

WHAT DO WE KNOW ABOUT DEVELOPMENT AND WHERE DOES KOREAN EXPERIENCE FIT

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CRISIS IN DEVELOPMENT THEORY AND STRATEGY

Since the late 19th century there has been no new breakthroughs in development theory and, consequently, in development strategies, with the exception of the socialist alternative. In other words, the field of development is currently at a deadlock. By development theory I mean a system of concepts that helps explain the causal-consequential relations within and among social phenomena and the laws/tendencies that govern their quantitative and qualitative development and decline. Development strategy, on the other hand, is the science of determining at each stage of development the most important tasks to be implemented, the type and amount of resources needed, and the location of development. It thus belongs to the realm of practice and involves setting priorities, making plans, and formulating policies. Development strategy, however, depends on development theory for concrete analysis of the situation to be transformed and for formulation of specific goals, objectives, and targets. Crisis of the one is thus crisis of the other, and this connection allows me to use them interchangeably.

The present socioeconomic and political crises in the Third World, including the Republic of Korea, and the growing demand for alternatives are clear indications of the deadlock in development theory and strategy. The specific crisis in the Republic of Korea also reflects the

injustices are among. While the situation requires new alternatives, the bulk of literature being produced reiterates old ideas in different forms, and despite our growing involvement with the practice of development, significantly new contributions are noticeably lacking. The crux of the problem, however, relates to the inability of current development wisdom to advance appropriate theoretical grounding for transition to a post-growth society where democracy, social justice, and national independence are made the central goals and the prime movers of development.

Yet, it is a gross exaggeration to insist that what we know about development today stops at the end of the 19th century. We know a great deal more (Jameson and Wilber, 1979). We know reasonably well, for example, what causes development and underdevelopment and what consequences follow from different strategies. We also know that development is a multidisciplinary field not reducible to economics or any other single field of knowledge, that it is a comprehensive practice involving not just sectoral growth but also territorial and distributional aspects of development, that we need appropriate planning models and policies to arrive at comprehensive and popularly acceptable solutions, and that it requires cooperation at national and international levels. Further, we know that industrialization of urban areas is not the only or perhaps the best way to bring about development, that neither growth nor redistribution alone can do it, that efficiency and equity goals are not necessarily contradictory or mutually exclusive, and that technocratism and centralism have come under increasing pressure from demands for participation, decentralization, and democracy. We also know that foreign investors, traders, financiers, and governments put their interests ahead of the host country's interests, that integration in the capitalist world economy produces dependency, and that dependent development has far-reaching negative implications for national unity, culture, and stability.

Why then, despite such profound knowledge of what development is, are we still in a deadlock concerning a more effective or universally

problem, I suggest, has two dimensions. First, ideological diversity has made a truly responsive synthesis of different approaches difficult; and second, the field has reached a mature stage, but is not yet ripe for qualitative transformation. In other words, while socialism remains unacceptable to the dominant forces in the capitalist world, not enough of a paradigmatic crisis exists in capitalist development theory and strategy to allow for a significant breakthrough. We could thus expect to live with a protracted struggle among the loyalists and the dissidents of current development thinking.

THE IDEOLOGICAL DIVERSITY

There are many approaches to development, but a safe generalization is that these approaches (excluding the socialist alternative) may be reduced to three: the populist strategy, the growth model, and the growth with equity approach.

The Populist Strategy

Populism, which takes different forms in different countries, refers to any politico-ideological orientation that is based on the power of "people" and radicalism of the middle class with a nationalistic/religious overtone. It rejects foreign domination and dependency, seeks self-reliance, is inward-looking, and favors small-scale activities and organizations. Populism searches the past for identity and alternatives, propagates contentment, and tends to foster a social organization modeled after the communal life in traditional society. Its conceptions of social justice and democracy are based on primitive patrimonialism and on a benevolent leadership. Most anti-establishment movements immediately prior to the Industrial Revolution took the form of populism. Such movements again reappeared in the late 19th century. Examples include the farmers movement of the "Grangers" and "Greenbackers" in the United States in the 1870's-1890's, and Narodism in Russia in the late 19th century. The most recent populist

declaration), Arab socialism (e.g., Naserism in Egypt and Ba'thism in Syria and Iraq), and the current experiences in Iran and Libya are among the most prominent populist movements in the contemporary Third World (see, e.g., Khoros, 1984; Amirahmadi, 1987; Kitching, 1982; Ionescu and Gellner, 1969).

