

Industrial Growth and International Economic Relations

David Audretsch

Economic Transformation & Development

1950 GDP Per Capita

South Korea \$ 876

Indonesia \$ 874

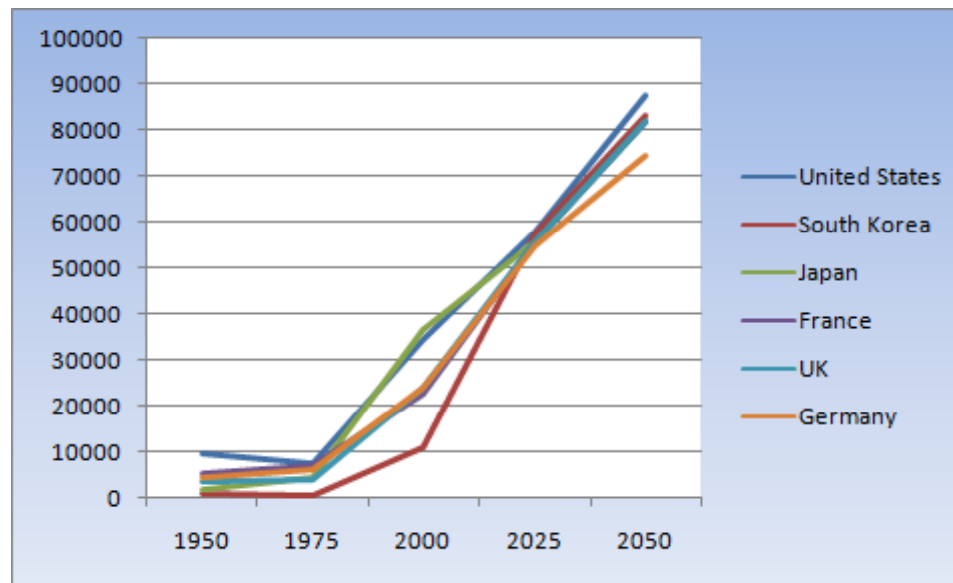
U.S. \$9,573

2009 GDP Per Capita

South Korea \$17,074

U.S. \$46,381

Korean Economic Growth, per capita GDP



Stages of Korean Competitiveness

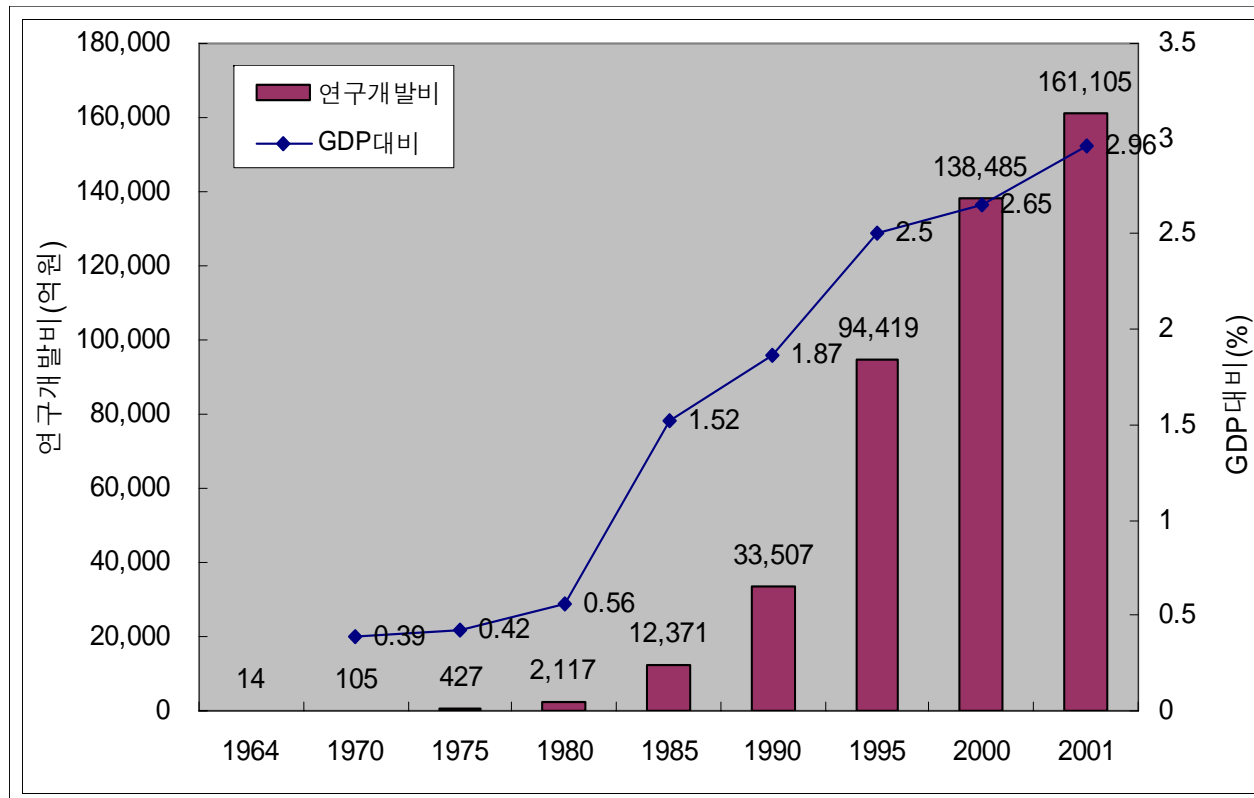
- Agriculture
- Low-skilled manufacturing
- Heavy Manufacturing – Primary Industries
- Information Technology
- Emerging Hi-Tech Industries

