



**Why the *Saemaul* Movement is  
So Important to Understanding  
Korea's Social and Economic Transformation**

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**1. Korea's rapid transformation**

**2. Explaining Korea's broad-based development**

**3. Rural Community Development Movement  
(*Saemaul Movement*) in the 1970s**

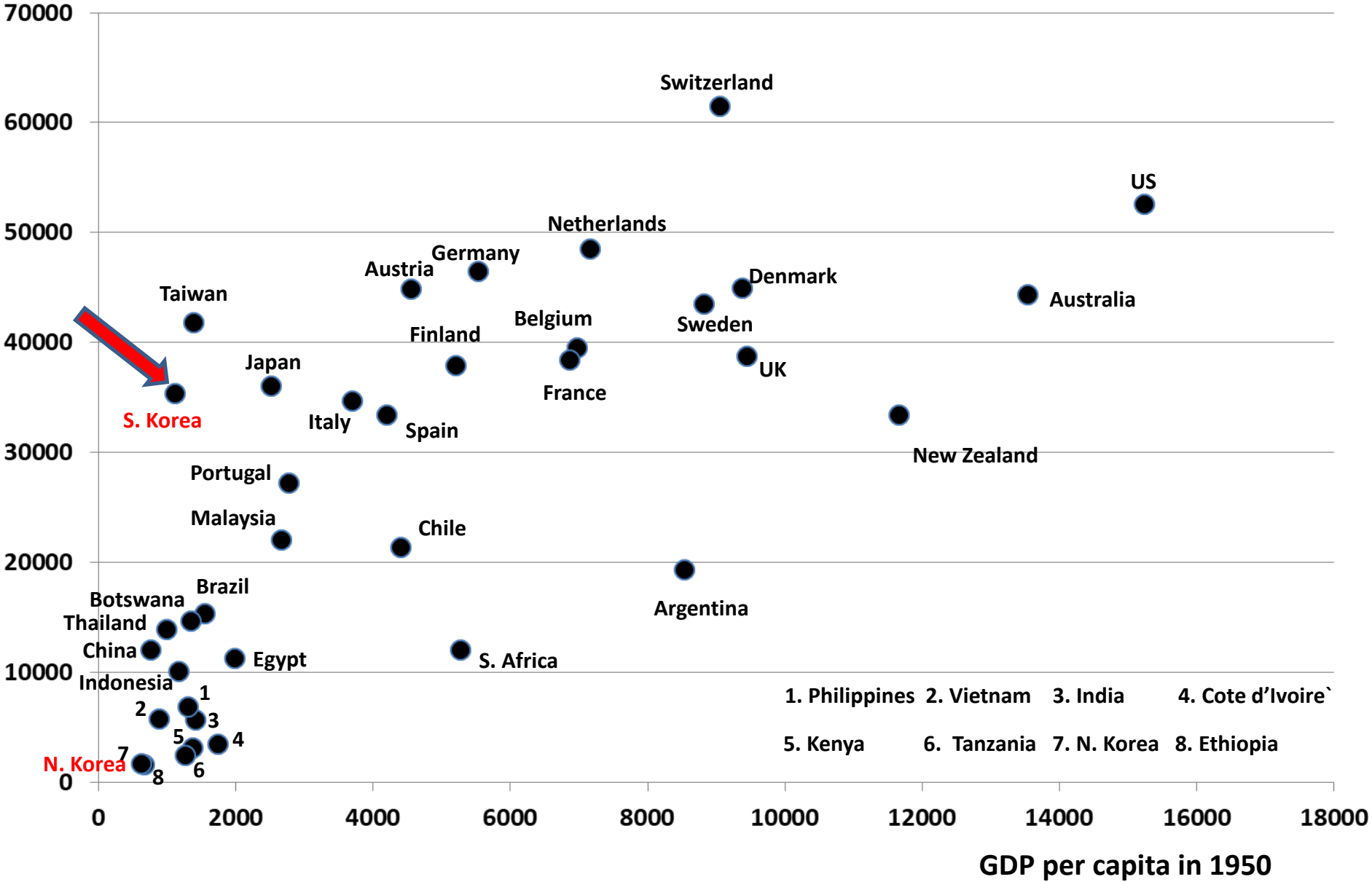
**4. Conclusion and lessons**

A stylized globe on a stand, rendered in a blue and white color scheme. The globe is positioned on the left side of the frame, and the background features a large, glowing blue sphere. The overall aesthetic is modern and technological.

## **1. Korea's rapid transformation**

# International Comparison: GDP per capita in 1950 & 2015 <sup>1</sup>

GDP per capita in 2015



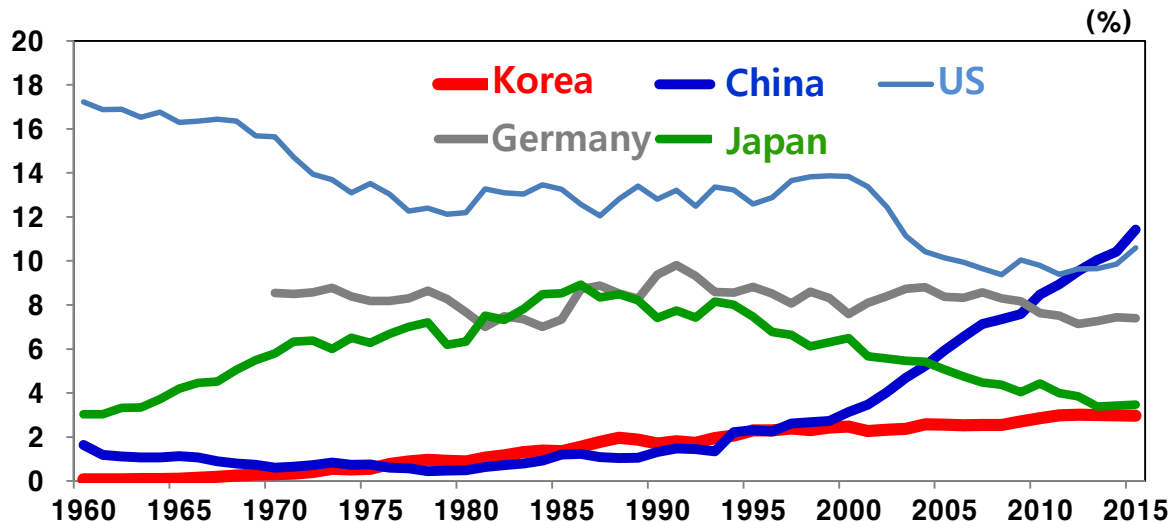
Data Source: Maddison Project Database 2018 (Real GDP per capita in 2011 US\$)

# Drivers of Korea's Economic Development

Export-oriented, market-friendly policies and innovation in science and technical education have spurred Korea's GDP growth since the 1960s to secure a place in the top ten trading nations of the world

- Korea achieved rapid *industrialization*, from agriculture-based to *heavy and chemical-based*
- 👉 Graduation from middle income status

## Global Export Market Share of Major Countries



Source: World Bank

# Korea's Industrial Progress via 5 Key Export Items

	1960	1970	1980	1990	2000	2010	2014
1	Iron ore	Textiles	Textiles	Electronic goods	Semi-conductors	Semi-conductors	Semi-conductors
2	Tungsten	Plywood	Electronic goods	Textiles	Computers	Ships	Petroleum products
3	Silk	Wigs	Steel	Shoes	Automobiles	Automobiles	Automobiles
4	Anthracite	Iron ore	Shoes	Steel	Petrochemicals	Displays	Ships
5	Squid	Electronic goods	Ships	Ships	Ships	Petroleum products	Wireless phones



## Newsweek June, 1977, Cover Story:

“Koreans are working hard to industrialize and improve the living standards like the US and Japan. ...

