

Adopting Development Experiences from South Korea: Difficulties and Opportunities that

Vietnam Faces:

A Comparative Paper of Political System, Culture and Economic Development of Vietnam and

South Korea

Bich Thi Ngoc Tran

Illinois State University

Abstract:

South Korea, one of the poorest nations in the 1960s, has become one of the most developed countries in the 21st century. The Miracle by the Han River becomes the model for many countries to follow. Among those countries is Vietnam. Vietnam and South Korea share similarities in history and culture. Yet, Vietnam in spite of having forty years of reunification and independence with a better starting point in terms of economic potentials than South Korea, now lags far behind South Korea. With its attempt to develop, Vietnam looks to Korea development's model. However, while adopting the model, Vietnam is facing both opportunities and difficulties internally and externally.

This will be a comparative paper about the political system, culture, and economy in Korea and Vietnam. The first part of the paper will provide similarities and differences between the two countries in the above regards. The second part will be a discussion about Vietnam's adoption of the Korean model of development. The third part will present difficulties and opportunities that Vietnam is facing in adopting the model. The last part will contain suggestions for development in Vietnam.

Keywords: comparison, development, South Korea, Vietnam.

Introduction of development in South Korea and Vietnam

South Korea

South Korea since its establishment in 1945 through the 1960s was one of the poorest countries in the world. The short documentary by the Korea Foundation “Secrets behind Korea’s Economic Success” is devoted to the country’s miracle of development. The “Miracle by the Han River” has brought Korea from the poorest country with \$67 income per capita in 1953 to one of the richest with \$26,000 income in 2013.

Korea’s success key lies in education, economic reform, and political stability. As the military came to power in 1961, the country started to change its image with the leader’s determination. By establishing an economic planning board and promoting big conglomerates, Chaebols, the economy achieved an amazing growth rate during the 1970s, which allowed Korea to consolidate its development economically.

As the economy achieved its goals, the Korean society also started to transform. From a dictatorial country, and later under years of authoritarian leadership, Korea has transformed into an advanced democracy. With the rise of civil society, democracy is being consolidated in the country. As of 2014, Korea is one of the most developed countries with GDP/capita of \$33,200 and the 12th largest economy in the world, as listed by *Forbes* in December 2014.

Vietnam

Vietnam has been seen as a fast-growing country. The World Bank overview of Vietnam reports that after nearly twenty years of economic reforms, Vietnam has grown from a country with income below \$100 per capita in 1986 to 2014 where the income has increased to more than \$2,000 per capita. The report also mentions the country’s “Millennium Development Goals” (MDG) achievements, emphasizing that Vietnam achieved most and in some cases surpassed a number of the MDGs, particularly the goals of poverty reduction, education, and gender equality.

However, the World Bank 2014 report on Vietnam’s development recognizes challenges that the country is still facing. Though the country has an abundant young labor force, the workers are not skillful enough to meet the employee’s demands. Thus, compared to other

regional countries including Thailand and Malaysia, Vietnam is lags far behind. Vietnam is still known for light industry and agriculture. Economic value and human per capita value are still very low.

While it is true that the state-led-market economy has played an important role in economic and social development in Vietnam, in comparison to neighboring countries, Vietnam is still facing huge challenges. The question is that should the Vietnamese government have been done better by any chance or not taking the starting point and the ending point that the country had.

Vietnam-Korea relations

According to the website of the Embassy of Vietnam in Seoul, Korea, Vietnam and South Korea established official relations in 1992. Since then, South Korea has become one of the most strategic economic partners of Vietnam. The two countries also signed free trade agreements to foster the economic relationship on May 28, 2015. *Vietnamnews*, one of the most read on-line newspapers in Vietnam, quoted the head of the North East Asian Bureau under the Ministry of Industry and Trade-Pham Khac Tuyen's statement that the recent trade agreement is "a significant competitive advantage over other competitors in the region such as China, Indonesia, Malaysia, and Thailand" (<http://vietnamnews.vn/learning-english/271047/viet-nam-and-s-korea-strike-a-trade-deal.html>). The trade agreement allows Vietnam to be the first country to export products such as garlic, ginger, and honey with tariffs reduced to zero percent over the next 10-15 years. On the other hand, Korean products will also enjoy the market in Vietnam. In addition, South Korea is also one of the major countries investing in Vietnam. According to the Foreign Investment Affairs of Vietnam, in 2014 Korea was the biggest foreign direct investor in Vietnam with 37.72 billion US dollars.

