Implications of Korea’s Saemaul Undong for International Development Policy: A Structural Perspective*

Huck-ju Kwon**

Abstract: Development strategies based on neoliberal theories and good governance have failed to achieve clear outcomes. This paper examines the Saemaul Undong movement in Korea with the contention that it can provide a missing link between market- and state-oriented development policy. Saemaul Undong contributed to social and economic development in Korea not only as a self-help community movement but also as a mechanism of social inclusion. Its success was based on a social structure that was made more open to upward mobility by the land reform of the 1950s. A negative aspect of Saemaul Undong is that it was promoted by the government to mobilize political support for authoritarian President Park Chung Hee. In order to draw policy implications from Saemaul Undong for international development, it is necessary to consider the social and political context of the developing countries under consideration.

Keywords: Saemaul Undong, community movement, land reform, social inclusion, development

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INTRODUCTION

Although the quality of life we enjoy is higher than ever before, a billion people still live in absolute poverty. In order to fight poverty, it is necessary for the developing countries, where the majority of poor people live, to achieve both economic and social development. Nevertheless, it is clear that the developing countries cannot tackle poverty by themselves. The governments, civil society organizations, and citizens of the developed countries should participate in the fight against poverty. Multilateral agencies such as the United Nations, World Bank, International Monetary Fund, and Organization for Economic Cooperation and Development have also worked hard to reduce poverty and promote development.

One way to help developing countries is to provide financial assistance. Another is to share the development experience of countries that have made a successful transition from poverty to an industrialized economy in order to suggest development policy options. In the latter context, this paper will examine the Saemaul Undong movement in Korea from a structural perspective—what socioeconomic conditions made the movement successful, and what role it played in the transition from a predominantly rural economy to a modern, industrialized one—and seek policy implications for the international development debate.

Saemaul Undong was initiated by the government in 1971 as a rural community movement. Through it, the government provided small startup subventions for projects to develop local communities economically. For example, the government allocated material for constructing village roads, bridges, electrification infrastructure, and storage sheds crucial for these communities’ economic development. Villagers provided free labor for these projects. Government subventions accounted for 20 to 30 percent of expenditures, local residents’ labor and other contributions constituted another 30 to 60 percent, and private donations and bank loans provided the rest (Kim 1991).

The government spent on average 2.5 percent of GNP per year on the Saemaul Undong projects—an immense amount of social spending, given that there was a strict, means-tested public assistance program in place. These policies were combined with a nationwide campaign to mobilize human resources and change attitudes. Saemaul Undong was a social endeavor that combined aspects of a social fund program and a community movement. This paper will explore the lessons it offers for the current policy debate.
APPROACHES TO DEVELOPMENT POLICY

During the early 2000s, international development policy emphasized good governance as a development strategy, arguing that poor performance in economic development and poverty reduction in many developing countries stemmed from inadequate governance (Grindle 2004). The good governance approach was a response to failures in past state- and market-centered development policy paradigms. Gough and Wood pointed out that the lack of effective and efficient state and market institutions in many developing countries is the main obstacle to development (Gough and Wood 2004, 15). In many developing countries, market institutions are not working well in producing goods, and the state is captured by special interests instead of functioning as a neutral actor to manage different social interests. They maintained that good governance of those institutions is a necessary condition for overcoming such difficulties and achieving development.

Good governance requires, among other things, trust between people. The simple fact that there are institutions in place does not necessarily mean that they are working effectively. It is necessary for public and private actors to work together. This involves rational discussions, persuasion, and coordination. Development strategy based on governance theory is an effort to synthesize state- and market-centered paradigms of development, which are often seen as competing.

The Millennium Development Declaration, in which 189 heads of state and leaders of government pledged in September 2000 to do their best for the people suffering from poverty, hunger, and disease, aimed to reduce poverty in the world by half, based on a strategy of good governance. The World Bank and the UN Millennium Project, head by Jeffrey Sachs, emphasized the importance of good governance as a way to achieve the Millennium Development Goals (MDGs) in general and poverty reduction in particular (UNDP 2005). This led to an emerging consensus among global institutions and policy commentators that good governance would bring about poverty reduction.