... **Koreans work so hard that they make the Japanese look lazy”**



## **2. Explaining Korea's broad-based development**

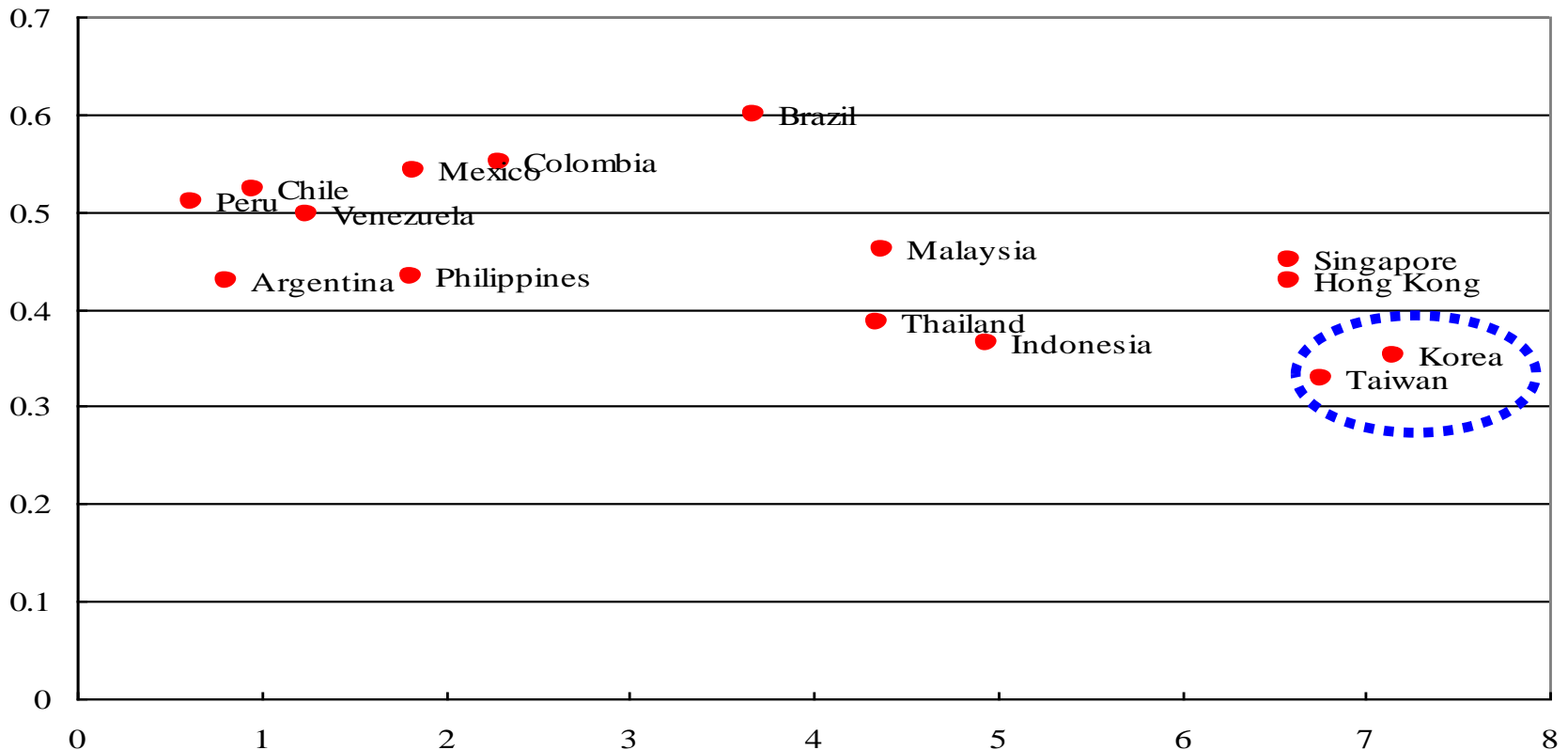
# □ Korea's rapid & *broad-based* development



Korea's “**shared growth**” cited as one of few countries that grew rapidly with relatively **low income inequality**.

<Gini coefficient and GDP per capita growth rate: 1965-1990>

Gini coefficient

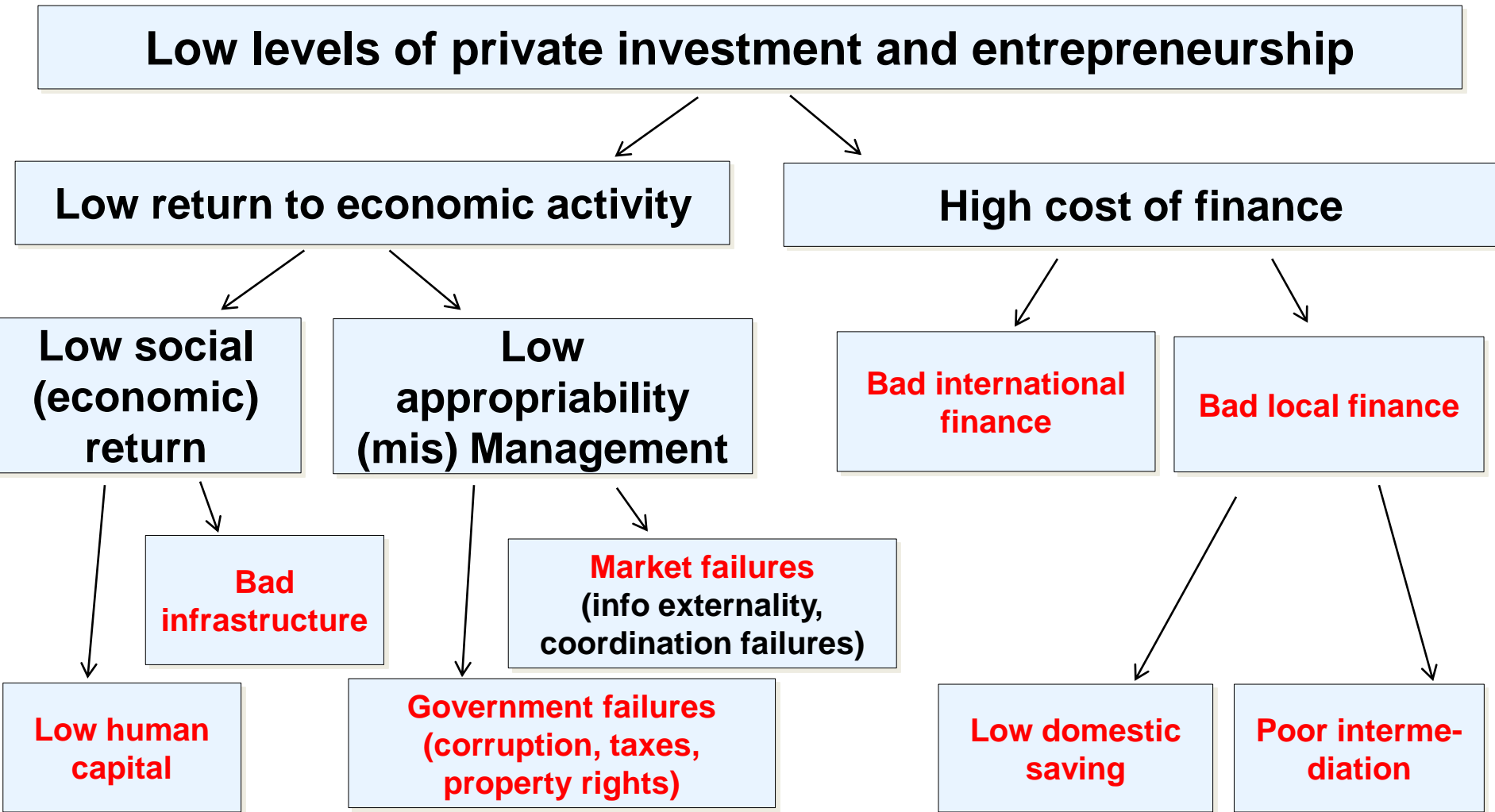


Source: East Asian Miracle (1992)

Per capita GDP growth rate (%)

# □ How can we explain the impossible: *Korea's Miracle*

▶ Korea got the policies right by resolving **binding constraints** on economic development (Rodrik, 2006)



# <Box 1> Social and economic pre-conditions specific to Korea (1/2)

**Land reform** (redistributions of land to poor tenants) in 1948 and 1950 leveled the playing field.

- Land reform not only undermined *Communist* influence among the peasants but make them perceive **property rights**.