The Growth Model

The growth model takes a totally different and more elaborate view of development. It equates development with a high and sustainable GNP growth rate generated by capital investments. Two strategies are generally followed: earlier in development import-substitution industrialization is adopted; and, with further integration of the economy in the world market, an export-promotion industrialization becomes preferable. Investments are financed by either domestic savings or foreigners. The primary sources of savings in the Third World are the rich and the governments. Expansion of profit at the expense of wages and regressive taxation are thus needed for increasing national savings and this leads to income concentration. Industry is the most productive sector of the economy and receives disproportionate attention, large-scale projects are better than small-scale operations, and the economic sectors are preferred over the social sectors. The result is uneven sectoral development. Investments must also be located at the most productive places and where agglomeration economies exist. The already developed large urban centers and regions are the logical choices. In other words, geographic concentration is necessary for growth (Gore, 1984; Dewar et al., 1986; Friedmann and Weaver, 1979).

Internal savings are insufficient for a high growth rate. Moreover, technology and management skills remain the monopoly of multinational corporations. Foreign investments should thus be encouraged and this entails free trade and incorporation in the capitalist world economy. Dependency is then an inescapable outcome. Institutional reforms are needed for growth to take-off and this assumes modernization of cultural

therefore required for growth.

The public sector is not a good entrepreneur, however, and it hardly knows how to manage the economy, innovate, or take risk. In other words, growth mandates privatization. The economic role of the state, nevertheless, remains strong: it engages in comprehensive planning, policy formulation, and implementation of many regulatory/control measures to insure the smooth and profitable operation of the domestic and foreign private firms (Amirahmadi, 1986). Finally, growth needs political stability and a powerful force to regenerate continuously its preconditions. This requirement is generally met by a dictatorship of the ruling elite in the name of national interest or defense.

Thus, the capitalist growth model generates income and spatial concentration, uneven sectoral development, dependency, cultural destruction, denationalization, and dictatorship. Examples of countries in the Third World which successfully implemented the strategy include Iran and the Republic of Korea, where the "miracle" performance subsequently ran into various socioeconomic and political difficulties. The neoclassical economists, the propagators of the model, were aware of the consequences of the model but maintained that in the long-term the benefits would trickle down or diffuse in which case the trend would be reversed (the so-called inverted U hypothesis). To their surprise, the polarization reversal either did not occur at all or, when it did, was insignificant and confined to only a few countries. Instead, the benefits of growth have continued to trickle up making the bad worse (Weaver and Jameson, 1981; Szentes, 1976).

This upper-class strategy for accumulation and concentration of wealth in the hands of a few (but in the name of the nation) has also a long history. Its theoretical foundation was laid out by Adam Smith and the Industrial Revolution marks its first stage of implementation. The strategy reappeared again in the early 20th century and found its theoretical perfection and widespread application in the 1950's and the 1960's.

responsive to the needs and demands of the present development stage in the Third World. Originally advanced by such classical economists as Ricardo and Sismondi in the mid-19th century, the approach advocates a redistributive approach to economic development. Injustices of the Industrial Revolution had already led many, including the humanist Robert Owen, to raise up against capitalism and propose more egalitarian development. Marx and Engels called them utopian socialists, and Lenin said the same later about the social democrats in Europe. The strategy reemerged in a more sophisticated form in the 1960's as hope for reversal of trends perpetuated by the growth model diminished and prospects for revolutions began to increase in the Third World. Kennedy's Alliance for Progress in Latin America signaled the beginning of the new approach and was a reaction to the Cuban example.