After some years of implementation, however, the MDGs show a mixed outcome. The goal of reducing the number of people living in poverty by half by 2015 is expected to be met on a global basis (World Bank 2005b). This is good news for the MDGs. The somber truth is, however, that progress is unequal among the regions of the world and within nation states. China’s economic growth accounts for a great deal of poverty reduction in the world, while regions like sub-Saharan Africa, Latin America, and parts of Southeast Asia have not made significant progress (UN Millennium Project 2005). Therefore, it is hard to say that we are on track to success in achieving MDG 1. Some commentators maintain that good governance does not necessarily lead to

From this empirical observation emerges a doubt about the effectiveness of current anti-poverty strategies in developing countries. If market solutions are not enough, and good governance does not produce the intended outcome of poverty reduction, what is the missing link? This paper argues that a program like Saemaul Undong could link state, market, and civil society efforts for poverty reduction.

Among the many successful community movements, Saemaul Undong in Korea deserves a close examination because it shows that a community movement and the state can work together for poverty reduction. Saemaul Undong was able to bring about people’s active participation in the development project, which is often missing. This paper will first examine the historical conditions for the success of Saemaul Undong and its role in linking state, civil society, and grass-roots participation in development. It will examine the land reform that took place in Korea in the late 1940s and 1950s and the conditions that were instrumental in Saemaul Undong’s success. Finally, it will show that Saemaul Undong was not only a community movement but also multifunctional links for development policy that the state could implement for economic development and poverty reduction. The paper will explain how Saemaul Undong contributed to the Korea’s social and economic development through multiple functions such as social inclusion and income generation mechanism.

**HISTORICAL BACKGROUND: LAND REFORM IN KOREA**

Land reform has been a controversial issue in the development debate.¹ Some argue that it is a prerequisite to successful economic development, while others argue that it inevitably brings about political turmoil, which disrupts economic development. A body of literature has pointed out that successful land reform in the late 1940s and 50s in Japan, Korea and Taiwan was strongly related to economic development and poverty reduction (e.g., World Bank 2006). Access to even a small amount of land can provide a source of self-employment and an important safety net for the economic contingencies that occur over a lifetime (Dasgupta and Ray 1987; Deininger andBinswanger 1999). Land ownership also affects economic growth through investment in soil improvement and farming tools—an effort that owners are much more likely to make than tenants, because it improves their assets.

Despite this positive relationship between equitable landownership and agricultural

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¹. This section draws extensively on the author’s previous work in Kwon and Yi 2009.
productivity, it is not necessarily true that there has been a direct positive relationship between land reform and economic development in Korea. Economic development in Korea was not mainly based on the growth of the agricultural sector (Adelman 1997), and some scholars see the land reform as a failure since it did not create an agricultural sector that was dominated by middle-class farmers (Hwang 1985). The mechanism by which land reform contributed to economic development has been discussed in depth elsewhere. This paper will focus on the link between the land reform and Saemaul Undong.

The land reform, which took place in three waves from 1946 to 1955, gave people who had been tenants of Korean and Japanese landlords under the Japanese rule (1910-1945) the opportunity to become independent farmers. After World War II, the American military government (1945-1948) took the first step of the land reform in 1946. It limited peasants’ rental payments for land to one-third of the value of the land’s annual harvest, which was a drastic reduction. In 1948, the American military government sold land that used to belong to the Japanese Oriental Development Company (later the New Korea Public Company) to tenants for prices equivalent to three years of harvests.

Affected by the socialist land reform in North Korea, the sovereign Korean government, established in 1948, promulgated a series of land reform laws in 1949 and implemented them from 1949 to 1955. These included three basic principles with more emphasis on equality than growth: (1) only those who are actually farming can own farm land; (2) land can be owned up to a maximum of three chungbos (hectares); and (3) farmers cannot contract out their land to others for farming (Sin 1988). Based on these principles, the government bought land from those who owned more than the maximum or did not farm it themselves, and sold it to those who had farmed it as tenants.