## Owner-Tenant Distribution of Farm Households (1945-65, %)

	1945	1965
Full owner	13.8	69.5
Part owners	34.6	23.5
<b>Tenant</b>	<b>48.9</b>	<b>7.0</b>
Farm laborer and burnt field farmers	2.7	
Total	100	100

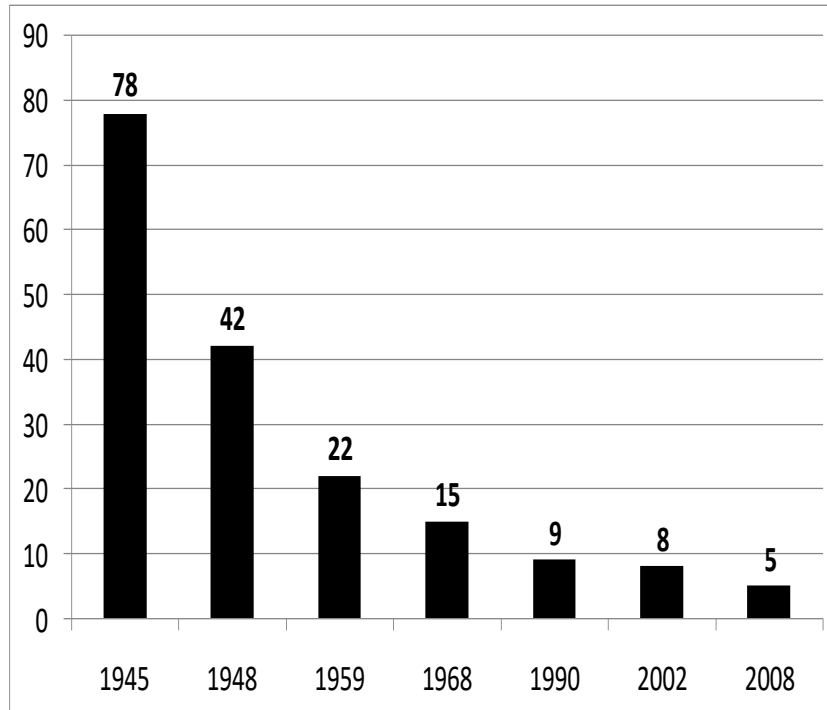
Source: Ban, Moon and Perkins (1980), *Rural Development*, Studies in the Modernization of the Republic of Korea 1945-1975. Harvard University Press

# <Box 1> Social and economic pre-conditions specific to Korea (2/2)

US facilitated sharp reduction in **illiteracy rate**, particularly among **adults**.

- US aid supported *Civic Schools* for basic education – **seed** of Korea's educated citizenry. Each adult student was required to complete a minimum of 200 hours of reading and writing over 70 days.

Illiteracy rate among **adults** (%)



## □ Market Reforms in the mid 1960s

▶ In the mid 1960s, Korea implemented market reforms such as **liberalization of foreign exchange** (elimination of multiple exchange rate system) and **import regulations**.

☞ This marked **opening** of Korea's economy and shift from *import substitution* to *export-led growth*

- Ann Krueger (1979) called these series of reform "*the most dramatic and vivid change in any developing country since the WWII*"
- Before imports were liberalized, the positive-list system was used to regulate imports. Moreover, all imported goods had to be approved by the government. ⇒ This led to widespread **smuggling** and rent seeking.
- After imports were liberalized by adopting *negative-list system*, goods that could be imported automatically without the approval jumped from **0%** to **63%** between 1964 and 1965.

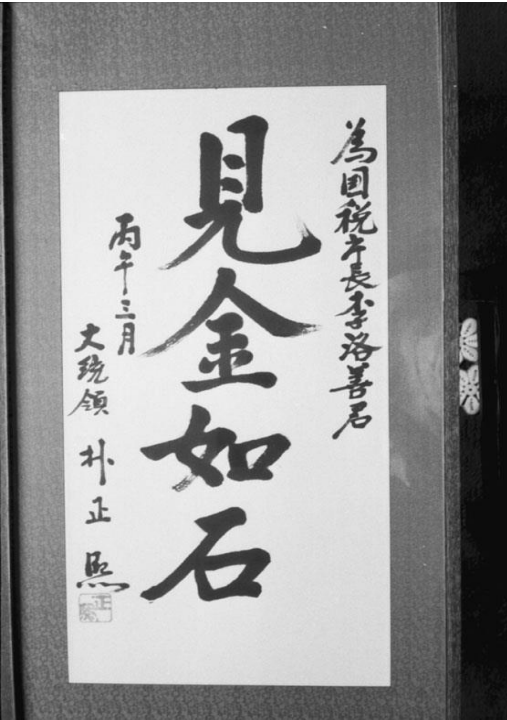
# □ Tax Administration Reform and Anti-corruption

**Tax Administration Reform** in 1966 marked the **turning point** in Korea's development: "Taking ownership of development process"

- Between **1966-69**, tax revenues increased by **51%** on average per year.
  - \* Tax burden ratio (tax revenue/GNP) : **1964 (7.3%) → 1969 (14.6%)**
- Expanded tax revenues meant **fiscal soundness** which led to government saving to finance social and economic policies for broad based development (such as rural development policies).

## Share of Domestic and **Foreign Sources** of **Government Revenue** (Billion won, %)

	1957		1965		1966		1970		1974	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Total</b>	42.5	100	105.5	100	153.8	100	445.9	100	1,046.4	100
<b>Domestic Tax Rev.</b>	20.0	47.1	69.4	65.8	115.4	75.0	422.2	94.7	1,046.4	100
<b>Foreign Aid</b>	22.5	52.9	36.1	34.2	38.4	25.0	23.7	5.3	0	0



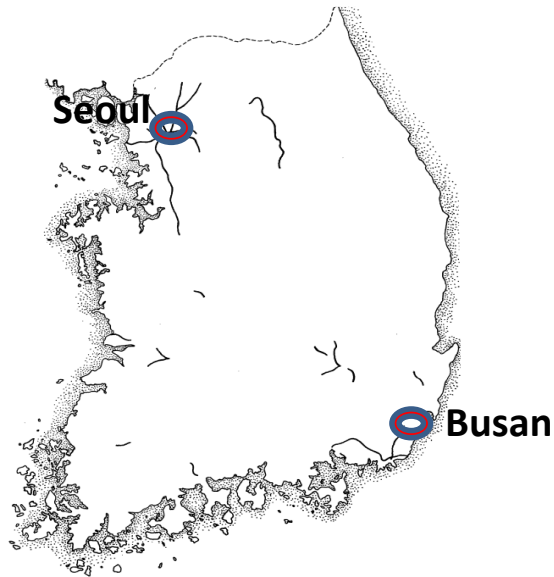
- Tax reform included **anti-corruption** efforts by promoting personnel based on **integrity**. So personnel changes targeted all levels including senior managers who were either demoted or relocated, or chose to quit.
- As such, a new **culture** based on the value of **integrity** was established. National Tax Service adopted a new motto of :

**“See Gold as a Stone (見金如石)”**  
or do not fall prey to greed.

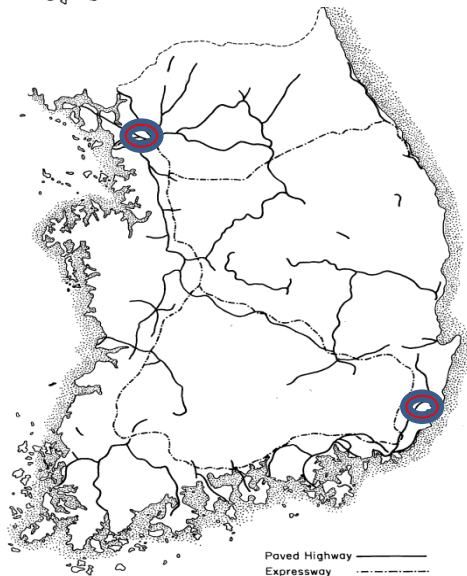


## Paved National Highway & Expressway

1963



1975



## Kyung-Bu [Seoul-Busan] Expressway



Soyang-River multi-purpose dam



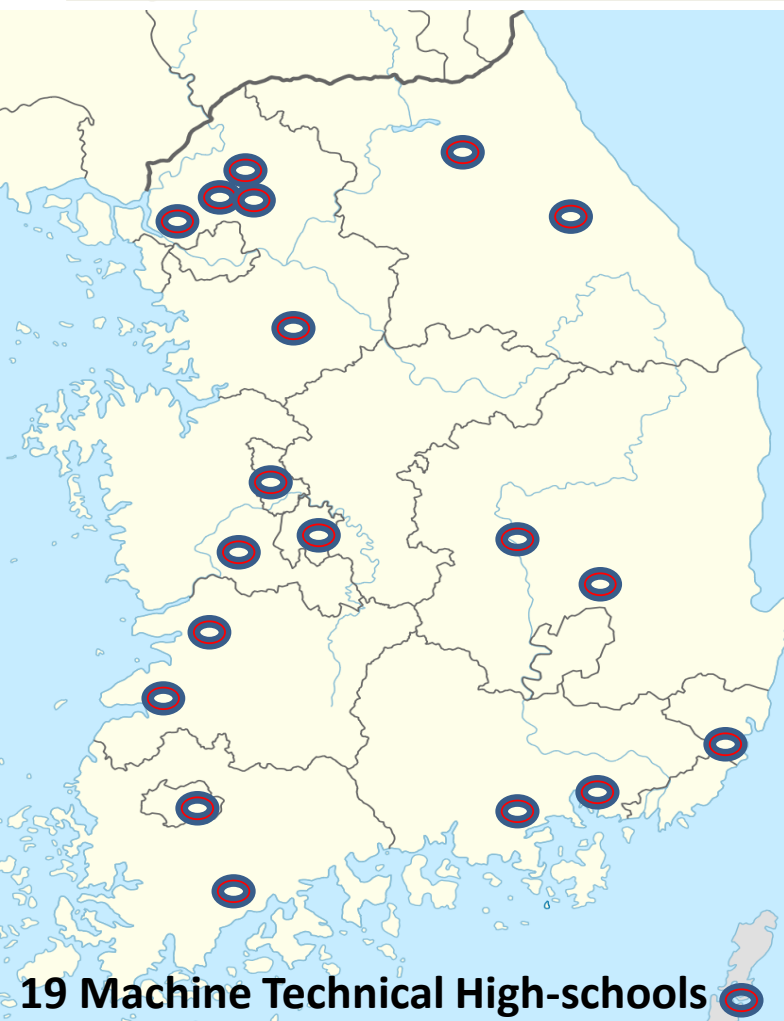
# Modern time coming into premodern society



# □ Overhauling TVET to secure skilled workers

Korean government focused on promotion of technical high-school education and vocational training to pursue HCIs in the 1970s.