The growth with equity approach advocates radical land reforms, a return to agriculture and rural-based investments, appropriate technology, provision of basic needs (such as food, shelter, health-care services, and recreation), increased investment in education to improve human capital, and a new international economic order. The strategy seeks to mitigate disparities by means of various reforms and through reorientation of priorities. It concentrates on small-scale activities but is also favorable to large-scale projects, emphasizes reliance on local resources but considers foreign assistance and investments necessary, and encourages the private sector's development but gives a major role to state planning and the public sector (Szentcs, 1976; Weaver and Jameson, 1981). This eclectic approach, however, fails to tackle the larger problems of underdevelopment, dependency, and political participation; it accepts the basic capitalist institutions and the existing power and political structures at domestic and international levels. This is why the synthesis of the growth model and populism has not been responsive to the needs and demands of the present struggle for development, national independence, social justice, and democracy in the Third World.

common: a rigid theoretical structure and a single history. Concerning the latter, the most important fact is that these approaches developed in the course of a single process of thesis, antithesis, and synthesis, a process which has been cyclical/spiral, but which has come to a halt in the form of a static circular movement from one approach to another in most recent times. In particular, the Industrial Revolution, the origin of the growth model, negated the utopian/paternalistic thinking of the pre-industrial era so engrained in the minds of many Western European intellectuals of the Reformation and Enlightenment periods. The growth approach was in turn negated by the growth with equity approach whose origin goes back to the mid-19th century's anti-industrial movement in Europe. As we have noted, these strategies were to reemerge again in the late 19th century and throughout the 20th century, but each time at a more sophisticated and extensive scale until they reached their growth limits in the early 1970's. Emergence of the socialist alternative at the turn of this century represented the only major breakthrough in development thinking, although its application has remained confined to socialist countries (Defosses and Levesque, 1975; Nyilas, 1977; Clarkson, 1978; Fagen et al., 1986).

This common history has been rift with ideological and theoretical differences leading each approach to develop its own rigid structure and become ossified within it. The following six components may be identified within each structure: a fixed set of assumptions; an approved epistemology; a definite conceptual framework; an agreed strategy for practice; a set of predetermined planning methods and policies; and an expected (predictable) set of results. The first three components belong to what we shall call the "theory domain" and the last three to the "practice domain". The articulation of the two domains, in turn, produces the paradigm of the particular approach to development.

Following Thomas Khun (1970), by paradigm we refer to a set of shared views held by a community of scholars. From its assumptions to its results or efficacy, each paradigm follows a consistent path, and the casual connections are from assumptions to results, from theory domain to

expected solution. This is indeed the source of the problem: any time the result arrived at is unexpected, the blame goes to the process and not to the assumptions. In other words, results tend to mystify rather than inform the assumptions and they may not therefore become the source of a chain reaction that is needed to develop before the paradigm is awakened to its ineffectiveness. In the real world, assumptions also tend to be ideologically motivated and this makes paradigms even more resistant to change. But this does not mean that a paradigm will never change.

MATURITY OF DEVELOPMENT THEORY

To capture the real essence of the relationship between maturity of capitalist development theory/strategy and the deadlock it finds itself today, it is instructive to recall Kuhn's arguments about the dialectical nature of development of paradigms. To begin with, any paradigm soon develops into what Kuhn calls a "normal science", that is, an ossified structure of theory and practice domains. Among major characteristics of a normal science are its resistance to change and the lack of motivation for novelty. Yet normal science can not escape the eventuality of being qualitatively transformed into its opposite, in the form of a new paradigm. Indeed, the very static nature of normal science becomes the source of its destruction. As increasing quantities of knowledge are accumulated and the gap between the expected results and the actual occurrences becomes unacceptably high, members of the community of shared views encounter "anomalies". Consequently, some members begin to question the validity of the paradigm. They initially engage in debates within the paradigm and criticize the dominant mainstream views. Soon, however, they dissent in favor of a new approach as pressure for loyalty from the community intensifies. These dissidents then become pioneers of a new paradigm that develops slowly and only after a minimum quantity of knowledge needed for the qualitative leap is accumulated. The old paradigm survives until a new paradigm develops from its womb and begins

century all three approaches had become normal sciences, first populism, then its negation, the growth model, and then the negation of its negation, the growth with equity approach. The real breakthrough occurred with the emergence of the socialist alternative, but this new paradigm was resisted by mainstream intellectuals and the dominant social groups in the capitalist world. Notwithstanding increasing defection to the socialist alternative, capitalist paradigms remain steadfast. Consequently, the cyclic return to and simultaneous resurgence of the old development paradigms have become inevitable since the turn of this century. At present all three approaches are in a deadlock crisis. While demand for novelty is increasingly raised, resistance to change is equally powerful. Transition to a new paradigm of development seems inevitable, a paradigm that would be responsive to the four fundamental demands of the present capitalist Third World: national independence, social justice, democracy, and development. When and how this transition would arrive and whether it will ever be possible to develop such a paradigm in the context of capitalism can not be predicted with any degree of reasonable certainty.

