A Schumpeterian Analysis of the Saemaul Undong Movement in 1970s South Korea within the CDD Framework

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In the 1970s, the Park Chung Hee government launched the Saemaul Undong (New Village) Movement to address the widening urban-rural income gap. This is often interpreted as a politically-motivated project due to the fact that promoting the SU movement requires a political system capable of sufficient gathering of resources. This paper takes on a different perspective in looking at the components of the SU movement. The goal of this paper is two-pronged: to identify elements of Community-Driven Development (CDD) in the SU movement, and to analyze the SU movement using Schumpeterian concepts in order to draw some implications from the SU model for the economic development in the developing world. While the movement was implemented prior to the conception of CDD as a framework, the elements of CDD of community participation, civic capacities and

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resource availability were already used. On the other hand, the Schumpeterian concepts of endogenous growth (administrative arrangements, communal empowerment and the community funding), creative destruction (developing civic capacities and ideological reform), innovation (spread of agricultural and non-agricultural technologies), entrepreneurship (Saemaul leaders and education) and minimal role of state (incentive-oriented strategy of the government) were identified in the components of the SU movement.

Keywords: Community-Driven Development (CDD): Community Participation, Civic Capacities, Resource Availability Schumpeterian Concepts: Endogenous Growth, Creative Destruction, Innovator-Entrepreneur, Innovation Saemaul Undong Movement, Saemaul Leaders, Saemaul Education

JEL Classification: N95, O18, P32, P46, R11

I. Introduction

Development is a function of the increase in material wealth and the spirit of development (Jwa, and Yoon 2004). It covers other aspects of human progress, and the spirit of development encompasses the cognition of development, or the recognition by the individuals of their contribution to development. In East Asia, development was brought about through broad-based agricultural development. The traditional society and economy underwent structural transformations, moving from the agricultural to industrial sectors in different time periods (Kim, and Ncube 2014). South Korea has similarly pursued this track, particularly in the 1970s, characterized by the authoritarian rule of Park Chung Hee domestically, threatened by the then-equally strong Communist North, and the instability of the Cold War.

With this backdrop, the South Korean government pursued the Saemaul Undong (New Village) Movement (often referred to as "the SU movement"), a successful Community-Driven Development (CDD) program. Its success has led to the introduction of this knowledge-sharing program in the developing countries in the 21^{st} century. The SU movement is a government-initiated community-driven development, implemented by the Park Chung Hee government from 1970 to 1979, to decrease the rural-urban income gap. It is also described as a mélange of activities, with most policies, factories and activities of the government for the rural areas labeled as Saemaul Undong, later on expanding to Urban

Saemaul (Moore 1985). Instead of being a specific project, the SU movement can be considered as a methodology applied in the implementation of the projects (So 2013).

Previous literature on the SU movement mostly focuses on its political dynamics, particularly between the rural farmers and the Korean government. It is often interpreted as a politically-motivated project driven by President Park's ambitious goals of modernizing South Korea in order to make it rich and to abolish the chronic poverty that had traditionally plagued its rural villages (Lie 1998). Moore (1985) identified that the government used the SU movement to mobilize the people, linked to the sudden, strong, but temporary upsurge in rural incomes and in the attention paid to agriculture by government, with (n)either Saemaul itself nor the policies associated with it could be sustained in the long term (p. 580). Mindful of the 1971 elections and the increasing rural-urban income gap in the late 1960s, rural discontent became an issue for President Park to address. On the other hand, Sonn, and Gimm (2013) identified the SU movement as a way for the state to widen the discourse of developmentalism for industrialization in the country. This tendency toward a political interpretation of Park's founding of the SU movement has traditionally been reinforced by the fact that promoting the movement would require a political system capable of sufficient gathering of resources to achieve rapid economic development and national solidarity as a defense against the country's communist neighbor to the north. In addition, other studies have also focused on the outcomes of the SU movement, specifically on rural infrastructure and income generation. As with the studies focusing on the political dynamics and relations of the SU movement, these studies fail to identify the processes that underlie the success of the movement (So 2013).

