economy underwent substantial reforms that have led to enhanced transparency in corporate governance and financial accountability etc. The most important gain was made in the area of democratization, with the rise of a civil society. Korean society is becoming more conscious and supportive of the rights of women and minorities, including the handicapped and homosexuals. With time individual freedom and equality are given value and traditional Korean values such as respect for authority and hierarchy are rapidly giving way. These social democratic changes were driven in part by reform-minded governments and the efforts of domestic NGOs. Specialized NGOs focusing on a range of issues, such as the environment, human rights, and education, have emerged with time. But at the same time the Korean society is becoming more polarized. A certain amount of social division, in which diverse views and interests are openly debated, is indeed a requirement of a functioning democracy. However, too much polarization might lead to dysfunctional consequences. South Korea needs to address the issue of polarization at the same allowing diverse interest to be presented openly (Lee, 2004).

Currently South Korea is close to being classified as “full democracies” and could make the transition over the coming years, depending on public support for democratic governance, increased voter turnout or stronger confidence in political parties.

## REFERENCES

- Chaw, S.L. (2010). Democratic Consolidation And Foreign Relations Under Lee Myung-Bak, SAIS U.S.-Korea Yearbook, Retrieved from <http://uskoreainstitute.org/wp-content/uploads/2010/05/YB07-Chapt14.pdf>
- Choi, J.W. (2002). Regulatory Forbearance and Financial Crisis in South Korea, Asian Survey, 42(2) 251-275. DOI: 10.1525/as.2002.42.2.251
- Choi, Y.B. (1990), Asia's Next Giant: South Korea and Late Industrialization. [Reviewed of the Book Asia's Next Giant: South Korea and Late Industrialization by Amsden, A.H.] Eastern Economic Journal, 16(3), 283-285. Retrieved from <http://www.jstor.org/stable/40326215>
- Chun, S.H. (2010, April). Strategy for Industrial Development and Growth of Major Industries in Korea. Korean Institute for Developmental Studies. Retrieved from [https://web.archive.org/web/20131011120833/http://www.kds.re.kr/pds/102/MRDA\\_2010\\_4.pdf](https://web.archive.org/web/20131011120833/http://www.kds.re.kr/pds/102/MRDA_2010_4.pdf)

Davis, M.C. (1998). The Price of Rights: Constitutionalism and East Asian Economic Development, *Human Rights Quarterly* 20(2), 303-337. Retrieved from <http://www.jstor.org/stable/762767>

Draudt, D. (2017, March 14) The Future of South Korean Democracy, *The Diplomat*, Retrieved from <https://thediplomat.com/2017/03/the-future-of-south-korean-democracy/>

Gurría, A. (2016 October). The OECD and Korea: Celebrating a milestone. *OECD Observer*. Retrieved from [http://oecdobserver.org/news/fullstory.php/aid/5645/The\\_OECD\\_and\\_Korea:\\_Celebrating\\_a\\_milestone.html](http://oecdobserver.org/news/fullstory.php/aid/5645/The_OECD_and_Korea:_Celebrating_a_milestone.html)

Haggard, S., & Moon, C. (1990). Institutions and Economic Policy: Theory and a Korean Case Study. *World Politics*, 42(2), 210-237. DOI:10.2307/2010464

Hamilton, N. & Kim, E.M. (1993) Economic and Political Liberalisation in South Korea and Mexico, *Third World Quarterly*, 14(1) 109-136, Retrieved from <http://www.jstor.org/stable/3992586>

Helgesen, G. (2013) Democracy and Authority in Korea: The Cultural Dimension in Korean Politics, Retrieved from <https://books.google.co.in/books?id=bou3AwAAQBAJ&pg=PR4&lpg=PR4&dq=Helgesen,+Geir+1998.+Democracy+and+Authority+in+Korea:+the+Cultural+Dimension+in+Korean+Politics,+Great+Britain:+Curzon&source=bl&ots=MrfjMKJlM&sig=nnw429UME1Xgbm7yfJtK0mKpgeE&hl=en&sa=X&ved=0ahUKEwjlpfjrfXWAhVKuo8KHcUyAloQ6AEINTAD#v=onepage&q=Helgesen%20Geir%201998.%20Democracy%20and%20Authority%20in%20Korea%3A%20the%20Cultural%20Dimension%20in%20Korean%20Politics%20Great%20Britain%3A%20Curzon&f=false>

Heo U. K., Jeon, H., Kim, H. & Kim O. (2008) The Political Economy of South Korea: Economic Growth, Democratization, and Financial Crisis, *Maryland Series in Contemporary Asian Studies*, 2, Article 1. Retrieved from <http://digitalcommons.law.umaryland.edu/mscas/vol2008/iss2/1>

Heo, U.K & Kim, S. (2000). Financial Crisis in South Korea: Failure of the Government-Led Development Paradigm, *Asian Survey* 40(3) 492-507, DOI: 10.2307/3021158

Hwang, K.K. (1996). South Korea's Bureaucracy and the Informal Politics of Economic Development, *Asian Survey*, 36(3), 306-319. DOI: 10.2307/2645694

Im , H.B. (2011). Better democracy, better economic growth? South Korea. *International Political Science Review*, 32(5) 579 –59. DOI: 10.1177/0192512111419825

Jesse, N.G., Heo, U.K. & DeRouen, K.Jr.(2002). A Nested Game Approach to Political and Economic Liberalization in Democratizing States: The Case of South Korea, *International Studies Quarterly*, 46 (3), 401-422. Retrieved from <http://www.jstor.org/stable/3096095>