**Target:** producing **50,000** technicians nationwide every year.  
(A total of 97 schools nationwide as of 1979)



Number of Graduates from Technical High school  
(As of 1979, unit: no. of persons)

Machine Technical high school	Pilot Technical high school	Specialized Technical high school	General Technical high school
19 schools	11 schools	12 schools	55 schools
10,000	9,000	6,000	25,000

Number of Vocational Trainees between 1972-79  
(unit: 1,000 persons)

Training planned (A)	Training results (B)	B/A
722	626	0.87

**Kumi Electronic Industrial Complex**

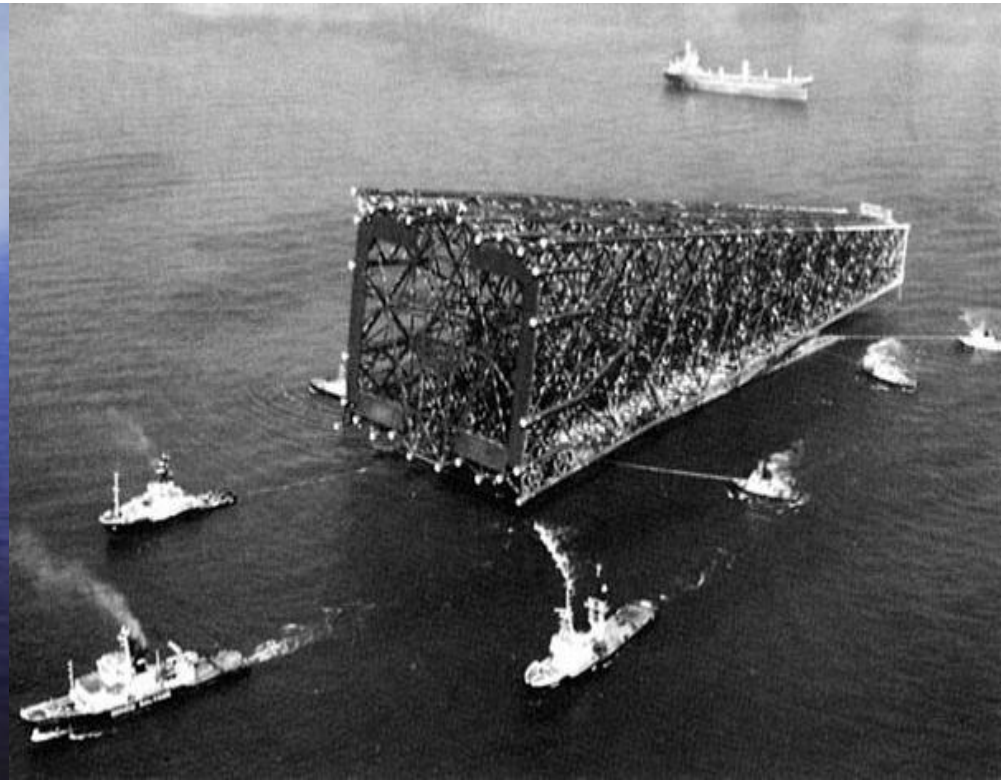


**Changwon Machine Industrial Complex**



**Construction workers and technicians advancing to the Middle East after the Oil Price Shock in the 1970s**

# Transporting a structure to *Jubail* Industrial Port in Saudi Arabia from Korea (Hyundai Heavy Industry) in late 1970s 15



The students from vocational schools began to receive technical license and excelled in the **Vocational Olympics**, winning **nine times in a row** during 1977-91. (In 1977, first winner: 12 gold, 4 silver, 5 bronze medals)

- Before reforms in TVET, (conventionally), technicians did not receive “societal respect”



## Skyrocketing number of Applicant for 2<sup>nd</sup> Grade Engineer Exam

(unit: no. of persons)

	1976	1977	1978	1979
Candidates	210,155	352,472	428,895	639,563
Pass	56,240	63,935	64,140	108,785
Pass rate (%)	26.8%	18.1%	15.0%	17.0%

## □ How did Korea deliver results: *Implementation matters*

### Example: Monthly Export Promotion Meeting

- Export growth **targets** were set on annual and monthly basis.
- Every detail and figure on export performance was **monitored and evaluated** for every region and every product at the monthly meeting.
- The monthly meeting was **chaired by the President** and attended by top policymakers and industrialists.
- The monthly meeting facilitated **real time feedback** which resulted in better policy coordination, i.e., **trouble shooting**.

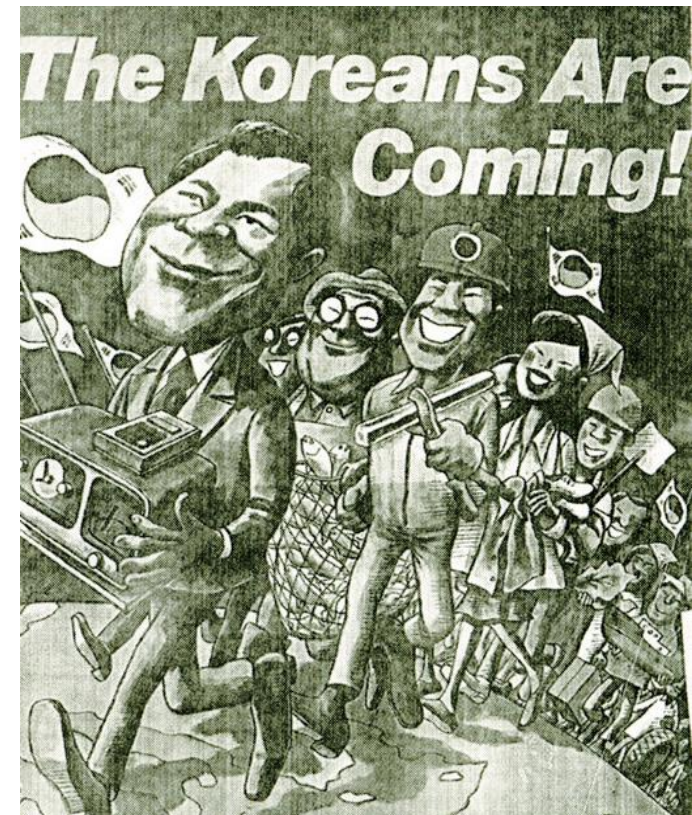


# Achieved **\$10 Billion** of Export Volume in 1977

World export share: 1%

No. of exporting countries: 133 countries,  
No. of exporting products : more than 1,200

Celebrating the achievement of export target (\$10 Bil)





### 3. Rural Community Development Movement (*Saemaul Movement*) in the 1970s

- ※ In 2013, *Saemaul Movement* was registered at ***Memory of the World, UNESCO.***
- ※ Between 1970 and 2011, some 53,000 public officials and village leaders from 129 nations visited Korea to learn about *Saemaul Movement*.

## □ Spirit of *Saemaul* Movement (1/2)

▶ *Saemaul* (New Village) *Movement* was critical in not only improving income and living standards of rural areas but also changing belief system and *social capital*.



- It was a **grass-root** movement based on principles of **self-help, diligence and cooperation**.