With the active promotion of the SU movement as a model for economic development in Asia, Africa and Latin America, the current paper is delving into a new modularization of the movement by analyzing the factors that contributed to the successful outcomes of the program. Some scholars, however, are skeptical to apply the SU model *per se* to their economic policy projects in those developing countries particularly due to the different political economic situation in the 21st developing world as compared to that in the 1970s South Korea under the authoritarian leadership of Park Chung Hee (Reed 2010). Nonetheless, this paper is contending to find some implications for the economic development in the developing countries through analyses of the elements of the SU movement with the two development lenses: Community-Driven Development

(CDD) and Schumpeterian analysis.

A. CDD and Schumpeterian lenses

CDD is a variant of community-based development, where the beneficiary communities are not only actively involved in the design and management of the projects, but also exercise direct control of key decisions, such as management and investment funds (Mansuri, and Rao 2004). While this idea of entrusting development of communities to the villagers themselves as a form of self-reliance only became a buzzword in the 1980s and 1990s, when multilateral development banks, such as the World Bank, formally adopted this approach (ADB 2006), the SU movement contains elements of CDD. With the focus of the SU movement to the rural villages, it is important to identify how the villagers were empowered and have participated in and contributed to the positive outcomes of the program.

On the other hand, since the SU movement also contributed to the South Korean catch-up economic development and modernization, a theory in the economics that touches on the endogenous source of economic growth developed by Joseph Schumpeter is borrowed. Specifically, two of the most important concepts highlighted by Schumpeter are *innovation* and *entrepreneurship*. Innovation is defined as the application of a new product, organizational method, or method of production to commercial or industrial activities, spurred by creative destruction[1] (Elliott 1982). Schumpeter identified innovation as the cause of change, and that innovation in turn is a function of the entrepreneurs. An entrepreneur has the ability to appreciate possibilities for innovation (Sweezy 1943), and capable to lead, inspire, and put into effect the new ideas (Baumol 1968).

Schumpeter identified as part of overall economic analysis the importance of institutional analysis in the economic development of countries.[2]

[1] Creative destruction includes the doing away of old technology or systems, creating a new one. Subsequently, this creative destruction disrupts the economic flow, bringing about economic growth (Elliott 1982).

[2] Other techniques in addition to economic sociology that are useful for economic analysis are statistics, economic history, and theory. Schumpeter further defined economic sociology in his book *History of Economic Analysis*, as the description and interpretation of — or "interpretative description" — of economically relevant institutions, including habits and forms of behavior in general, such as government, property, private enterprise, customary or 'rational' behavior (as cited in Ebner 2006, p. 499).

Schumpeter's student, Hans Singer, further observed the relevance of three themes of Schumpeter which would contribute to the discussion of development economics: (1) technology, innovation, access to technology, and linking technology to the production process, (2) disruption of the traditional processes which may bring about resistance, and (3) self-transformation, through entrepreneurial initiative, self-reliance, self-sustaining growth and dependency (Andersen 2008). Drawing from this identified relevance of using Schumpeterian perspectives in enriching discussion in development studies, the incorporation of Schumpeterian concepts in development initiatives such as the SU movement is pursued.

The SU movement, therefore, precedes the conceptualization of the CDD based on specific institutional principles and community participation conceptualized by World Bank beginning from the 1990s (Ha 2010; ADB Report 2012; KDI 2013). Moreover, the SU movement is being reevaluated for its impact on the catch-up development in the early stages of South Korean economic growth (Lee 2014; D. K. Kim 2014). As South Korea has been recently evaluated as a catch-up development model, its experience with the SU movement provides important knowledge for the catch-up development to be shared to the ongoing CDD programs in the developing countries (H-H. Jun 2006; So 2007; North Gyeongsang Province 2008; ADB 2012).

The main goal of this paper is, therefore, two-pronged: First, it will argue that the SU movement is a model of CDD, by discussing the three elements of CDD in the project. Simultaneously, this paper will argue that the SU movement instigated innovation in both the rural and urban areas, by discussing each CDD element drawing concepts from Schumpeterian theory, namely, endogenous growth, creative destruction, innovation and entrepreneurship.

