

Saving Korea: Park Chung Hee and Kim Dae Jung

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It is a great honor to be here today to celebrate the hundredth birthday of Park Chung Hee. My theme is going to be that Park Chung Hee and Kim Dae Jung together saved Korea and made it possible the prosperous democracy that we experience today. Since the occasion is the birthday of Park Chung Hee, I will speak mainly about him, but I want to emphasize that they both made vital contributions to the rise of South Korea from extreme poverty, devastation, and political turmoil.

To understand the contribution of Park Chung Hee one must start with recognition of the Korea's situation in 1961 when he took over. At that time, South Korea was one of the world's poorest countries. Its people on average had less than the people of the poorer countries of sub-Saharan Africa. A country that was already one of the world's poorest had been devastated by the war and was making a very gradual recovery. South Koreans had little experience of national leadership, because leadership had been monopolized by the Japanese, and the administrative institutions of government were weak and corrupt. Ideological division was severe. South Korea was markedly inferior to North Korea economically, militarily and in political stability. The brief democracy of Chang Myon was ineffectual and divided, and students among others demonstrated vigorously to protest its weakness.

The foreign situation exacerbated South Korea's terrible suffering. Stalin's Soviet Union and Mao Zedong's China seemed ascendant and appeared to be reliable allies of North Korea. In contrast, the United States had before the Korean War and denigrated the importance of South Korea and deprived it of almost all heavy weaponry. Rationalizing this neglect, MacArthur's headquarters in Tokyo had dismissed the likelihood of a North Korean invasion despite strong and detailed warnings. Then it had dismissed the possibility of Chinese intervention in the war. While conducting the war, China seemed willing to pay a much higher price than the United States. In short, North Korea seemed to have reliable allies and South Korea did not.

South Korea was experiencing a suspended war with North Korea and severe disorder, with major demonstrations and a police force crippled by prosecutions for crimes committed under Syngman Rhee. The stakes were life and death. Even through the first decade of Park Chung Hee's rule the likely outcome seemed, even to supportive US observers, to be more likely death than life. In 1976 the heart of Jimmy Carter's campaign in foreign policy was a demand to withdraw U.S. troops from South Korea based on fear that South Korea would prove to be another South Vietnam.¹

Hard times make for hard choices and hard men. Park Chung Hee was a man for his time.

Given the recent war, it was not surprising that both North Korea and South Korea were obsessed with military power.

Because Park Chung Hee was a general, it would have been reasonable to assume that, like Kim Il Sung, he would continue to give the military overwhelming priority. However, defying that expectation, General Park gave first priority to economic development. The foundation of his success, and South Korea's success, was the insight that national salvation could only be achieved through rapid economic development. Other Asian countries, including belatedly China, would later come to the realization that the primary secret of stability at home and security abroad was rapid economic development, but Park Chung Hee was the leader in that realization. Japan successfully followed a strategy that made it one of the big powers through rapid economic development in the absence of a powerful military, but those priorities were imposed on Japan by the United States. Park Chung Hee was the first to establish voluntarily, albeit under U.S. pressure, a firm priority for economic development over either military expenditure or political ideology. Recognition that such priorities are the key to success in the modern world became the basis for what we now call the Asian miracle.

North Korea never figured that out. The result is that today, according to the CIA Factbook, the South Korean economy, which was inferior to North Korea when Park Chung Hee took over, is now just under 50 times the size of the North Korean economy. (Purchasing power, or PPP, basis.) That is the central national security fact of the Korean peninsula.

The central social fact of the Korean Peninsula is that, in 2015, the average South Korean had an income (PPP basis) of US\$ 36,900 whereas the average North Korean had an income of US\$ 1,700.

Nothing else is as important in determining South Korea's national destiny as those numbers.

But Park Chung Hee's contribution extended well beyond priorities. One can give the economy priority and still bungle the strategy. Just when Park Chung Hee was taking power in 1961, Mao Zedong was

¹ The cover story for the withdrawal demand was that South Korea was strong enough to take care of itself, but military analysts knew that, absent the U.S. ground presence, North Korea had the capacity for a short-term surge that would devastate Seoul and potentially create chaos. I ran the Asia Policy Task Force for Carter's campaign and was constantly battling the argument that South Korea was another Vietnam. I wrote a 400-page policy brief to argue the opposite.

finishing up his effort to give the Chinese economy a Great Leap Forward, with the result that 30 million Chinese starved to death.

In contrast, Park had both the right priorities and an effective strategy. He assembled a brilliant group of planners, who planned successfully despite the absence of adequate statistics to provide the foundation for a plan. Against the advice of the World Bank and U.S. AID, they invested in construction of the Seoul – Pusan highway, which became the backbone of the South Korean economy. Then they went on to create a solid infrastructure. Because most of the country initially lacked adequate infrastructure, they created special industrial zones where modern industry took off and funded the extension of infrastructure and industry to the rest of the country.