▶ **Government “helped those that helped themselves”**

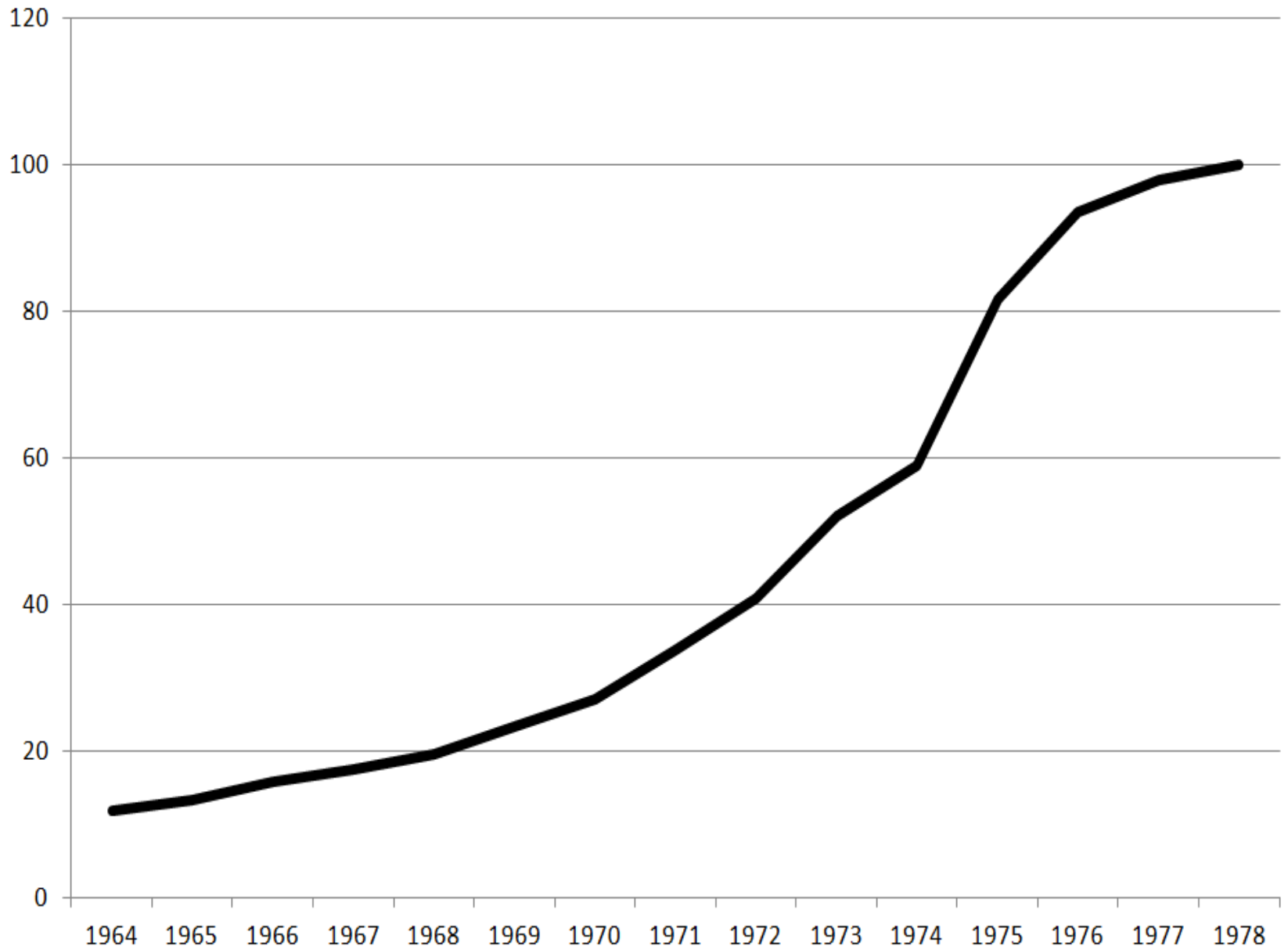
- **Merit-based approach** on rewarding performance : Government material support (cements, steel wires, and **electricity**) were given only to the **self-help villages** through the evaluation.

## <Box 2> Merit-based Approach: Rural Electrification

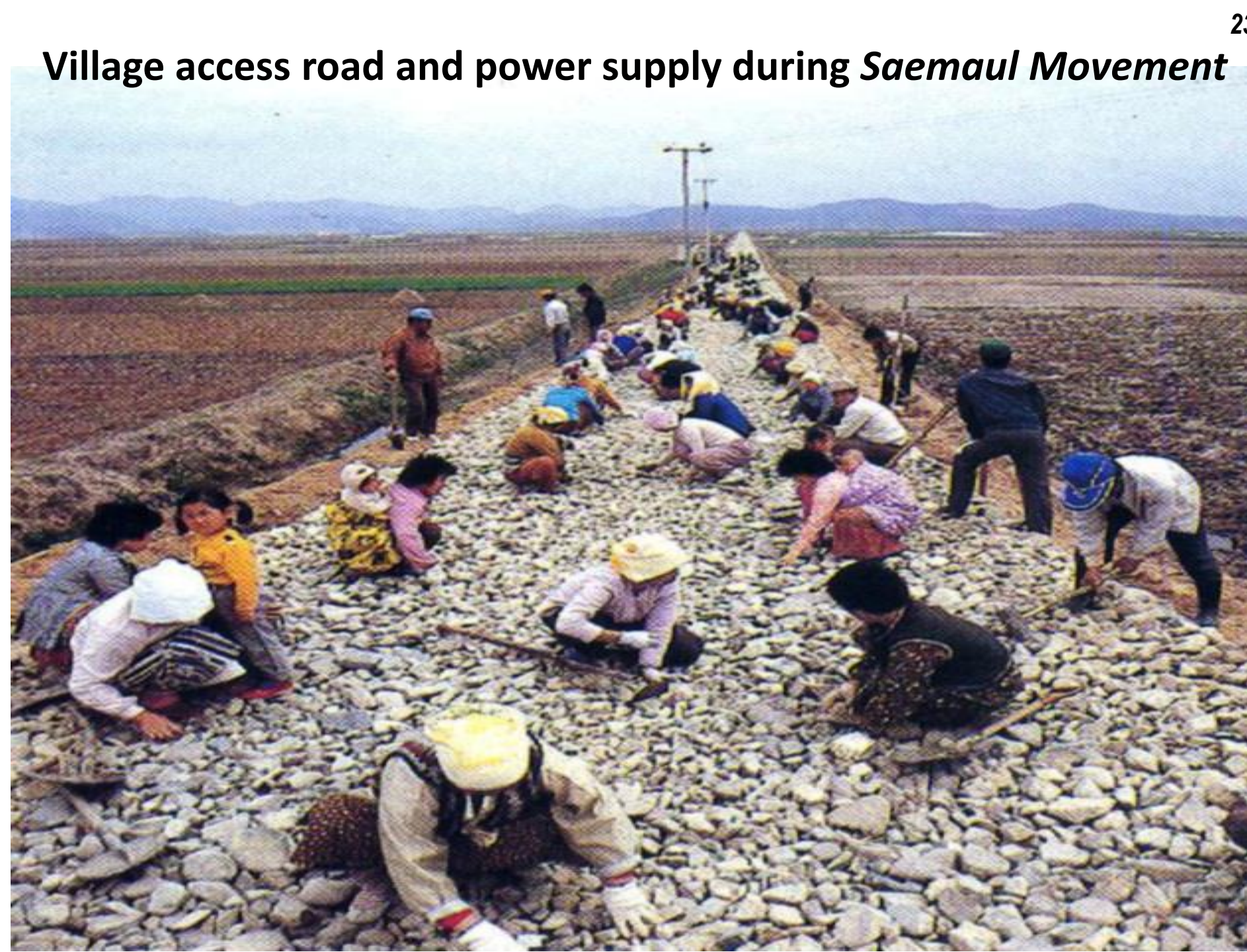
President Park's instruction at a meeting in April 1972 with emphasis related with the **Electricity Supply Policy** linked to the performance of *Saemaul Movement*.

-  “When I see round the country, I find some villages which are doing the *Saemaul Movement* well, some which are not doing so well, and some which are sleeping as if they are not interested at all. I will encourage and support only the villages which are doing well now and help them to advance more, not caring about the others.”
-  “I think electricity is the most urgent for the modernization of the agricultural villages. If electricity is installed in a highly motivated hard working villages, it will create several times more benefits than the government budget support. However, ***if not, the villagers will play cards and gamble or do other worthless things under the electric lights.*** So, the electricity should be installed preferentially at the villages which are successfully doing the *Saemaul Movement*.