THE KOREAN EXPERIENCE OF THE GROWTH DEVELOPMENT STRATEGY

The current crisis in the Republic of Korea is reflective of the deadlock in development theory and of the consequences of the stringent application of the growth model. In particular, while the growth model in the Republic has generated dependency, dictatorship, and various types of injustices (alongside economic growth and structural changes), the current development wisdom in the country is incapable of advancing an appropriate post-growth strategy whereby democracy, national independence, and social justice are made the prime movers of development. The remaining part of this paper will focus on the nature of the problems that underlined the mass movements in the Republic of Korea throughout 1987 and which continue to remain sources of future tensions in that country. The paper will be summed up with a few

Historical Overview

Korea fell prey of Japan in 1910 and remained a colony of that state until 1945 when the United States occupied the South and established a military government. The country was turned over to the Koreans in 1948 under the dictatorship of Syngman Rhee. While the American military government had focused on a limited land reform program and a few rural development projects, Rhee's regime emphasized infrastructure, began creating several state monopolies by nationalizing Japanese enterprises, and made reunification with the North a major goal, largely for domestic consumption. His economic development strategy concentrated on growth through import-substitution industrialization. By the end of the Rhee's reign in 1960, the Koreans had achieved very little development while the government had become unacceptably repressive, corrupt, and inefficient.

The 1960 "Students Revolution" for democracy, national independence, reunification, and social justice led to the short lived Myon Chang government (Lee, 1968). Concerned with the new government's sympathetic stand on demands raised by the students among other sections of the middle class, the United States and Japan backed its violent overthrow by Chung Hee Park's military coup in 1961. This episode marked a new beginning for Korea, one which did not end with the death of Park in the hands of his own KCIA chief in 1979. The subsequent power vacuum and the democratic activities of the middle class led to yet another military takeover in 1980. Doo Hwan Chun's regime, however, did not introduce any major policy reversal. On the contrary, it expanded and strengthened the existing laws and policies particularly those directly concerning profitability of the export sector and foreign capital (Shorrocks, 1986).

Application of the Growth Model and the Subsequent Problems

For the first few years, Park was primarily concerned with establishing its repressive apparatuses including the KCIA. In the meantime, many anti-communist laws were introduced, popular gains of the students revolution were reversed, and relations with Japan were

1975). The new outward-looking strategy also adopted a "growth first, redistribution later" approach to economic development which has remained largely unchanged ever since. Initially, the government focused on labor-intensive and light industries but soon emphasis shifted to promoting capital-intensive and heavy industries. The change coincided with the increased direct and indirect involvement of the American and Japanese capital. The role of foreign trade and investment in Korean development became increasingly important (Balassa, 1985; Koo, 1985).

Park's regime made the state the main agent of economic development and the pivot for the tri-partite political economic alliance between the government, "chaebols" (family-run conglomerates), and transnational capital (Shorrock, 1986). National development planning was introduced in 1962 and ever since Korea has implemented 5 five-year development plans. The current one, the Sixth Plan, covers the 1987-91 period. Korean planning has been more than just indicative. Implementation of the plans has been mandated and facilitated by extensive laws and policy measures. The massive direct government investments and various financial, fiscal, and administrative incentives for the private sector have all been included in the national plans. However, the creation and maintenance of a cheap and educated labor force remained the major policy concern of the government. This was achieved, among other means, by an anti-agriculture policy, increased investment in education, and sheer repression, e.g., banning workers' strikes (Hart-Landsberg, 1987). Other major policy initiatives included devaluation of Won in the mid-1960's, and increasing use of foreign trade, technology, and finance.

Both Park's and Chun's regimes applied the growth model of capitalist development with rigor and efficiency, so well indeed that the Korean economic performance has been characterized by many as a "miracle" in capitalist development experience (Woronoff, 1986). Measured in terms of economic growth and structural changes, the performance has been indeed remarkable for a country that is not rich in resources except for an educated labor force. After an initial period of war, rehabilitation, and political instability (1945-1962), the economy began to gradually

... also drastically changed in favor of more contribution from manufacturing at the expense of agriculture. The "miracle" was managed by partnership between the state, Korean chaebols, and international capital. The role of the state seems to have been the most significant.