This paper, thereby, uses the three general elements of CDD identified by the World Bank (2003) as a framework of analysis, juxtaposing SU elements and Schumpeterian analytical concepts. These elements include: (1) facilitating community access to information through direct participation in design, planning and implementation (*community participation*), (2) promoting an enabling environment through policy and institutional reforms (*civic capacities*), and (3) strengthening and financing inclusive community groups (*resource availability*). The first element refers to the direct decision-making process by the villagers themselves, who are knowledgeable of their respective village's needs. The second element includes strengthening the civic capacities of the beneficiaries; and the last element mentions the expansion of the available resources to the

TABLE 1
SUMMARY OF THE FLOW OF THE DISCUSSION

SU Movement Elements	CDD Frames	Schumpeterian Concepts
Administrative arrangements	Community Participation	Endogenous growth
Communal empowerment		
Ideological reform (self-help, diligence and cooperation)	Civic Capacities	Creative destruction
Saemaulleaders		Entrepreneur-innovator
Saemaul education		
Generation, Social Status and Gender		Entrepreneur-innovator based on creative destruction
Governmentsubsidies (Incentive-oriented strategy)	Resource Availability	Minimal role of state
Community funding		Endogenous growth
Outcomes: agricultural and non-agricultural		Innovation

Source: Author

communities (Mansuri, and Rao 2004). While there is a rich debate on the impact of CDD, particularly that it has become a multi-billion project, this paper will focus on the institutional elements of the approach of CDD, as reflected in the SU movement in the 1970s South Korea. The succeeding sections will look at how the three CDD elements are seen in the SU movement, particularly emphasizing how these elements also exhibited the concepts developed by Schumpeter.

In sum, this paper induces some theoretical findings through the Schumpeterian lens in assessing the three CDD characteristics of the SU movement mentioned above (see the following Table 1). These findings include: (1) Schumpeterian concept of endogenous growth emerged in the community participation by the SU administrative arrangements and communal empowerment, and also in the resource availability through the SU community funding; (2) Schumpeterian concept of creative destruction developed civic capacities in the rural community through the ideological reforms of replacing the defeatist mindset with the Saemaul spirit and earlier preconceived limitations based on generation, social status, and gender; (3) Schumpeterian concept of entrepreneur-innovator as shown by the Saemaul leaders in the SU movement, who contributed to enhancing the civic capacities by shouldering the change

in behavior and the introduction of innovative ideas shared through the Saemaul education; (4) Schumpeterian concept of innovation worked in spreading technologies and know-how in accomplishing resource availability in agricultural and non-agricultural outcomes of the SU movement; and (5) Schumpeterian concept of the minimal role of state was adopted in the resource availability with the incentive-oriented strategy of the government.

B. Data

The data used for this article is drawn from the Asian Development Bank Report, *Sharing Knowledge on Community-Driven Development: The Saemaul Undong Movement in the Republic of Korea*, published in 2012. This includes data gathered from (1) contents of the *The Seoul Daily News* from 1971-1973,[3] (2) the 1975 publication of the Ministry of Home Affairs, the *Guidebook of the Saemaul Undong Movement*, (3) the 1980 White Paper published by the Ministry of Home Affairs, the *Ten-year History of the Saemaul Undong Movement*,[4] and (4) interviews with two high-level government officials, and two Saemaul leaders.

This paper subjected the SU movement to different development lenses. How can the SU movement be considered a type of CDD program? And what concepts of the Schumpeterian theory does it exhibit? The next section will draw a brief historical sketch of the SU movement. The third to fifth sections discuss the CDD elements in the SU movement, with respective Schumpeterian analyses of these elements in the program.

II. Historical Sketch

A. Background

The Saemaul Undong movement was implemented from 1970 to 1979 in South Korea under the leadership of President Park Chung Hee. In the early 1970s, the government's success of the industrialization-oriented First (1962-66) and Second (1967-71) Five-Year Economic Development Plans led to a widening disparity between rural and urban income growth rates, which in turn fueled rapid rural-urban migration. This

[3] A series of reportage in a Korean daily newspaper on the SU movement in the villages and towns by the author.