# Rural Electrification Rate: 1964-1978 (%)



## Village access road and power supply during *Saemaul Movement*



### Public List of Land Donors

### Donation consent form

경지를 희사하신분들


주소	성명	지번	지목	소요면적
土谷	朴春逢	335	밭	15평
오암	申海均	355 <sup>1</sup>	勾	30 <sup>+</sup>
土谷	林國善	348 <sup>1</sup>	•	5 <sup>+</sup>
土谷	朴春均	354	•	5 <sup>+</sup>
土谷	申鉉禹	356 <sup>1</sup>	•	10 <sup>+</sup>
"	金允慶	404	"	20 <sup>+</sup>
"	金英起	398 <sup>4</sup>	밭	30 <sup>+</sup>

**토지사용 승약서**

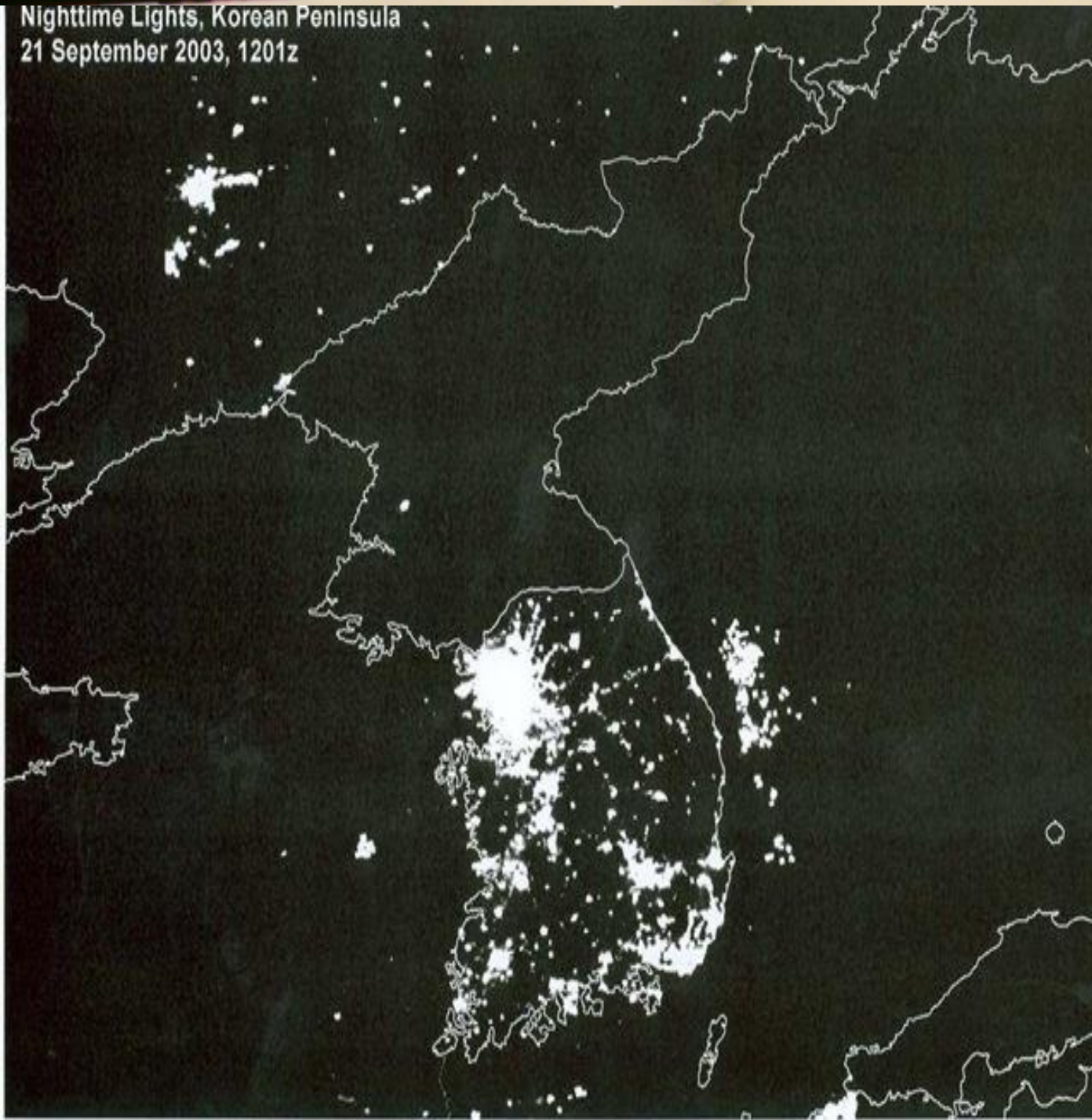
본인은 금번 실시하는 농로개발사업에 있어 이를 찬동함은 물론 본사업에 소요되는 본인소유의 토지에 대하여(관리토지 포함) 어느곳이라도 영구 사용할것과 이에 수반한 배수로 및 공작물 설치에 있어서 여하한 장소에 설치하더라도 하등의 이의가 없겠음을 승약하오며 이에 토지사용 승약서를 제출합니다.

1972년 2월 20일

승약인 주소 당진군 석문면 상화리  
성명 한대근



상화리 농로개발 추진위원회 귀중



### Korea: One State or Two?

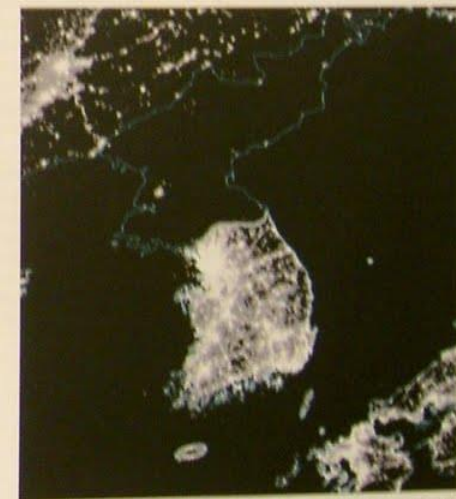
A colony of Japan for many years, Korea was divided into two occupation zones by the United States and former Soviet Union after they defeated Japan in World War II. The country was divided into northern and southern sections along 38° north latitude. The division of these zones became permanent in the late 1940s, when the two superpowers established separate governments and withdrew their armies. The new government of the Democratic People's Republic of Korea (North Korea) then invaded the Republic of Korea (South Korea) in 1950, touching off a 3-year war that ended with a cease-fire line near the 38th parallel.

Both Korean governments are committed to reuniting the country into one sovereign state. Leaders of the two countries agreed in 2000 to exchange visits of families separated for a half century by the division, and for increased economic cooperation. However, progress toward reconciliation was halted by North Korea's decision to build nuclear weapons even though the country lacked the ability to provide its citizens with food, electricity, and other basic needs. Meanwhile, in 1992, North Korea and South Korea were admitted to the United Nations as separate countries.

### China and Taiwan: One State or Two?

Is the island of Taiwan a sovereign state? According to China's government officials, Taiwan is not a separate sovereign state but is a part of China. Until 1999 the government of Taiwan agreed.

This confusing situation arose from a civil war between the Nationalists and the Communists in China during the late 1940s. After losing, nationalist leaders in 1949 fled to the island



North and South Korea. A nighttime satellite image recorded by the U.S. Air Force Defense Meteorological Satellite Program shows the illumination of electric lights in South Korea, whereas North Korea has virtually no electric lights, a measure of its poverty and limited economic activity.

# □ Spirit of *Saemaul* Movement (2/2)



Government and villagers **equally (50/50)** shared funding of *Saemaul* community projects.

## < Source of Financing *Saemaul* Projects >

	Total (billion won)	Government support				Financed by Villagers
		sub total	Central gov't	Local gov't	Loan and Misc	
1971	12.2	4.1	2.7	1.4	-	8.1 (66%)
1975	295.9	165.3	66.6	57.9	40.8	130.6 (44%)
1979	758.2	425.2	125.8	101.0	198.4	333.0 (44%)
1971- 1980	<b>3,425.1</b>	<b>1,733.9</b>	<b>488.7</b>	<b>463.6</b>	<b>781.6</b>	<b>1,691.2 (49%)</b>

# □ Village fund and reforestation

▶ The **village fund** shows the **self-reinforcing** nature of *Saemaul* movement which made it sustainable.

▶ The **reforestation project** and **village fund (credit coop)**

- At first, the government implemented a program where villagers were encouraged to collect and grow tree seeds for income. Villagers were rewarded for their hard work.
- Then the government purchased the tree seedlings at the market price through the **priority sales**.
- At the same time, farmers were encouraged to **save** 50% of their income into the **village fund** for future investments.





## □ Monitoring tree planting process from start to finish

Local government inspectors had to physically inspect a sample of trees periodically and measure the tree's **survival rate**, that was linked to **inspectors' performance**

Moreover, "**cross inspections**" were carried out where government inspectors from one province inspected trees in another province.

