South Korea’s Future Place in the Economy

(“The World Factbook”)
Current Situation:

South Korea’s economy now has hit a plateau, so their future economic growth will depend on the redefining and restructuring of their economic policy, by possibly “encouraging innovation and entrepreneurship, promoting by merit rather than seniority and opening the door to immigrants” (Ramstad).
S. Korea Economic Growth
Inflation adjusted

% change


(Conerly)
Strengths

- has had quick growing economy (Conerly).
- increase in newer technology, industrialization (Forsberg).
- big market in exports (Conerly).
- People look up to their technology and their growth from exports and use them as an example (fastest broadband connection in the world) (Forsberg).
- Very innovative– building Songdo, the “city of the future” = green +high tech (Day).
- Beat out china and japan because they sell things cheaper (Day)
Challenges

- Threat of North Korea
- Europe’s debt crisis is greatly affecting Korea’s exports (Seo)
- Government is too involved with economy and is supporting the big “chaebol” companies who do not need help ("South Korea's Industrial")
- Stuck on Confucian values
- Value of won decreasing (Conerly).

("South Korea’s Industrial")
Challenges cont...

- **Job Conflicts** *(High Unemployment among the educated)*
  - Not enough people to for jobs— low birthrate and aging population (Ramstad).
  - Lack of women in the workforce because of culture (Ramstad).
  - People are not applying to lower-paying/ lower- skilled jobs (Ramstad).
  - Rare permanent immigration bc work law only them permits them to stay at Korean- own companies for 5 years (Ramstad).
Future Position in the World Economy?

Currently South Korea has the…
15th best economy in the world
$25,255 per capita income
6% annual growth, soon to be 3-4.5%

South Korea wants to have… by 2018
World’s 7th largest economy
$40,000 per capita income
7% annual growth

If they have more productivity improvements and greater employment of women and the elderly, South Korea may reach their targeted goal (Ramstad).

("The World Factbook")

("South Korea’s Industrial")
What Korea Plans on Doing...

- Korea plans on introducing 9 new innovative technologies, one being Wi-Bro, to help raise the Korean gross domestic product to $20,000 per capita from $12,600 in 2003 (Forsberg).

- Expanding their technological experience to other countries, starting with the United States (Forsberg).

- South Korean President Lee Myung-bak acknowledges that there needs to be reform of the social norms, practices, and traditions in order to advance and believes they should try and change (Ramstad).

- Making inroads in to other emerging markets such as India (Seo).
Suggestions from Other Observers...

- Focus on smaller companies
  - Stop investing in “zombie” and bankrupt firms (Noland)
- Needs to promote merit instead of seniority (Ramstad)
- Allow more immigration (Ramstad).
- Keep up with the consumer boom (Noland).
- Korean government needs to stop micromanaging the economy ("South Korea's industrial")
- Slow growth rate, prevent further inflation
Thank YOU!

(“The World Factbook”)

The World Factbook