Time Period	2008	2009	2010	2011	2012	2013	2014	2015
Recipient(s)								
Afghanistan	4.02	24.09	93.68	27.99	78.5	122.41	64.36	54.6
Bangladesh	8.05	13.55	54.67	80.02	46.76	44.71	68.06	52.16
Cambodia	34.66	17.05	37.33	62.23	56.15	60.54	68.62	65.85

Indonesia	18.94	27.76	24.44	24.29	37.23	31.5	21.49	39.55
Laos	11.57	25.14	27.75	33.48	23.52	27.07	28.98	87.63
Mongolia	16.47	32.26	39.15	30.5	31.79	27.67	30.76	24.2
Myanmar	4.37	1.95	3.25	4.81	6.04	11.72	17.29	21.23
Nepal	4.69	18.07	20.78	20.97	20.77	17.09	14.44	17.56
Pakistan	1.73	1.96	19.47	11.74	7.09	35.85	12.91	5.74
Philippines	21.16	22.07	29.54	35.69	31.33	42.74	60.93	44.04
Sri Lanka	20.3	15.5	43.47	43.36	51.49	44.93	44.78	27.46
Timor-Leste	2.18	1.77	1.82	7.02	7.55	3.6	4.02	9.01
Viet Nam	53.22	57.53	96.04	139.49	200.32	234.56	178.84	217.16

***These data are an excerpt from Aid (ODA) disbursements to countries and regions [DAC2a] (Query Wizard for International Development Statistics, OECD)

The two country's relations are developing beyond their economic scope. South Korea has become one of the major Official Development Aid (ODA) donors of Vietnam. Among Korea's ODA-receiving Asian countries, Vietnam received the most aid with 234.56 million US dollars in 2013 and always remains the Asian country that enjoys most ODA from Korean government in 2014 and 2015 with 178.84 and 217.16 million US dollars respectively. As provided in Korea.net, in 2006 Korea assisted the establishment of the Vietnam Development Bank as well as an e-government in Vietnam. Such programs strengthen the relationships between the two countries.

Apart from being a strategic trading partner, South Korea is an important investor and donor in Vietnam. As a leading country in development, Korea has also been a model for Vietnam to develop its own programs. However, the answer of how Korea can serve as a model for development in Vietnam is rooted in the similar political, cultural and economic features of the two countries.

South Korea and Vietnam in comparison

Political system

Korean political system. The *CIA World Factbook 2015* notes that Korea follows the democratic model of a republic. The legal system in South Korea is a mixed legal system combining European civil law, Anglo-American law, and Chinese classical thought. The president and national assembly members are elected by the people. The promotion of democracy is strengthened and promoted by the highly developed civil society in which schools,

associations, groups and clubs play a vital role. Together with a national assembly of 298 seats and a presidential system, Korea is practicing a well-constructed checks and balances structure. According to *Freedom House*, since 1988 South Korea has been a democratic country in terms of political liberties and civil rights.

Vietnamese political system. The *CIA World Factbook 2015* refers to Vietnam as a communist state with one ruling party. The legal system is civil law-based. The recent civil code of 2005 reflects a European-style civil law. The National Assembly is elected by the people with 500 seats. The National Assembly serves as a checks and balances system in the party. The head of the state is President while the head of government is the Prime Minister. The president and prime minister are elected by the National Assembly. Corporatism is centralized by which civil society institutions are under the direct or indirect control of the Communist Party of Vietnam. Non-governmental organizations which are not included in the party's corporation are under strict rules and regulations. The *Freedom House* ever since lists Vietnam as a non-democratic country in terms of political rights and civil liberties.

Comparison. The political systems in Korea and Vietnam share a focus on civilians. However, Korea promotes direct democracy by people voting for president and the national assembly, while Vietnam promotes indirect democracy by electing constituent representatives. The system in Korea bestows citizens with freedom in elections, while the system in Vietnam limits the citizens from electing the executive, legislative and judicial members.

The government in both countries is highly bureaucratic with clear power divisions. In Korea, the President is the head of state with the most power with the Prime Minister in a ceremonial role whereas in Vietnam, the situation is reserved. The President performs mostly a ceremonial role while the Prime Minister runs the country. The two country's political cultures are influenced by Confucian ideology in which the notion of noble men in harmonious relationships is emphasized. Hierarchy and seniority preference are prominently present in the system.