## 2. 사 후 관 리 상 황

년 월 일	조 립 지			작업종	실 행 내 용	자 재				노 력 동 원 인	실행지도자		화 인 자		
	읍 면	동 리	임 번			종류	수 량	금 액	재 원		성 명	이	성 명	이	
76. 6. 19	법곡	동림	화한 임(1)		향목심장리 94%						여한석		근항강		
76. 8. 20	"	"	"		" 88%						여한석		"		
76. 8. 30	"	"	"	하에	하에작업 완료						余漢錫		"		
76. 8. 16	"	"	"	"	"						"		"		
1976. 10. 20						경남동양권산림과. 영남권경주						경북울주권산림과. 영남권울주			

A cross inspection on the results of the spring reforestation in Pungjeong-ri in Bonghwa-gun, Gyeongbuk Province in 1976 by inspectors from Tongyeong-gun and Ulju-gun, Gyeongnam Province.

나. 관리

다.伐採收穫

年度	個所番號	作業區分	面積 (ha)	負擔費用			指導擔當者	備考	年度	個所番號	作業區分	面積 (ha)	樹種	生産量			分配內譯	指導擔當者	備考
				補助	山林契	計								種別	單位	數量			
70	29	192023	20249	원	원	원	손민철	4.2 ~4.22											
.	.	.	.				.	5.5 ~5.5											
.	.	192023	.				.	8.18											
<p>정무관</p> <p>전북진안군</p> <p>농림지원물구봉천</p> <p>농림지원장기봉천</p>																			
77	73	축비	6.78	12,844	10,000	116,158	손민철												
.	171	차량기	1.30		89,440	89,440	김영		77	171	차량기	1.30	아	차량기	50	55 계 45	김영		
"	177	.	2.00		116,192	116,192	.		"	177	.	2.00	"	"	70	55 계 63	.		
"	2	계별	0.50		2,143	2,143	"		"	2	계별	0.50	"	"	400	55 계 36	"		

A cross inspection on the results of the spring reforestation in Pungjeong-ri in Bonghwa-gun, Gyeongbuk Province in 1977 by inspectors from Jinan-gun, Jeonbuk Province.

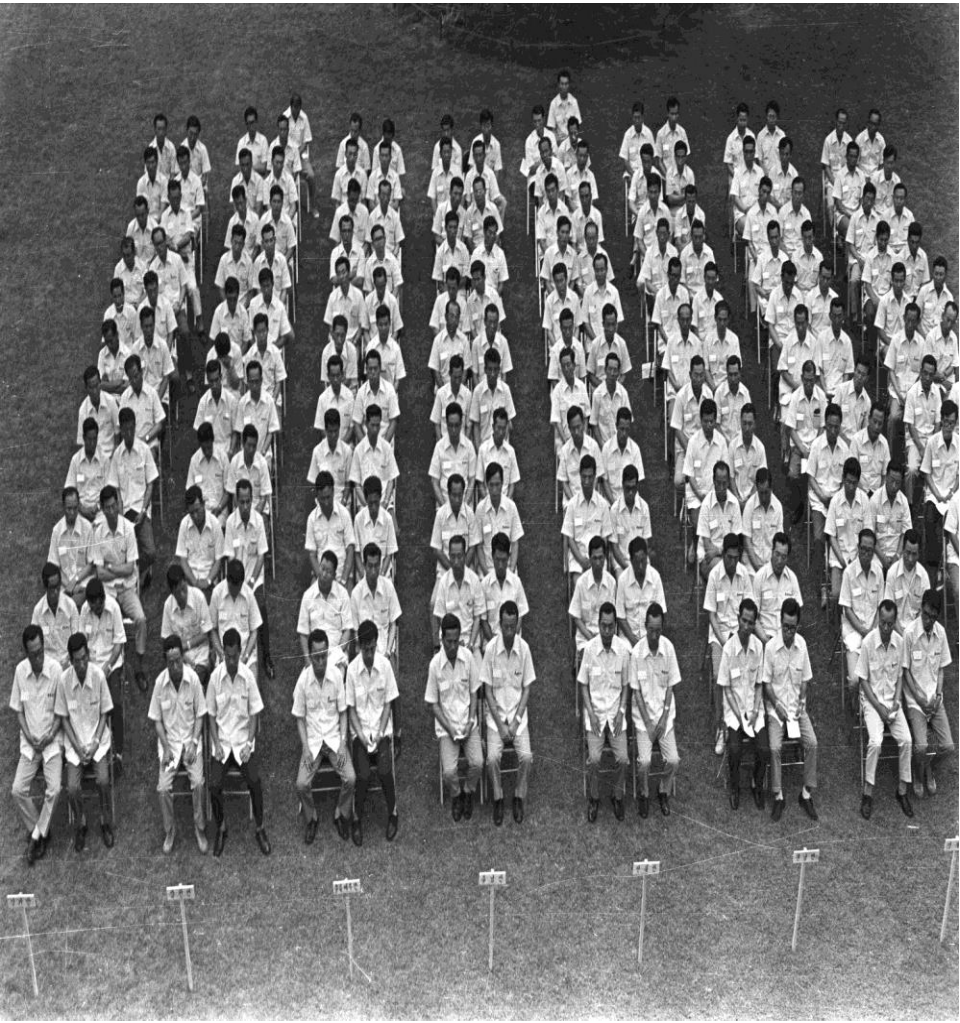
Between 1973 and 1978, a total of 2.9 billion trees were planted with a **survival rate of 90%**.



# <Box 3> Culture Building through training and education of Government Tree Inspectors

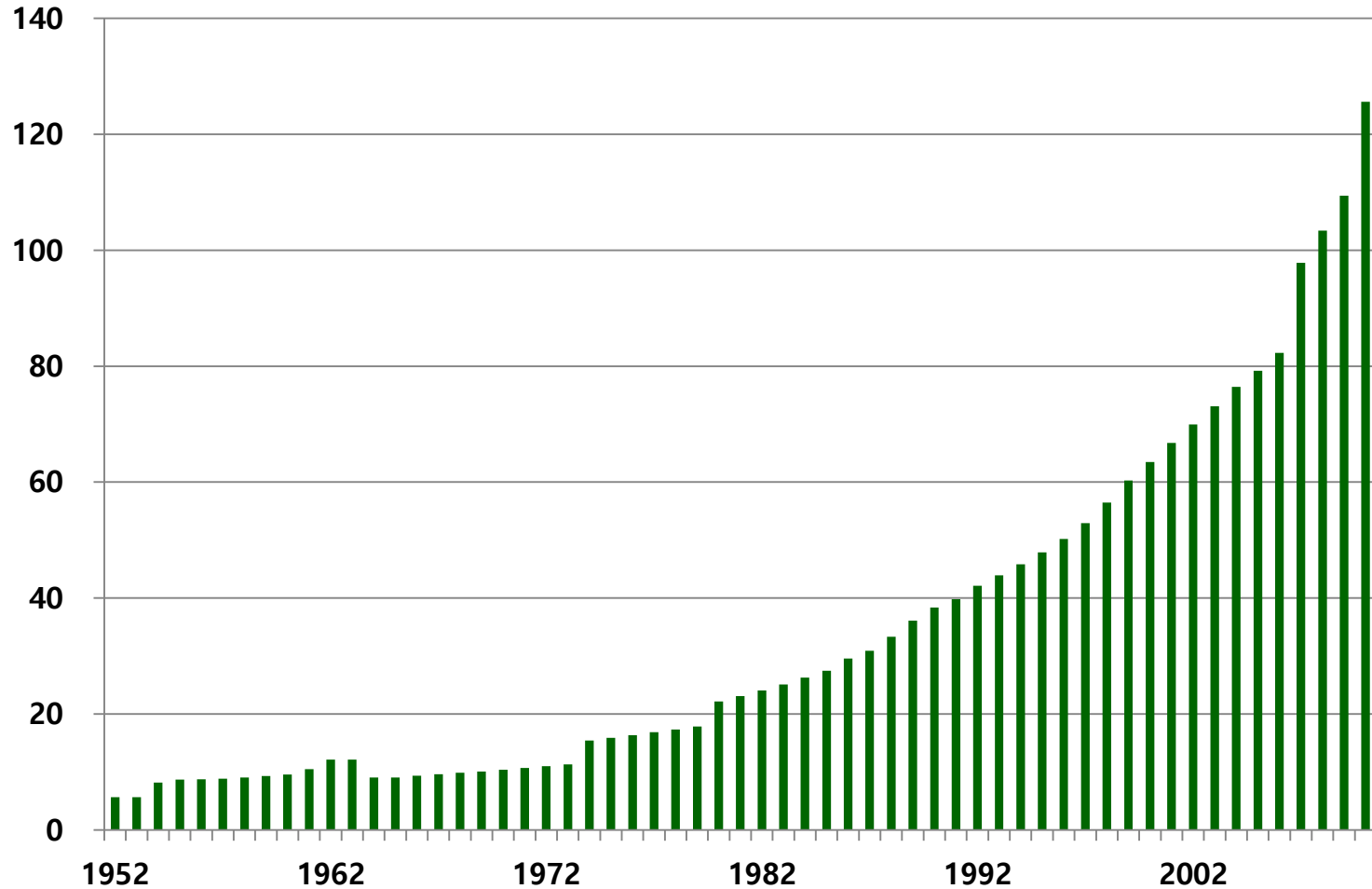


# Tree Inspectors Evaluation Contest



# <Box 4> Rapid Reforestation

## Stock Volume of Trees ( $\text{m}^3/\text{ha}$ )



# □ Making *Saemaul Movement* Self-sustainable

## *Saemaul Movement* promoted a **just and fair society**

- In 1973, the government set a **target** of increasing rural income by **3.3 times within 8 years** (420 thousand won → 1,400 thousand won). Village's performance was **rated** based on various indicators.
- Villages that delivered development results were recognized and rewarded with additional incentive.
- Moreover, villages that failed to show results were given a **second chance** to succeed through education where villagers were able to learn from other villages. (**4-day site visit** )