[4] Both of the publications of the Ministry of Home Affairs are originally in Korean.

growing imbalance between urban and rural areas caused the Park Chung Hee administration to persistently pursue rural development in order to erase the endemic rural poverty in South Korea, known as "*boritgogae*, or barley hump," which means to eke out during the food-short spring time only with barley (Goh 2010; C. Y. Kim 2011; D. K. Kim 2014).

Historically, the first reference to the SU movement as a possible solution to South Korea's rural poverty problem was made by President Park Chung Hee during a now-famous speech he delivered to the provincial governors meeting in the southeastern city of Busan on April 22, 1970. In his speech, President Park made reference to a "New Village Remodeling Movement," and introduced the principles of the movement:

> There is no hope in the village where villagers' yearning [for a better life] is not evident... If the villagers [themselves] initiate a development initiative, the village community can complete it in 2 or 3 years with only a small amount of government subsidy. It is the responsibility of local government officials to encourage the villagers in this regard. Rural poverty should not be viewed as a pre-destined outcome, but rather confronted with a spirit of self-help and self-support. In the near future, all villages could be well-kept communities. Why not build a village road and bridge within this coming year with your own resources? You could refer to such an initiative as a 'Village Remodeling Movement' or a 'Making Your Village Comfortable Movement.'

In his speech, President Park acknowledged that when he visited Sindo-ri Village Chongdo-eup, Chongdo-gun, in Gyeongsang North Province in July 1969, he was impressed with that community's rapid recuperation from the monsoon flood damage it had previously endured. He noted that this success could never have been achieved without the diligence, self-help, and cooperation of the villagers.

B. Lessons from previous development programs

Traditionally, rural villages in South Korea have clung to centuries-old community cooperation folkways, such as *gye*, or micro financing club, *dure*, or labor system of community cooperation, *pumassi*, or mutual exchange of labor in agricultural production, and *hyangyag*, or the Neo-Confucian community ethics in the 16th-century Korea. President Park assessed all of these rural community traditions with a view to

assessing their potential contribution to the SU movement (Presidential Secretariat 1980).

During the colonial period in the 1920s, the colonial government agency and the religious groups initiated the rural community development movements of both government and nongovernment agencies (You 1986). The Christian 4-H (Head, Heart, Hand, and Health) Club movement introduced in 1927 by American Protestant missionaries and the *Cheondogyo* (a religious sect) Farmer's Association organized, for example, successfully managed production, consumption, and finance in Korean rural communities. It is thus no accident that many Saemaul leaders active during the 1970s were in fact the former 4-H members.

Following the Korean War, the government pursued a variety of rural community development movement as one of the post-war rehabilitation programs on the suggestion of the United Nations Commission for the Unification and Rehabilitation of Korea (UNCURK) (Ministry of Home Affairs 1980). Full-scale rural development programs, however, only occurred in 1965 when the newly established Rural Development Agency launched the Six-Year Rural Development Plan (1966-71). Nonetheless, they failed to solve South Korea's chronic rural poverty problem.

In formulating the SU movement, President Park took account of two important lessons that emerged from the 1968 Special Projects for Increasing Rural Household Incomes Program. First, government subsidies lead to increase in rural household debt if the farmers do not adopt a spirit of diligence, self-help, and cooperation. Second, the stance of local government officials toward rural development programs is decisive in the success or failure of such initiatives. Thus, while the two Five-Year Economic Development Plans successfully employed a top-down approach driven by the central government, the SU movement would — at least theoretically — have to be a nationwide community-driven campaign implemented from the bottom up.

C. Process

The SU movement started its projects in Stage I (1971-73), building and upgrading basic rural infrastructure, such as village path expanding, small stream mending, and community facilities construction (Chung 2009). In Stage II (1974-76), tangible outputs of the SU movement soon appeared in the form of rehabilitation of rural village agricultural production infrastructure, improvement in village living environments, and increases in rural household income (Chung 2009). The remarkable out-

comes of the SU movement increased the rate of growth of rural household income to a point where the rural-urban wage differential was finally closed similarly fueled rapid growth in per capita income level (C. Y. Kim 2006).