Technically, the party system and checks and balances system in the two countries are vastly different. The multi-party system in Korea allows people to be fully represented, but encounters the problem of variation in interests. The one-party system in Vietnam shows more cohesion and stability. Yet, it faces the critique of not guaranteeing people's participation and competition in politics.

Culture

The idea of Confucianism, as mentioned in the political system discussion, is implemented in both Korean and Vietnamese society. The notion of noble men in harmonious and hierarchical relationships is at its core. Family values and community values are the priority. Respect for the elderly, piety in the family, and superior-subordinate relationships are highly embedded in social norms.

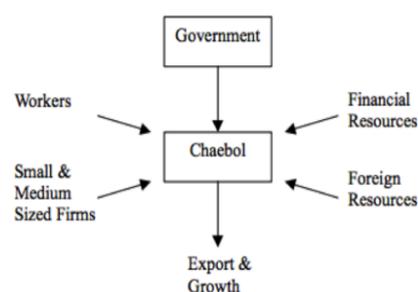
Yet the degree of homogeneity varies between the two countries. Korea is widely known for being an extraordinarily homogeneous society. From culture to language and individual characters, Koreans are commonly seen as a standardized society. The notion of being a Korean in a whole unified Korea is at its core for individuals. That notion is so well-embedded that in the past and even currently the word “my-**제**” is not widely used.

Unlike Korean society, though Vietnamese society also values family and communal values, the society is not highly homogenous. Vietnamese society witnesses great variations of regionalism and localism. People are bound to the notion of being a Vietnamese national but a standard Vietnamese does not exist. With 54 different ethnicities, Vietnam enjoys more diversity in its culture as the ethnicities interact and integrate with each other.

Economic development

South Korea: the Chaebol economic growth model.

Korea's economic development is well-respected in the literature. As discussed earlier, “the Miracle by the Han River” happened in only forty years and has



changed the image of Korea significantly. The big Chaebols like Samsung, Hyundai, LG, and SK contribute substantially to the country's economic development. The export-led economy under mercantilism still stays centered in Korea's economy. The economy has transformed from light industry-based to heavy industry-based and is heading to a high-tech economy.

Facing natural scarcity, the key factor of economic development in Korea is people. As they uphold their dignity, alleviating poverty is their first priority. Education as a solution is widely promoted in the country. Generations of highly qualified workers help to develop the country from the inside as well as outside.

Vietnam. Vietnam is transforming into a market-led economy carrying the state's vision of socialism. The economy heavily relies on light industry and agriculture even though the country is rich in natural resources. The 1986 reform has changed the face of Vietnam significantly, yet the country is still behind its neighboring countries.

The shortage of qualified workers creates obstacles in transforming the economy into a more value-added one.. The country is facing a deficit, leaning towards importing high-value-added products and exporting raw, low-value-added materials.

Education in Vietnam, as recommended in the World Bank 2014 report on Vietnam development by Bodewig and Badiani-Magnusson, needs to focus on three steps:

Step 1: Promoting school readiness through early childhood development

Step 2: Building the cognitive and behavioral foundation in general education

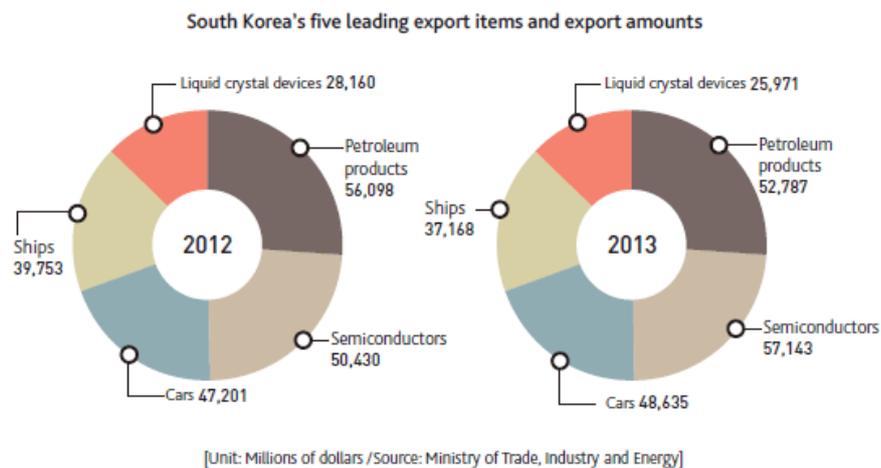
Step 3: Building job-relevant technical skills through a more connected system

between employers, students and universities, and vocational schools.