Table 3-6. Targeted Industries and Prospered Industries

The Role of Industry Targeting

Period	Targeted	Prospered
1950s	Industries for import substitution	3 "white" industries (flour, sugar, cotton)
1960s	Export-oriented industries	clothes, wig, plywood, footwear, electronic appliance
1970s	HCI (steel, non-ferrous metal, petrochemicals, ship-building, machinery, electric)	steel, ship-building, automobile, electronics, petrochemicals
1980s	Industrial Restructuring	automobile, machinery, electronics
1990s	Hi-tech (micro-electronics, mecatronics, aircraft, new materials, fine chemistry, bio, opticals)	IT (semiconductors, telecom equipments, digitalized electronic appliances, computer, electronic parts), major industries (automobile, shipbuilding, steel, petrochemicals, machinery)
2000s	new growth engines (new Hi-techs, parts and materials, knowledge-based services, green industries)	new industries (LCD, mobile telecom equipments, automobile parts, electronic parts, game and animation)

Explosion of Korean R&D



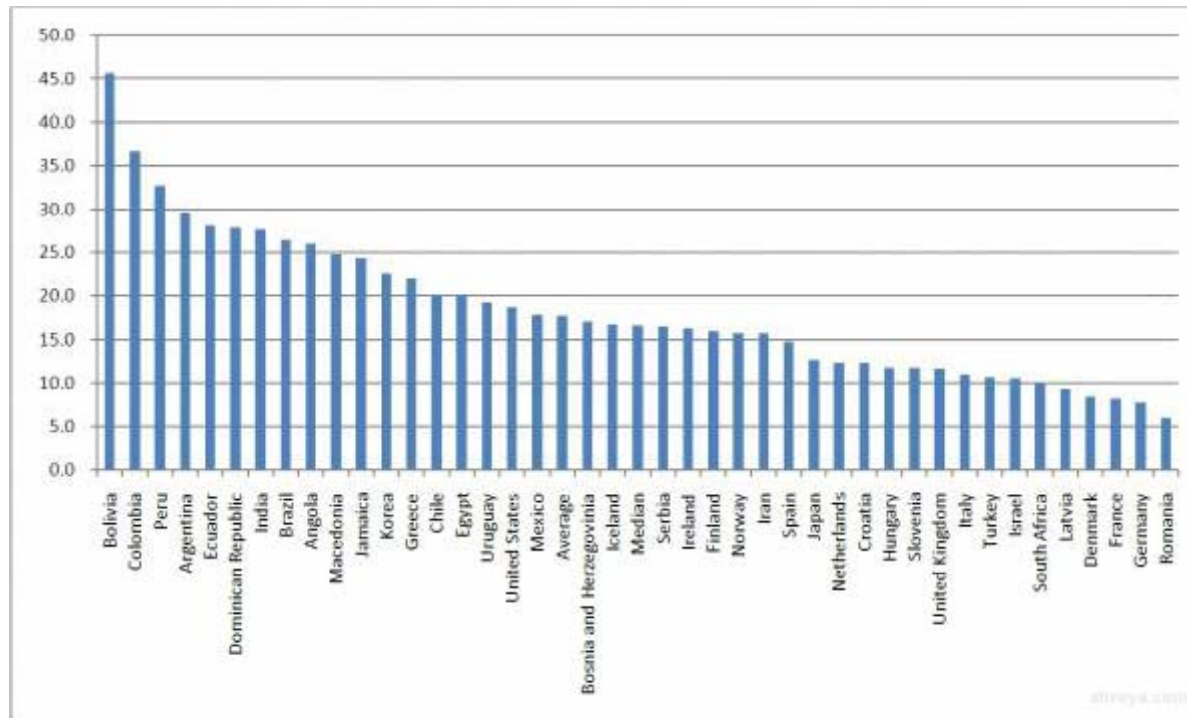
Transforming the Industrial Structure

- Early 1960s-1976
- Increased Concentration of Dominant Firms (chaebol)
- Decline in Role of SMEs
- 1976-late 1990s
- Decreased Concentration
- Increase in Role of SMEs

Evolution of Mfg. Employment Share in SMEs

- 1952 61.5%
- 1960 67.7
- 1970 49.0
- 1980 19.6
- 1985 49.6
- 1990 61.7
- 1997 69.3

Entrepreneurship in Korea – The Global Entrepreneurship Monitor



Conclusions

- South Korea has undergone remarkable economic transformation
- Emerged from being one of the poorest countries to one of the wealthiest
- Key role played by policy in guiding transformation & economic development