# Measurable *Targets* and Rewarding Performance during implementation of *Saemaul* Movement

Project	Required Factors	
	Self-help Village	Self-reliant Village
1. Farm Roads	<ul style="list-style-type: none"> <li>• Completion of village roads</li> </ul>	<ul style="list-style-type: none"> <li>• Completion of main road to village</li> </ul>
	<ul style="list-style-type: none"> <li>• Improvement of village Roads</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of bridges less than 20 meters</li> </ul>
2. Housing Environment	<ul style="list-style-type: none"> <li>• Roof renovation for 70% of village houses</li> </ul>	<ul style="list-style-type: none"> <li>• Roof renovation for 80% of village houses</li> </ul>
	<ul style="list-style-type: none"> <li>• Embankment of creeks</li> </ul>	<ul style="list-style-type: none"> <li>• Fence-remodeling for 80% of village houses</li> </ul>
3. Farming Base	<ul style="list-style-type: none"> <li>• Irrigation of farmland : over 70%</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Farmland irrigation : over 85%</b></li> </ul>
	<ul style="list-style-type: none"> <li>• Reclamation of streams in villages</li> </ul>	<ul style="list-style-type: none"> <li>• Reclamation of streams surrounding villages</li> </ul>
4. Cooperative Life	<ul style="list-style-type: none"> <li>• must have one or more of the following: town hall, warehouse, workshop, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• must have two or more of the following: town hall, warehouse, workshop, etc.</li> </ul>
	<ul style="list-style-type: none"> <li>• Total assets in village fund must be over <b>500,000 Won</b></li> </ul>	<ul style="list-style-type: none"> <li>• Total assets in village fund must be over <b>1 million Won</b></li> </ul>
5. Income Projects	<ul style="list-style-type: none"> <li>• must have one or more community income creation project</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of non-farming income project</li> </ul>
	<ul style="list-style-type: none"> <li>• Average annual income per household: over <b>800,000 Won</b></li> </ul>	<ul style="list-style-type: none"> <li>• Average annual income per household: over <b>1.4 million Won</b></li> </ul>

In 1972, the share of H-class (Self-Reliant) village was only 7% of all villages. By the end of 1979, the share of H-class villages reached 97% of all villages.

< Rating of villages according to the performance in *Saemaul* projects, % >

	Self-Reliant village (High-class)		Self-Help village (Medium-class)		Basic village (Low-class: underdeveloped)		Total number of village	
	No. of village	%	No. of village	%	No. of village	%	No. of village	%
1972	2,307	7	13,943	40	18,415	53	34,665	100
1973	4,246	12	19,763	57	10,656	31	34,665	100
1974	7,000	20	21,500	62	6,165	18	34,665	100
1975	10,049	29	20,936	60	4,046	11	35,031	100
1976	15,680	45	19,049	54	302	1	35,031	100
1977	23,322	67	11,709	33	0	0	35,031	100
1978	28,701	82	6,114	18	0	0	34,815	100
1979	33,893	97	976	3	0	0	34,871	100


# <Box 6> River Banks Improved: prevention of flood and drought

< Total length of river banks and irrigation facilities installed: 1971-78 >

	National total	Per village
River banks	7,839 km	238 m
Water reservoir	24,140	0.7



# □ Monitoring the delivery of government material support



## Preventing corruption and misallocation of resources (eg. cements)

- A lot of policy effort and hard work went into tracking the procurement and use of cements when implementing rural development policy.
- **“Every bag of cement in every village”** was checked and verified by the local government and village.

경기도 관재 수물 대장 (영. 외.)

월	일	적	요	입	소	총	소	반	장	잔	소	용	대	반	합	사	과	아	관	지	의	비	고	
12	31	신라원세이경음			300					300														
1	13	"			200					500														
4	23	1번양자 (인공양자)				29				471		29												
		3번양자 (부양양자)				10				461		10												
		4번 (부양양자)				21				440		21												
		5번 (인공양자)				30				410		30												
24		2번양자 (인공양자)				10				400		10												
11		원자 (300) 3번양자				20				380		20												
		3번양자 (부양양자)				17				363		17												
		4번 (부양양자)				11				352		11												
25		(인공양자)				21				331		21												
		(부양양자)				28				303		28												
		(인공양자)				26				277		26												

← Distribution Log for Cement in Chulpo-Ri Village in 1972

“Every empty bag of cement should be returned”

## □ Village leaders were important to *Saemaul Movement*

Village leaders were elected by village members: **one-male** and **one-female** for every village. Village leaders were **trained in leadership** with new **work ethic** and **gender equality**.

\* Village leaders were **volunteers with no pay**.

☞ This allowed villagers **to take ownership !!**

**Women leaders** played important role : Women actively participated in promoting **social reforms** such as **drinking and gambling** through community campaigns.

# Election of Village Leader





To advocate against gambling, the *Saemaul* Women's Association in some villages collected playing cards and held a burning ceremony.



# Map of **Role Model Villages** near Saemaul Leaders Training Institute in Suwon <sup>47</sup>





### **3. Conclusion and lessons**

## □ Lessons from Korea's Experience

**Governance and education** were critical to the **implementation** of policies and reforms, and ultimately Korea's transformation.

- **Good governance** means setting clear and measurable targets, and monitoring and evaluation.
- Moreover, a new *culture* of doing things was promoted to ensure new policies or reforms being sustainable: such as rewarding **performance**, promoting **accountability** in government, and **policy coordination**.

## □ Lasting Impact of *Saemaul* Movement

▶ A survey in 2008 showed the movement's lasting impact, when it was named as the **most important national event in Korea for the past 60 years.**

National event	
1. New Village ( <i>Saemaul</i> ) Movement	40.2%
2. Seoul Olympic in 1988	30.1%
3. 5-year Economic Development Plans	29.9%
4. Kyungbu Express Highway	18.8%
5. Seoul World Cup 2002	15.1%

▶ **Gold Collection Movement** after 1997 financial crisis was a grass-root movement driven by the ***Saemaul Women's Association***, and reflects the self-help spirit.

**Gold Collection Movement** after 1997 financial crisis was a grass-root movement driven by the **Saemaul Women's Association**, and reflects the self-help spirit





## □ What are the lessons of Korea's *Saemaul* movement

- ▶ 1. Initial conditions, the social economic preconditions can not be ignored.
- ▶ 2. Fiscal soundness is critical maybe even a precondition.
- ▶ 3. Project success depends on **governance** and **leadership** at local level – learning from each other and gender equality
- ▶ 4. **Monitoring and evaluation** is key minimizing leakage and corruption and building public trust.
- ▶ 5. Supporting institutions such as village credit coops and women's associations are important for self-sustainability.

# <Annex> Comparison of Korea and other developing countries

Factor	Korea in the 1970s ( <i>Saemaul Movement</i> )	Other developing countries
Initial Pre-conditions	Relative equality, i.e. land reform, high literacy rate, Supporting institutions	Relative high inequality; Low educational attainment, Low institutional capacity
Fiscal Soundness	Strong tax reform in 1966	Weak capacity to collect taxes, budget dependent on foreign aid
Local Governance and leadership	Open and participatory “democratic ownership,” and education	Weak leadership
Monitoring and evaluation	High administrative capacity and mechanisms for promoting mutual accountability (i.e., cross check/inspection)	Weak administrative capacity and mechanisms for promoting accountability - cronyism and corruption widespread
Supporting Institutions	Institutional legacy such as credit coops	Weak or lack of institutional basis