With a changing world economy that demands a skilled labor force, educating qualified generations of workers is key to Vietnam's further success in economic development.

In comparison: Natural resources: a blessing or a

curse. The lack of natural resources has become a momentum for economic development in South Korea. Education stays in focus. Labor quality is increased. Banking, well-



planned heavy industries, and high-tech products are the economy's pillars.

Vietnam, on the other hand, is rich in natural resources. However, the country fails to utilize its resources for economic motives. After twenty years of reforming, Vietnam has just entered the lower-middle income group. Noticing that the middle-income countries are those with a GNI per capita of more than \$1,045 but less than \$12,746 as stated in the *World Bank Atlas*, Vietnam with a \$2000/capita has a long way to pass the middle-income level. An agriculture-based economy does not allow high-speed and sustainable development in a country. Therefore, Vietnam is facing the need to industrialize the economy. Yet, as mentioned earlier, the country still lacks a qualified labor force to foster economic development.

Vietnam in adopting Korea's development experiences

Based on the above discussion, it is fair to conclude that South Korea and Vietnam share a similar culture, similar government principles. However, the two countries diverge in economic development for their difference in assets. Nevertheless, Korea with its development success has become a model for other developing countries. Among those, there is Vietnam. The following discussion will focus on opportunities and challenges that Vietnam might face in adopting Korea's development experiences.

Opportunity

As Korea succeeded in industrializing the economy, Vietnam can learn some lessons for itself. The lessons include:

Eradicate rural poverty: Korea's Saemaul Undong (New Community Movement). According to World Bank data, the percentage of urban population in 2013 in Vietnam was 32% and the poverty rate in 2012 was 17.2%. Currently, more than 60% of the population is distributed in the rural area. And the majority of them are facing poverty.

In this case, the Saemaul Undong program in Korea stands out to be a good model for Vietnam to resolve rural poverty. As Do Hyun Han, a professor at Academy of Korean Studies discusses in his paper "Saemaul Undong (New Community Movement): Korea's National Community Development for Rural Modernization, Saemaul Undong program plays a vital role in Korea's development. With the new rural structure and alleviation of poverty as well as the adoption of modernization, rural areas in Korea transformed from a burden to an asset for the economy. Sustainable development is promoted and becomes the motto for communities.

In the same way, Vietnam can adopt the Saemaul Undong program to eliminate poverty in rural areas and upgrade the social living standard of its people. Similarly, the philosophy of socialism in the regime in Vietnam will play an important role in pushing and sustaining the program. The Confucian influence will also play a significant role in adopting the program without modifying much of it.

Macroeconomic planning. Korea as a whole had well-developed macroeconomic plans. The economy had transformed quickly, magically but sustainably from light industries to heavy industries and a highly value-added economy. The whole nation's engine works harmoniously toward achieving economic goals.

Vietnam can learn that vision from South Korea. The economy should be rationally planned and constructed to achieve sustainable and high-speed development, utilizing available assets to overcome internal and external challenges. The key does not rotate around pure economics; it also relates to education and social change. Lessons on Korea's economic and

social transformation and dealing with crises provide Vietnam with case studies for economic development.

Challenges

Chaebol Economic growth model. The Chaebols are the spinal bones of Korea's economy. The power of Chaebols is substantial in the country. However, the difference in political ideologies does not allow Vietnam to adopt the purely Chaebol Economic growth model. Adopting the Chaebol Economic growth model might take away the state's power in Vietnam. Even when Vietnam modifies the Chaebol model to fit into the political system by supporting privatization and foreign investment, the second challenge emerges.

Industrializing the economy. In regard to industrialization, Korea represents one of the growth-oriented economies besides Japan, and Taiwan for example. In only fifty years, the country has become the 14th largest economy with a developed society. Transportation, social welfare facilities, and technology are all growing. Korea is an advanced country in the above regards. The key for this miracle is people. Korea has a qualified labor force who are hardworking, disciplined and adaptive to the world's economic changes.

On the other hand, Vietnam does not have a qualified labor force. The population is young and abundant, but the quality is still low. Facing high demand from foreign investors, Vietnam loses its opportunities to other competitive countries like Thailand and Malaysia. Moreover, Vietnam has not owned a strong heavy industry. The country, as a result, is not ready to industrialize. Without a strong heavy industry like steel, the economy will lose its comparative advantage. These are the main obstacles for the country in industrializing its economy. If Vietnam, therefore, wants to adopt industrialization experiences from Korea, it should first focus on education and building heavy industries.

