
KOREA AND A NEW WORLD ORDER

On the Occasion of the 50th Anniversary of Liberation

With the 20th century about to close and the 21st century on the horizon, the old economic and political orders are gone and a new world order is emerging. The changes in the world environment have been swift and fundamental. A series of events since the mid-1980s, such as the disintegration of the Soviet Union, the fall of the communist regimes in Eastern Europe, and the unification of Germany, mark the end of the post-World War II world order.

International trade relations are also undergoing major changes. The changes have resulted from the 'push and pull' between the two opposing forces, namely, economics and politics. On the one hand, economic efficiency provides a strong *raison d'être* for free trade. On the other hand, the political power considerations have a destabilizing influence on free trade.

Korea itself has undergone a monumental transformation. Although it is a small country with limited natural resources, Korea has demonstrated a remarkable potential for economic development starting in the early 1960s and has emerged as one of the leading countries among the NICs.

While Korea has recorded an exceptional growth owing to the expansion of exports, the emerging new world order may be a threat to the Korean economy. It could, however, turn the changing world environment to its advantage. After all, the historic task of entering the threshold of developed countries was not realized without some difficulties. Domestically, Korea entered the 20th century without adequate preparation for economic growth and went through many hardships, especially during the first half of this century. It has also gone through many radical changes, e.g., the military takeover of the government and numerous political upheavals.

Yet, Korea has succeeded in overcoming numerous obstacles and has dramatically improved its economy. Although considered underdeveloped two decades ago, Korea successfully hosted the 1986 Asian Games and the 1988 Olympics. It brilliantly transformed itself from a poor country to a rapidly developing one, by implementing pragmatic and flexible policies. The sequence of development strategies adopted could lead to responding to changes in comparative advantage. It initially followed a growth strategy based on the use of human resources and import substitution. In the next stage, it shifted its strategy of development to one based on technology intensive production and exports.

On the occasion of celebrating the 50th anniversary of its liberation on August 15th, 'the land of morning calm' should stay alert to threats, but also be ready to exploit opportunities. With its growing economic power, South Korea could expand its role in the world community, and enhance the stability of North-South Korean relations, which in turn would bring about national unification. Every effort should be made to sustain the current momentum in the years ahead so that Korea can join the G7 advanced economies by the year 2010.

This issue is dedicated to the 50th anniversary of Korea's liberation from foreign domination, by reflecting upon its past, assessing the present, and speculating on the future role of the Korean economy in establishing a new world order.

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