Although some landowners sold their land before the implementation of the land reform, more than 60 percent of the land was bought by government. Landowners were paid with government bonds, while tenant farmers were able to buy the land from the government for a price equivalent to one and a half times the annual harvest, which they could pay over a three-year period (Kim 1997, 307). In 1945, 65 percent of farmers

2. There are three main explanations of the political rationale for the land reform. The first stresses that peasants suffered the most from Japanese rule while many landlords were seen as collaborators with the Japanese. The second explains that President Syngman Rhee wanted to undermine the economic basis of the conservative political elite, many of whom were landlords. The third argues that land reform was a US counter-revolution against the communist threat. The United States recommended land reform not only to the Korean but also the Taiwanese governments (Kim 1976).
were tenant farmers; by 1951, after the land reform, the figure was 8.1 percent.

It would be fair to say that the land reform in Korea was successful in that it helped farmers to own their own land. The inequality of land ownership was reduced sharply. For example, in Yongmun village in Chungnam Province, the Gini index of land ownership came down from more than 0.63 to less than 0.50 (Cho 2003, 297), while the productivity of farming increased.

The land reform provided two vital conditions for success of the Saemaul Undong. It created farmers who owned their own land and whose economic interest was in line with community development in rural areas. The core program of Saemaul Undong was the construction and renovation of community infrastructure. For independent farmers, modernization of the infrastructure of their community would directly lead to increased productivity of their own agricultural land. Tenant farmers would not necessarily see the direct benefits of such efforts.

Saemaul Undong was launched in April 1970 when President Park addressed rural residents and local officials during a visit to the southeast region. He said:

We need to support ourselves to develop our villages. With aspirations of self-help, self-reliance and cooperation, we can make our village rich and turn it into a good place to live. (quoted in Oh 2002)

At first glance, these remarks seemed to emphasize that people in rural communities should not expect the state to help them but should help themselves. Therefore, the key idea of Saemaul Undong is self-help, which is then extended to self-reliance and cooperation. Citizens who participated in the Saemaul Undong movement needed to contribute their labor and other resources to community projects. Government support, mostly in the form of raw materials and occasionally financial subsidies, accounted for only a small part of what was necessary.

There was significant support for Saemul Undong in rural villages, according to newspaper reports in the early 1970s (Kim 2004). Such energetic voluntary participation at the grassroots level was made possible not only by government mobilization but also by the genuine prospect for a better quality of life. Support for Saemul Undong is shown in table 1.

Secondly, land reform boosted the expansion of education which would then became a catalyst of Saemaul Undong. Families in rural areas who now owned their own land and experienced higher productivity were able to send their children to school instead of to the paddy fields (Cho 2003). The community leaders of Saemaul Undong who were equipped with necessary education were able to organize the movement effectively.
Education was the biggest item in the government budget after defense in the late 1950s and 60s; this resulted in the astonishing record of educational expansion compared to other developing countries that reinforced the effect of the land reform on education. The number of students from both rural and urban backgrounds increased 370 percent for liberal arts secondary schools, 299 percent for vocational high schools, and 1,292 percent for higher education from 1945 to 1959; and the literacy rate reached almost 90 percent in the late 1950s (USAID 1959; Cho and Oh 2003, 283). In short, the land reform not only sharply reduced the inequality of landownership, it also played a powerful role in reducing poverty and increasing the level of education in the rural population.

SAEMAUL UNDONG AS A MECHANISM FOR SOCIAL INCLUSION

Another important aspect of Saemul Undong is its role in promoting social integration during Korea’s rapid industrialization. A large body of literature on Saemul Undong has agreed that it contributed to economic development in Korea during the 1970s. While this is certainly true, it is also necessary to take a balanced point of view. Economic development in Korea in the 1970s and 1980s was mainly driven by industrialization, with a smaller contribution by the agricultural sector (Adelman 1997). The number of employees in the agricultural sector decreased steadily, as shown in table 2. This suggests that the success of Saemul Undong, which took place mainly in rural agricultural communities, had only limited impact on overall economic development in Korea.