Conclusion

In examining Vietnam's adoption of Korea's development experiences, we study the two country's' similarities and differences. Based on the comparison, Korea can be a good model for Vietnam to follow to develop their own economy. Korea's community building, poverty

eradication, macroeconomic planning and industrialization processes are worth exploring. The similarity in social structure allows Vietnam to more easily adopt Korea's development programs.

Yet, there are differences that restrict absolute application. In adopting Korea's development experiences, the current context in Vietnam should be evaluated. The diversity within the culture should be emphasized. The difference in political ideology also needs to be recognized. There are opportunities and challenges; yet, for the most valuable and practical thing, Korea has been a lesson for development for not only Vietnam but other developing countries.

References

- “FH_Country_and_Territory_Ratings_and_Statuses_1972-2016.” *Freedom House*. Retrieved March 23, 2017, from <https://freedomhouse.org/report/freedom-world/freedom-world-2017>
- Asia. (n.d.). Retrieved June 12, 2015, from http://www.odakorea.go.kr/eng.result.RegionCountry_Asia.do
- Bodewig, C., & Badiani-Magnusson, R. (n.d.). Vietnam Development Report 2014 - Skilling up Vietnam: Preparing the workforce for a modern market economy. Retrieved June 12, 2015, from <https://www.worldbank.org/en/country/vietnam/publication/vietnam-development-report2014-skilling-up-vietnam-preparing-the-workforce-for-a-modern-market-economy>
- Foreign Investment Report in 2014. (2015, March 13). Retrieved June 12, 2015, from <http://fia.mpi.gov.vn/tinbai/3206/Tinh-hinh-dau-tu-nuoc-ngoai-nam-2014>
- Huu Pham, C. (n.d.). Welcome Remarks of the Ambassador. Retrieved June 9, 2015, from <http://www.vietnamembassy-seoul.org/en/>
- Hyun Han, D. (2013). Saemaul Undong (New Community Movement): Korea's National Community Development for Rural Modernization. *[Seoul]; [Washington]: KDI School; World Bank Institute*, 115-129. Retrieved June 13, 2015, from https://www.kdevelopedia.org/Resources/territorial-development/saemaul-undong-new-community-movement--04201311140129005.do?fldIds=TP_TER_TP_TER_NA#.VXuZD1LXKqE
- JoA South Korean Chaebol. (n.d.). Retrieved June 13, 2015, from https://wiki.smu.edu.sg/1213T2is427g1/JoA_South_Korea_Chaebol
- Korea shares its development knowledge. (2012, February 29). Retrieved June 12, 2015, from <http://www.korea.net/NewsFocus/Policies/view?articleId=98965>
- ODA/Development Cooperation. (n.d.). Retrieved June 12, 2015, from http://www.mofat.go.kr/ENG/policy/oda/index.jsp?menu=m_20_110

Query Wizard for International Development Statistics. *OECD*. Retrieved March 23, 2017, from

<https://stats.oecd.org/qwids/>

Secrets behind Korea's Economic Success [Motion picture]. (2013). The Republic of Korea: The

Korea Foundation. Retrieved June 12, 2015, from

<https://www.youtube.com/watch?v=bJ0hMr5TSkI>

South Korea Profile. (2014, December 1). Retrieved June 15, 2015, from

<http://www.forbes.com/places/south-korea/>

The World Factbook - South Korea. (n.d.). Retrieved June 12, 2015, from

<https://www.cia.gov/library/PUBLICATIONS/the-world-factbook/geos/ks.html>

The World Factbook – Vietnam. (n.d.). Retrieved June 12, 2015, from

<https://www.cia.gov/library/publications/the-world-factbook/geos/vm.html>

Updated Income Classifications |Data. (2014, March 7). Retrieved June 13, 2015, from

<http://data.worldbank.org/news/2015-country-classifications>

Urban population (% of total) - World Bank. (n.d.). Retrieved June 13, 2015, from

<http://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS>

Viet Nam and S Korea strike a trade deal. (2015, May 31). Retrieved June 12, 2015, from

<http://vietnamnews.vn/learning-english/271047/viet-nam-and-s-korea-strike-a-trade-deal.html>

Vietnam Overview. (2015, April 15). Retrieved June 12, 2015, from

<http://www.worldbank.org/en/country/vietnam/overview>