The real makers of the "miracle", the working people of Korea, were not its primary beneficiaries. Instead, those who organized and controlled it, the tri-partite alliance, received most of the gains. Certain social groups also joined the government officials (civilian and military), the chaebols, and foreign capital in "ripping off" the growing national economic pie. The ordinary Koreans were provided with a bare subsistence to enable them to reproduce the system at an expanding scale. They were also made to put up with widening socioeconomic, sectoral, and spatial disparities, destruction of national culture and traditions, the growing political repression, and increasing dependency of the homeland on American and Japanese markets and capital.

For over 25 years Koreans have been living under military dictators and a repressive state that has extended itself in all political economic directions. As a political agent, the state has repressed the most basic human liberties in the name of national integration and defense. The existence of socialist North Korea has played a major pretext in the hands of the capitalist state to dismiss every democratic demand as "communistic" and oppress the inspiring Koreans as "subversives". As an economic agent, on the other hand, the state has increased its entrepreneurial role to guarantee its own expanded reproduction and pay for the costs of maintaining the repressive apparatuses. The state's economic functions were also directed toward prosperity of a handful of chaebols and transnational firms.

After Japanese colonialism, it was American imperialism's turn to dominate Korean economy. In 1964, for example, well over 50 percent of the country's total fixed capital formation was financed by the United States (Cole, 1980), and between 1967 to 1979 the share of capital stock owned by transnational firms (mainly American and Japanese) rose from 2.7

investment, including public and commercial loans, amounted to \$16.2 billion (current price) while the corresponding figure for 1980-85 was \$16.3 billion. Japan accounted for 46 percent of all direct foreign investment in Korea over the 1980-86 period while the U.S. share was 35 percent (Economic Planning Board, 1987, p. 239). The extent of Korea's dependency on the United States and Japan is further indicated by the country's foreign traded markets. In 1985 Korea depended on the United States and Japan for 35.5 and 15 percent of its export markets respectively. The corresponding figures for imports were 20.8 and 24.3 percent. In 1986 the United States purchased 50 percent of Korean exports. In 1980, Korea's debt was \$29 billion or 31 percent of the country's gross national production, compared to 18 percent for the Newly Industrializing Countries as a whole. The figure soared to \$45 billion in 1987. Finally, 1986 was the only year in the entire modern history of Korea to end with a balance of trade surplus, made possible by a record trade surplus of \$7 billion with the United States, a market that might be tightened at any time given the current protectionist mood in the Congress.

Application of the growth model also led to extreme concentrations of wealth, income inequality, spatial disparity, and sectoral imbalance. Industrial expansion took place at the expense of agriculture as indicated by growing Korean food imports and the decrease in the share of the agriculture in national production. Despite improvement, rural areas remain far behind urban places (Kim, 1985). The author visited a few villages around city of Taegu in 1987 and can attest to the low level of rural development in that part of the country which is considered among the better parts of Korea. Most economic activities have been concentrated in a few major metropolitan areas along the Seoul-Pusan corridor.

In 1985 Seoul accounted for about 23 percent of national population while 83.3 percent of central government bodies and agencies, 69.2 percent of manufacturing head offices, 96.3 percent of international trade, 47.2 percent of higher education, and 47.7 percent of business

8.7, 0.9, 6.3, 3.2, 11.2, and 8.0 percent respectively (ibid., 1987). Growth of the small- to medium-size cities was particularly slow when compared to large urban centers (Lim, 1984).

Wealth and income were also unevenly distributed. Sales of 10 largest Korean conglomerates amounted to 65.2 percent of the country's GNP in 1983, and in 1984 the top 10 exporters accounted for 70 percent of the total Korean exports for the year (Hart-Landsberg, 1987, p. 38). The extreme nature of income inequality was also underscored by the 1979 Catholic Youth Council report which indicated that "three tenths of one percent of the population received 43 percent of the GNP, while 75 percent of all workers made less than \$100 a month" (Hart-Landsberg, 1987, p. 36). Business Week (December 23, 1985) was even more explicit about the plight of the Korean working people: "few workers can afford to buy the consumer goods they make... And the slum that surrounds Seoul grow daily as the unemployed flock in from the countryside.". Finally, a 1985 U.S. A.I.D. development study had to acknowledge that there was "evidence of increasing disparities in income, both between the urban and rural sector and between the richer 10 percent of the population and those at the bottom" (quoted in Harrison, 1987, p. 161).