In this vein, some critics have argued that Saemul Undong was not in fact a success, in that more people left rural communities for cities in the 1970s (3.7 percent) than in the 1960s (1.3 percent) (Oh 2002). Such criticism certainly makes a point, but it is also necessary to look at Saemul Undong from the perspective of the changing structure of Korean society.

Table 1. Growth of Saemul Undong

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</thead>
<tbody>
<tr>
<td>Supporters in rural areas(^a)</td>
<td>72</td>
<td>320</td>
<td>675</td>
<td>373</td>
<td>489</td>
<td>351</td>
<td>451</td>
<td>1,336</td>
</tr>
<tr>
<td>Total supporters(^a)</td>
<td>72</td>
<td>320</td>
<td>693</td>
<td>1,069</td>
<td>1,169</td>
<td>1,175</td>
<td>1,372</td>
<td>2,709</td>
</tr>
<tr>
<td>Projects in rural areas(^b)</td>
<td>385</td>
<td>320</td>
<td>1,093</td>
<td>415</td>
<td>696</td>
<td>630</td>
<td>2,200</td>
<td></td>
</tr>
<tr>
<td>Total projects(^b)</td>
<td>385</td>
<td>320</td>
<td>1,093</td>
<td>1,099</td>
<td>1,598</td>
<td>887</td>
<td>2,463</td>
<td>2,667</td>
</tr>
</tbody>
</table>

\(^a\) millions; \(^b\) thousands

Source: Oh 2002.
Korea’s economic development has been primarily industrial: first in the form of import substitution, second through exports, and third through heavy and chemical industry. After the 1990s, the economic strategy shifted to advanced technology-based industries such as information technology, electronics, and automobiles. Given that development was not based primarily on agricultural or raw materials, the assessment of Saemaul Undong needs to take the path of industrialization into consideration. In this context, we can approach Saemaul Undong from a structural point of view and ask how it contributed to the structural transition of Korean society from predominantly rural to modern and industrialized.

Many developing countries that had initial success in industrialization could not sustain it. Argentina, Brazil, and the Philippines are examples. One of the main reasons for their failure to achieve sustainable growth was their extreme social inequality and inability to tap the huge reservoir of human resources in the rural areas (Kohli 2004; Kwon and Yi 2009).

In contrast, underlying Korea’s successful and sustained industrialization was the fact that rural areas were not left behind in the social transformation. On the contrary, people in rural areas supported a vital core of industrialization, that is young and educated workers from rural areas. Rural families provided a skilled and educated workforce for industrializing urban areas. This was possible because of mass education and the land reform that took place from 1946 to 1955. The land reform also seriously weakened the landowning class, who might have hindered the structural changes of industrialization, and provided a vital source of income to families in the agricultural sector.

In 1961, the Korean government adopted poverty-reduction policies such as elimination of usurious loans in rural areas. Usury had been widespread, embedded in an economy based on subsistence agriculture. Shortly after taking power in 1961, the military government enacted measures to ensure that loans were registered. Farmers with high-interest debts could transfer them to agricultural cooperatives—nationwide farm-

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**Table 2. Employees by Industry (percentage)**

<table>
<thead>
<tr>
<th></th>
<th>Agriculture and forestry</th>
<th>Manufacturing and mining</th>
<th>Service</th>
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<tbody>
<tr>
<td>1966</td>
<td>57.89</td>
<td>10.48</td>
<td>31.27</td>
</tr>
<tr>
<td>1971</td>
<td>48.44</td>
<td>14.19</td>
<td>37.37</td>
</tr>
<tr>
<td>1978</td>
<td>38.41</td>
<td>23.15</td>
<td>38.44</td>
</tr>
<tr>
<td>1985</td>
<td>24.94</td>
<td>24.44</td>
<td>50.62</td>
</tr>
<tr>
<td>1990</td>
<td>18.25</td>
<td>27.32</td>
<td>54.42</td>
</tr>
</tbody>
</table>

ers’ organizations—that offered a longer grace period and lower interest, while lenders received a bond from the cooperatives. Further usurious practices were made illegal afterwards. Agricultural cooperatives began to play the role of formal rural credit institutions where loans were traded competitively and effectively. They could respond to credit needs among specific crop growers, or in specific regions, with their diversified loan portfolios.