Jung H. G. & Kim H. K. (n.d.). Development of Democratization Movement in South Korea, Stanford FSI Institute of International Studies, Retrieved from [http://fsi.stanford.edu/publications/development\\_of\\_democratization\\_movement\\_in\\_south\\_korea](http://fsi.stanford.edu/publications/development_of_democratization_movement_in_south_korea)

Kihl, Y.W. (1990) South Korea in 1989: Slow Progress toward Democracy, *Asian Survey*, 30 (1) 67-73, DOI: 10.2307/2644774

Kim S.Y. (2009, November 23). Korea to Join Donors Club, *The Korea Times*, Retrieved from [https://www.koreatimes.co.kr/www/news/nation/2010/08/120\\_56004.html](https://www.koreatimes.co.kr/www/news/nation/2010/08/120_56004.html)

Kim, J. (2005). The Political Logic of Economic Crisis in South Korea, *Asian Survey*, 45(3), 453-474. DOI:10.1525/as.2005.45.3.453

Konishi, W.S. & Manyin, M.E. (2009). South Korea: Its Domestic Politics and Foreign Policy Outlook, Retrieved from <https://digital.library.unt.edu/ark:/67531/metadc689452/>

Korea Bridge. (2012, December 18). *A Quick History of the Democratization of South Korea*. Retrieved from <http://koreabridge.net/post/quick-history-democratization-south-korea-uncloudedhope>

Kwon, O. (2010). Impacts of the Korean Political System on Its Economic Development: With a Focus on the Lee Myung-bak Government. *Korea Observer*, 41(2), 189–220.

Laurence, H. (1999). Financial System Reform and the Currency Crisis in East Asia, *Asian Survey*, 39(2)348-373. DOI: 10.2307/2645459

Lee, F.L. (2006). Labor Flexibility, A Key to Economic Success, Korea Insight, DC: Korea Economic Institute, Retrieved from <http://www.keia.org/sites/default/files/publications/september%2006.pdf>

Lee, Y. (2017, May 16). A new day dawns for South Korea's democracy, SWI, Retrieved from [https://www.swissinfo.ch/eng/directdemocracy/opinion\\_a-new-day-dawns-for-south-korea-s-democracy/43185072](https://www.swissinfo.ch/eng/directdemocracy/opinion_a-new-day-dawns-for-south-korea-s-democracy/43185072)

Lee,H.Y. (1992) South Korea in 1991: Unprecedented Opportunity, Increasing Challenge, Asian Survey, 32(1) 64-73, DOI: 10.2307/2645200

Lim, H. (2009) Democratization And The Transformation Process In East Asian Developmental States: Focus On Financial Reform In Korea And Taiwan, CNAPS, The Brookings Institution Center For Northeast Asian Policy Studies. Retrieved from [https://www.brookings.edu/wp-content/uploads/2016/06/03\\_democratization\\_transformation\\_lim.pdf](https://www.brookings.edu/wp-content/uploads/2016/06/03_democratization_transformation_lim.pdf)

Loriaux, M. M. (1997) Capital Ungoverned: Liberalizing Finance in Interventionist States. Retrieved from [https://books.google.co.in/books?id=U5Jpl19obcYC&source=gbs\\_navlinks\\_s](https://books.google.co.in/books?id=U5Jpl19obcYC&source=gbs_navlinks_s)

Mo, J. (2017). South Korea's middle power diplomacy: A case of growing compatibility between regional and global roles, Canada's Journal of Global Policy Analysis, 71(4), 587 – 607. DOI:10.1177/0020702016686380

Oh, J. (1999) Korean politics: the quest for democratization and economic development, Cornell University Press

Olson, M. (1993). Dictatorship, Democracy, and Development, The American Political Science Review, 87(3), 567-576. DOI: 10.2307/2938736

Park, K. (2003). Bank-led Corporate Restructuring. In S. Haggard, W. Lim, & E. Kim (Eds.), Economic Crisis and Corporate Restructuring in Korea: Reforming the Chaebol. Cambridge Asia-Pacific Studies, 181-204. DOI:10.1017/CBO9781139085083.010

Philipp, O. & Shim, D. (2012). South Korea as a Global Actor: International Contributions to Development and Security, GIGA Focus International Edition English, 02, Retrieved from <http://nbn-resolving.de/urn:nbn:de:0168-ssoar-309707>

Ramstad, E. (2017, March 17). South Korea's Economic Challenges after the Park Geun-hye Era, Center for strategic and international studies. Retrieved from <https://www.csis.org/people/evan-ramstad>

Revenge of the “deplorables”(2010)The Economist Intelligence Unit’s Democracy Index 2016. Retrieved from <<https://www.eiu.com/topic/democracy-index>>

Revenge of the “deplorables”, The Economist Intelligence Unit’s Democracy Index 2016. Retrieved from <<https://www.eiu.com/topic/democracy-index>>

Souie, J. (2010, February 23), Lee Myung-bak Administration's Economic Progress over the Past 2 Years. Arirang. Retrieved from [http://www.arirang.co.kr/News/News\\_View.asp?nseq=100495&code=Ne4&category](http://www.arirang.co.kr/News/News_View.asp?nseq=100495&code=Ne4&category)

Suh, J.J., Park, S. & Kim, H.Y. (2012) Democratic Consolidation and Its Limits in Korea: Dilemmas of Cooptation, *Asian Survey*, 52(5) 822-844, DOI: 10.1525/as.2012.52.5.822