The Seoul-Busan highway was the least of the areas where President Park ignored foreign advice. He had a radical socialist perspective, modified but not eliminated by conservative Western advice. I would characterize his industrial strategy as socialism with a private face. He sponsored a dozen chaebol with private ownership, but the Blue House told them how much to produce, how much to export, what loans they would receive, and what interest rate they would pay. That's socialist management with private ownership. It succeeded for three reasons: solid infrastructure, fanatical competition and the right to fail. A dozen chaebol produced similar goods in a very small market. For instance, the tiny South Korean economy had twice as many car companies as the giant U.S. economy, hence extraordinary competition. Blue House assigned the chaebol goals that no private company could expect to achieve and gave them sufficient credit to stretch for those goals. If they stretched competently and in good faith but got into trouble, the government bailed them out. But if they got into trouble through corruption or gross incompetence, the government allowed them to fail. Socialism with competition and failure was a winning formula, one that China's Jiang Zemin and Zhu Rongji would emulate much later.

Park's socialist sensibility extended strongly to education, income distribution, conspicuous consumption, and rural-urban inequalities. He focused education policy on providing universal primary education, vocational education and engineering skills. He was appalled at the seeming unfairness of half a dozen elite high schools providing half the entrants to Seoul National University. He cracked down on those driving flashy cars, living in grandiose houses, or hosting flashy parties. Attention to fairness, and supporting labor-intensive light industry that provided widespread employment in modern industry, helped stabilize South Korean society.

Park was deeply concerned about rural development, not just urban industry, and the Saemaul Undong program became one of his signature successes. At the time, many American scholars were quite skeptical of this program, so I visited poor villages up in the mountains to see what was happening. Everywhere, rural people were putting tile roofs on their homes, building concrete meeting halls, roads and culverts, and stringing plastic tubes to pipe water into their homes. This transformed village life. The great insight of Park's administration about poverty reduction was: incentivize success rather than subsidizing failure. The government provided every village some cement, so the program helped everyone, especially the poorest. But those villages who worked harder or smarter to achieve outstanding success received additional cement. Some contemporary poverty reduction programs could afford to learn from Saemaul Undong.

Park built an effective administration. The government bureaucracies were solid and meritocratic but constantly refreshed by senior transfers from think tanks and academia. Korea Development Institute and its counterparts in international economics, education and culture provided the paths to everything from rapid economic growth to the training of great violinists. Ideas, vision, meticulous plans, and solid implementation over many years ensured performance. The combination of solid meritocracy and constant refreshing ensured that South Korea's government would be more adaptable and innovative than Japan's, without the disruptions caused by Mao Zedong's efforts to avert bureaucratic ossification.

Park relied upon support from the chaebol and the military, but he never let them control the government. This distinguishes South Korea from North Korea, where the military can impose its will on national priorities, and it distinguishes South Korea from Japan, where five major interest groups effectively own the government and thereby retard innovation and progress.

The last quality of Park's administration that I will mention is integrity. While there was much corruption and many problems, Park Chung Hee never sought to become wealthy and did not become wealthy. A South Korea ruled by Marcos or Suharto or Wen Jiabao, who became billionaires, would be a fundamentally different country from one where a president for 18 years lived comparatively austerely. What characterized Park and key subordinates was fanatical devotion to the country.

Park's legacy was—is—national strength and pride, including an ability to stand up to North Korea and to stand up to the big powers, China, Japan and the United States. He created strong momentum toward prosperity, momentum that eventually carried South Korea into the OECD the club of rich countries. He left the country with large, internationally competitive businesses, very strong administrative institutions, and a solid foundation for a subsequent cultural boom that has made Korean violinists, singers and dancers the envy of Asia.

I began by saying that Park was a man of his times. Success changed those times. A system born of wartime, strife and fear eventually required drastic change for an era of prosperity, stability and peace.

The ruthlessness born of war, domestic violence, fanatical ideology and social division, of an era when national survival was at stake and people were hungry, no longer was needed or acceptable in an era of confidence and prosperity, in an educated middle class society that aspired to civility, democracy and human rights. Indeed, the ruthlessness toward students, toward young women in radical unions, toward Kim Dae Jung, exceeded what was appropriate or moral even in desperate times.

The model of an economy controlled in detail from Blue House served Korea well when the economy was relatively simple and business was too small and too ill-informed to manage in a competitive world, but it could not cope with the complexity of a modern economy. Central control encouraged corruption. The provision of vast amounts of cheap credit in support of almost unimaginably ambitious goals encouraged overindebtedness and overextension. What worked in the 1960s to stabilize the polity and kickstart the economy led in the subsequent era of success to the chaebol crisis of 1997-1998, and the slush fund scandals of Chun Doo Hwan and Roh Tae Woo.

It is important to understand both the crisis of the Park model and the fact that it was a crisis of success.