Saemaul Undong appeared in the 1970s, after these earlier efforts had already brought major social changes to the agricultural sector. Through this movement, farmers renovated their houses, repaired village roads, built community halls, and established cooperatives. Through these projects the living standard of people in rural communities was improved and poverty was reduced drastically among rural as well as urban households (see Table 3). More importantly, the rural communities kept pace with the changes brought about by economic development.

**Table 3. Incidence of Absolute Poverty (percentage)**

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</thead>
<tbody>
<tr>
<td>Urban households</td>
<td>54.9</td>
<td>16.2</td>
<td>18.1</td>
<td>10.4</td>
<td>8.7</td>
</tr>
<tr>
<td>Rural households</td>
<td>35.8</td>
<td>27.9</td>
<td>11.7</td>
<td>9.0</td>
<td>2.8</td>
</tr>
<tr>
<td>All households</td>
<td>40.9</td>
<td>23.4</td>
<td>14.8</td>
<td>9.8</td>
<td>7.6</td>
</tr>
</tbody>
</table>

Note: The absolute poverty line was 121,000 won per month (at 1981 prices) for a five-person household. Source: Kwon 1998, 34.

Saemaul Undong did not come out of the blue; if it had, it would not have received such an enthusiastic reception. It was a historical effort that made Korea’s economic development broad-based with effective poverty reduction and relatively equal distribution of income. Despite his criticism of Saemaul Undong, Koh (2006) recognized that it brought small farmers and their families into the fold of modern citizenry. In this sense, it was an important factor in Korea’s economic success, although it did not reverse the decline of the rural sector.

**SAEMAUL UNDONG AS A FORM OF AUTHORITARIAN MOBILIZATION**

One of the key ideas of Saemaul Undong is self-help, which is extended to self-reliance and cooperation. As mentioned earlier, citizens who participated in the movement contributed their labor and other resources to community projects. The government’s contribution of raw materials and (occasionally) finances accounted for only a
small part of the movement’s support. Furthermore, people came together and discussed what projects their communities needed. In a nutshell, this was a quintessential community movement. There was great enthusiasm at the grassroots level for Saemaul Undong (Kim 2004). This energetic voluntary participation was the linchpin that linked economic development to poverty reduction. This could be a vital lesson for many other developing countries.

Nevertheless, critics have pointed out, and it would be difficult to deny, that Saemaul Undong was also a political mobilization tool for the authoritarian government (Lim 2004). While people voluntarily participated in the movement, they were also led to support the Park Chung-Hee regime. To understand this, it is necessary to understand the political context of the early 1970s in Korea.

Park Chung-Hee led the 1961 military coup that crushed a democratic political system. After the coup he first served as vice-chairman (later chairman) of the temporary Supreme Council for National Reconstruction until he had himself elected president in 1963. The new regime had an urgent need to give itself legitimacy. In its first year it published a five-year economic plan (building on planning that had been started under the Second Republic), in which it presented the coup as a revolution. The Park government shifted economic policy from import substitution industrialization to export-led development in the mid 1960s, during which the economy recorded impressive growth, simultaneously with a reduction in poverty.