Ultimately, the SU movement built social capital of a national confidence infused with a "can-do" spirit that transformed the former national mindset of chronic defeatism into new hope, a shared vision of a better life for all South Koreans, and an infectious enthusiasm propelled by volunteerism at the community level (S. I. Jun 2010). This was a particularly important aspect of the movement's Stage III (1977-79), during which the transformed character of South Korea's rural communities was systematically spread from rural village settings into industrialized urban areas through the process commonly referred to as "dissemination" (Chung 2009).

III. Community Participation

Political and bureaucratic leadership in the government and the empowerment of the community facilitated the increase in participation in the SU movement. In addition to the active promotion of the central government, grassroots democracy was practiced in the process of Saemaul Undong (So 2013). Table 2 shows the number of recorded villages and villagers who participated in the SU movement, indicating an increasing trend until 1979. As for political leadership, the rural root of Park Chung Hee made him determined to promote the SU movement with all the authoritarian political influence he could muster. Further, the nation's educated masses tended to follow government leadership (C. Y. Kim 2011; D. K. Kim 2014), as the "moral mandate" of a strong state presence is accepted and not questioned by the people (Douglass 2013). Two specific components of the SU movement promoted community participation: administrative arrangements and communal empowerment.

Such a level of participation in the SU movement, however, would have been impossible without the 1949 agrarian land reform. Former Prime Minister Goh Kun, who was then *Saemaul* director at the Ministry of Home Affairs under the Park Chung Hee administration, pointed out the importance of the historical socioeconomic dimension of the South Korean land reform experience.[5] Due to the agrarian land reform com-

[5] At a private meeting with the author in 2009, former Prime Minister Goh Kun mentioned the 1949 agrarian land reform implemented by President Syngman

TABLE 2
VILLAGES AND PARTICIPANTS IN THE SAEMAUL UNDONG FROM 1971 TO 1979

Year	Villages	Total People (1,000 pers.)	Average participants per village (person)
1971	33,267	7,200	216
1972	34,665	32,000	923
1973	34,665	69,280	1,999
1974	35,031	106,852	3,050
1975	36,547	116,880	3,198
1976	36,557	117,528	3,215
1977	36,577	137,193	3,753
1978	36,257	270,928	7,472
1979	36,271	242,078	6,674
Total	319,817	1,099,939	3,439 (average)

Source: So, Jin Kwang (2013, p. 585).

pleted during the Korean War (1950-53) and the following years, most of the tillers in rural villages owned their rice paddies by virtue of this law, which prohibited non-tillers from owning agrarian land. Despite the financial sacrifices of the former landlords, who now held low-valued, state-certified land notes, and despite illegal selling of land ownership in the informal market by poor tenant tillers, the reform has been evaluated in Korean studies as a key factor in the successful modernization in South Korea's rural community (D. K. Kim 2014; I. Y. Kim 2006; Chang 2006; Lie 1998).

A. Administrative Arrangements

The initial organization of the SU movement was centralized: the *Saemaul* Office of the Bureau of Local Affairs under the Ministry of Home Affairs was responsible for the implementation. In 1973, SU divisions were created in central government ministries.[6] Despite these SU-related

Rhee in relation to the success of the SU movement during the 1970s. Under the 1949 Agrarian Land Reform Law, the government compensated landlords with state-certified notes and distributed the lands it expropriated from them to the former tenant tillers, who had to redeem the notes over the long term in in-kind payments. It was in fact President Syngman Rhee, the anticommunist president of the nascent Republic of Korea, who proclaimed the Agrarian Land Reform Law in June 1949, though it had originally been planned and initiated by the US Army Military Government in Korea in 1946.

TABLE 3
CHANGE IN THE NUMBER OF OFFICIALS (COMPARISON BETWEEN NATIONAL AND LOCAL)

Year	National Officers	Growth Rate (%)	Local Officers	Growth Rate (%)
1965	253,974	-	47,760	-
1970	344,171	26.21	68,681	30.46
1971	359,600	4.29	72,161	4.82
1972	362,396	0.77	71,019	-1.61
1973	350,745	-3.32	95,360	25.53
1974	359,716	2.49	101,030	5.61
1975	365,390	1.55	107,385	5.92
1976	378,429	3.45	118,642	9.49
1977	389,537	2.85	123,363	3.83
1978	401,922	3.08	131,862	6.45
1979	401,947	0.01	132,731	0.65

Source: So Jin Kwang (2013, p. 579).

offices, the implementation of the specific SU projects was the responsibility of the residents of rural communities, and the government's role was limited to administrative guidance, financial support, technological assistance, and monitoring. The focus on local or community governance led to the expansion of local public officials. One of the changes noted from the administration with the implementation of the SU movement is the focus on fieldwork in the project sites in the communities. This necessitated the growth in local public officials to conduct the site visits. As can be seen in Table 3, the growth rate of local public officials has generally exceeded that of the national government.