In retrospect South Korea's subsequent transition from the Park model to a new model was handled with gradualism and relative grace. The years of Chun Doo Hwan, Roh Tae Woo, Kim Young Sam and their successors contain numerous missteps, temporary crises, and scandals, including the Kwangju crisis of 1980 and the chaebol crisis of 1998, but South Korea has undergone a major transformation without great bloodshed and without permanent damage to the economy. Post-Park leadership has had many problems but all leaders have put the country first and conducted themselves with a sensitivity and balance that is rare in the developing world. If you are immersed in the ups and downs of Korean life, it feels like one scandalous upheaval after another, but if you step outside South Korea and look at what happens in Southeast Asia, in Latin America, in Africa, then then the comparative grace of South Korea becomes unmistakable.

Of all those who have facilitated South Korea's transition to a modern capitalist democracy none has made such a vital contribution as Kim Dae Jung. Just as Park Chung Hee's model was suited only to a certain time in Korean history, so Kim Dae Jung's contribution fit Korea's needs in a later, more successful, middle class time.

Kim Dae Jung was a much more conservative figure than he is often portrayed. The accusation, particularly in 1980-1981, that he was a communist was the silliest fake news in modern Korean history. As he struggled with Park, he represented a Christian landlord elite that resented the social upheaval created by Park's egalitarian quasi-socialist industrialization. In conversation with me in the 1970s he spoke of rights, and he often held a Christian Bible next to his chest as he spoke about Korean politics, but he said very little about the kind of detailed economic policy that obsessed Park. His legacy from the Park years was courageous opposition, in the face of repression, threatened assassination, and (under Chun) threatened execution, that kept alive the ideals and the structural possibility of democracy. Kim Dae Jung took courage from the founder of the Christian religion that he worshiped, and like that founder his suffering bestowed an invaluable legacy on his people.

Kim Dae Jung's courage made the difference between South Korea's becoming a full democracy and Japan's becoming a dominant party system controlled by a few reactionary interest groups. And that full democracy in turn is why South Korea can change leaders and policies and adapt to changes in the world and in society with a speed and decisiveness that Japan cannot match. That in turn is why the South Korean economy will outperform Japan and why Korean citizens will be richer than Japanese.

If you had predicted in 1961 or 1987 that Koreans would be as rich as Japanese, or richer than Japanese, or that Korea would have a fuller democracy than Japan, everyone would have said you were crazy. But Korea does have a fuller democracy than Japan, and Koreans are going to be richer than Japanese. AS of 2016 Japan's per capita income (PPP basis) was \$41,300 while South Korea's was 37,700 and growing much faster.² That is the joint legacy of Park Chung Hee and Kim Dae Jung.

A further legacy is the today's South Korean ability to address North Korea with confidence. Park Chung Hee created the economic and administrative foundation for a South Korea that would tower over the North, but even at the end of his administration Seoul was always on the defensive, with Pyongyang

² CIA Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/ks.html>

holding the initiative. The balance first shifted decisively when Chun Doo Hwan offered to meet Kim Il Sung anywhere. Kim Dae Jung was the first president to deal with Pyongyang from a position of full confidence.

Park Chung Hee and Kim Dae Jung made South Korea a prosperous and respected nation. In turn, it was the Korean people's fervent sense of shared identity and shared destiny that gave birth to these great leaders. The Korean people have been determined to be independent, determined to be strong, determined to create a decent society. As symbolized in the outpouring of family sacrifices for the nation at the time of the Asian Crisis, the Korean people share a special bond and a special determination. When you are inside Korea, every month seems like another crisis, but when you compare Korea with other countries—India, Brazil, the Philippines, Thailand—the power of Korea's special social bond stands out.

That special bond and special determination are going to be needed as South Korea faces today's challenges: the imperative to stay ahead economically in a hyper-competitive world, the imperative to maneuver between China and the United States, and the imperative to reach a workable arrangement with North Korea.

Success at home requires finishing the jobs of democratization, marketization and globalization. Koreans have made remarkable progress on all of these, despite the crises involved in each step forward. The political playing field is becoming more level, crisis by crisis. The economic playing field is becoming more level, chaebol scandal by chaebol scandal. Forty years ago, or even ten, who would ever have believed that some Korean leaders would be referring to Korea as a multi-cultural society? On every dimension, South Korea is doing better than its old colonial master, Japan. But these tasks are never finished.

South Korea today has generous resources to overcome its economic and foreign challenges. More than that, it can become the arbiter of the Asian competitions among larger countries. Above all, alongside its prosperity and military strength, it still has that powerful shared identity and shared determination. South Korea is by far the most successful of the world's decolonized countries despite having faced far greater challenges than almost all of the others. But to overcome today's challenges it needs unity. South Korea today is not so polarized as it was in 1961, but it remains bitterly divided and much of the bitterness is a residue of the struggle between the nation's giants, Park Chung Hee and Kim Dae Jung. South Korea will achieve greatness when a conservative president sincerely celebrates the contributions of Kim Dae Jung as well as Park Chung Hee and when a left-leaning president likewise acknowledges that the democracy we associate with Kim Dae Jung was built on the educated middle class society that Park Chung Hee created out of devastation.

I must close by acknowledging that these days Americans have no standing to lecture Koreans about such things. I hope that one day you will be able to offer Americans stern advice about how to manage gratuitous political strife as well as Koreans have.