Crisis in Korea

The present crisis in Korea is thus deeply rooted in the country's social, economic, political, and national problems and "few in Korea believe that the election [which indeed fixed the status quo] will end their struggle for democratic rule and eventual reunification" with the North (Shorrock, 1988, P. 97).

At stake is a transition from military to civilian government, and from an authoritarian, state-controlled economy that has favored big business to a democratic economy that offers a more equitable distribution of income and better condition for workers, farmers, and owners of small and medium businesses...the movement for Korean democracy also involves a struggle with foreign powers-particularly the USA...

(Shorrock, 1988, p. 98)

country. Recall that Roh was instrumental in the military coup of 1980 which brought Chun to power and that he was hand-picked by the dictator to succeed him. Indeed, this open political arrogance ignited the mass democratic movement of 1987. Is it not then strange that he should be elected in a popular election? Clearly, Roh's flexible approach to the opposition and his responsiveness to its demands helped. The United States was, as is well known, instrumental in making the Korean ruling class accept certain safe compromises (Washington Post, 23 June, 1987). Wide-spread election fraud has also been reported by the opposition. But it was the split within the opposition that played the key role in Roh's victory.

Could it be that the split was indeed managed by the United States and the Korean establishment? For a fuller revelation we may have to wait for years before the massive secret documents on the election are disclosed by the American and Korean governments. It is, however, well known that both the United States and the Korean establishment did not want to see Dae Jung Kim as president. In July 1987 the Korean Chief of Staff had warned that "something unhappy" could occur if Kim was to even run for president (Shorrock, 1988, p. 106). Similar concern had been also voiced by James Lilley, the United States Ambassador to Korea: "Kim Dae Jung is not unequivocally pro-American," and "so he could turn on us at any moment" (Shorrock, 1988, pp. 106, 109). It is therefore highly likely that the United States had advised the more conservative Young Sam Kim to run for president and that he should not compromise with Dae Jung Kim, hoping that this would split the opposition. It is also highly likely that the Korean establishment accepted the free election, with Dae Jung Kim as a candidate, only after it was assured of the split.

Whether Roh was elected in a fair election or in a fraudulent does not change the fact that his administration will largely preserve the status quo. A cursory reading of the Democratic Justice Party (DJP) platform indicates that it lacks both the political will and the alternative development strategy needed for any major socioeconomic, political, and national transformations. The platform advocates anti-

with the United States and Japan; and favors strong economic growth under the general leadership of the state in alliance with big domestic and international business. The party's acceptance of certain constitutional reforms and economic changes in favor of disadvantaged sectors may indeed prove to be a pre-Olympic ploy. The DJP platform thus remains essentially antithetical to most democratic demands raised during the revolution and as such, it is a platform for preservation of the status quo (Shorrock, 1988).

The crisis in Korea, however, goes beyond the inability or unwillingness of the status quo party to change. A more reformist Dae Jung Kim would have changed little had he been elected president. The platform of the Reunification Democratic Party (RDP) supports this assertion. It stands for a constitutional government, individual liberty, and major reforms in favor of the working people and smaller business units. These democratic measures are matched with support for a free enterprise system, closer ties with the United States and Japan, and a strong anti-communist stand in domestic and international affairs. Moreover, the RDP Party's approach to reunification remains ambiguous as does its anti-big business rhetorics, and pro-labor stand (Shorrock, 1988).

CONCLUDING REMARKS

To sum up, while the DJP remains the party of status quo, the RDP does not possess the capacity to transform the Korean society even if it was to capture political power. The DJP is still enchanted with the growth model, while the RDP is after the growth with equity approach. As indicated by experiences elsewhere in the Third World, middle-class movements generate enormous potential for revolutionary changes in the direction of realizing democracy, social justice, and national independence. Their realization, however, remains constrained by powerful domestic and international forces (Amirahmadi, 1988). Transition to a post-growth society where these democratic goals are the

break through the deadlock. The current crisis in Korea is "the extension of past struggles for democratic rights and reunification that were cut short by military interventions" (Shorrocks, 1988, p. 97). As such, it could not be expected to go away just because of an election.

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