During this period, GNP increased rapidly and unemployment fell sharply, as table 4 shows. Import substitution industrialization absorbed labor effectively; employment increased by 10 percent despite the increase of the economically active population by 12 percent (Adelman 1997, 514). From 1967 to 1971, labor-intensive industries continued to absorb labor, together with the growing service sector, which raised the income of the working population. In particular, poverty in urban areas was reduced. However, there was a clear increase in the income gap between urban and rural house-

<table>
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<tr>
<th>Major Economic Indicators in Korea</th>
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<tr>
<td></td>
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<tr>
<td>GNP per capita ($)</td>
</tr>
<tr>
<td>90 125 306 1,741 3,218 7,513</td>
</tr>
<tr>
<td>Growth rate (%)</td>
</tr>
<tr>
<td>1.6 6.8 16.1 21.3 10.7 15.2</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
</tr>
<tr>
<td>1% 2% 3% 4%</td>
</tr>
<tr>
<td>17 15 10 10 5 4</td>
</tr>
</tbody>
</table>

1 This includes both the unemployed and those working fewer than 18 hours a week. Figures in parentheses represent the completely unemployed.

2 This figure is for 1963.
holds. The average income of rural households was only 62.6 percent of that of urban households (Oh 2002, 163). There was a clear policy demand to correct this gap, and Saemaul Undong was one of the responses.

Nevertheless, politics underlay the voluntary community movement. Park Chung-Hee, serving his second term as president, was supposed to retire from politics in 1971. But he stood for a third term in 1971 after the constitution was changed. In 1972, President Park changed the constitution once again so that he could remain in office as long as he wanted. In this context, considering that the Saemaul Undong was started in 1970 by President Park, it is difficult to tell the difference between voluntary participation in the movement and political mobilization by the authoritarian government (Koh 2006).

Scholars and commentators have long debated the political nature of Saemaul Undong. It is clear that the movement has both strengths and weaknesses in its political nature. While people participated voluntarily with great enthusiasm, it is also important to recognize that this movement can be taken advantage of politically. What we can learn from the Korean experience is that one should be alert to such weaknesses when starting a community movement such as Saemaul Undong.

POLICY IMPLICATIONS

Much attention is paid to the policy implications of Saemul Undong’s micro-level characteristics. Such an approach is useful for community activists who can learn directly from the experiences of Saemaul Undong. But it is also necessary to view Saemaul Undong from a structural perspective, and investigate what socioeconomic conditions allowed it to be so successful and what role it played in facilitating Korea’s transition from a rural economy to a modern, industrialized one. With answers to such questions, we will be able to draw policy implications at the theoretical level.

Given that the core features of Saemul Undong are self-help and self-reliance for community development, this paper has argued that the land reform that created independent farmers in Korea in the 1950s was critical for the success of Saemaul Undong. Since the improvement of community infrastructure would improve the productivity of land-owning farmers, the movement was able to attract their active participation. Further, despite political mobilization efforts by the government, it is fair to say that Saemaul Undong was organized by local community leaders who knew best what their communities needed. From this observation, we can suggest that a community movement for economic development should have a social structure that would allow local people to participate voluntarily not only for community development but...
also for the improvement of their own well-being.

In terms of the structural role of Saemaul Undong, this paper has showed that it contributed to the social inclusion of rural community members in the process of industrialization. Not only did it improve the quality of life in rural areas, but it also brought the rural community into the mainstream of social change. This is a key reason that Korea’s experience of development has been strong and sustainable.

The most critical weakness of Saemaul Undong today is that it seems to remain in its old form. Its present image and understanding are still set in the context of Korean society 30 years ago. Its antiquated form of understanding is becoming irrelevant to Korean society and other societies in the developing world. The challenge facing us is to transform Saemaul Undong so that it can continue to provide useful guidelines for community movements.

It is also important for Korean scholars and community movement activists to understand developing societies and their social challenges. Attempting to transfer the Korean experience to other societies without understanding those societies is often futile. International collaboration is essential, for example in the form of academic workshops and common community projects. The role of the Korean government will be critical to ensuring that those collaborations take place.

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Implications of Korea’s Saemaul Undong for International Development Policy


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Saemaul Undong was a long-term, top-down initiative by an authoritarian ruler to organize villages into semi-autonomous collectives and empower them to work their way out of poverty by building roads, irrigation systems, and housing. It aimed not only to enrich the countryside and create a national infrastructure, but also to transform the culture of defeatism and passivity that reigned in the country after years of occupation and war.¹