Saemaul Promotional Councils were established in the central, provincial, county, town and village levels. The Promotional Councils coordinated the government and villages in the activities of the movement. The *ri/dong* (Village) Development Committee (VDC) was at the lowest level of administration, while the Saemaul Central Promotional Council was at the highest level. The Saemaul Central Promotional Council comprised of cabinet-level ministers[7] and Saemaul leaders from non-

[6] These ministries included Ministry of Agriculture and Fisheries, Ministry of Commerce and Industry, Ministry of Construction, and Ministry of Energy and Resources.

[7] From the ministries of Home Affairs, Finance, National Defense, Education, Agriculture and Fisheries, Commerce and Industry, Construction, Health and Social Affairs, Transportation, Communication, and Culture and Information (ADB

government sector. The VDC implemented the subprojects, under the leadership of *ijang* (the village head) and the Saemaul leaders. While the *ijang* was nominated by the government, the Saemaul leaders were elected directly by the villagers. As such, both the central government and the villagers were represented in the VDC. Usually composed of 15 members, the executive role of VDCs included supervision of various organizational units such as the Youth Club, Women's Club, Agricultural Progress Club, and the village bank and village library.

The next administrative level was the Saemaul Promotional Council at the Town (*up/myon*) level (SPCT). The members[8] of this council were the opinion makers and representatives of the communities. They evaluated the needs and resources of the villages in implementing the projects. The next administrative level was the Saemaul Promotional Council at the County level (SPCC).[9] Half of its members were from the agricultural sector, following the main objective of the SU movement of increasing rural household income. This council guided and coordinated the SU movement at the village level through county-level administrative agencies (in finance, materiel, and technological resources).

The role of the local administration in the history of South Korea has been to implement the policies and decisions of the central government, and to report the results and situation to the central government.[10] The following factors of the bureaucratic system were considered to hinder the participation of the villagers: the rigid centralized regime, the lack of local authority to identify the needs of the villagers, and the structure

2012).

[8] The SPCT was chaired by the town mayor, comprised of the deputy town mayor, the police chief, elementary and secondary school principals, the town-level rural community promoter, the town-level officers of the National Federation of Agricultural Cooperatives and the National Federation of Fishery Cooperatives, the town postmaster and Saemaul leaders (ADB 2012).

[9] The SPCC was chaired by the county mayor and likewise comprised the county superintendent, the chief of the police station, the county rural community promoter, the county officers of the National Federation of Agricultural Cooperatives and the National Federation of Fishery Cooperatives, the agricultural high school principal, and the county postmaster (ADB 2012).

[10] After the Japanese colonial era, local administration was introduced through the 1949 Law on Local Autonomy, but the implementation was interfered with the outbreak of the Korean War from 1950-53. Different amendments were introduced until 1960, but the 1961 military coup dissolved the local council and local public agencies. Due to the strong presence of the central government, community and rural development was generally perceived as a function of the central government (So 2013).

and functions of the local public agencies limited to the provision of public services as identified by the central government. The reforms in the administrative arrangement through introduction of the SU movement provided for the interaction of the 'public' and 'private' actors in the smallest unit in the village. The local public agencies, however, assisted the villagers, not by directly managing the SU projects, but by the officials[11] visiting the project sites, gathering successful stories from villages, and disseminating the information on the successful cases for other villages to consider themselves, reducing the room for errors (So 2013). Another form of support was provided by the local public agencies by addressing technical issues and lending equipment. Equipment such as bulldozers and trucks, and techniques such as collecting sand and pebbles, making concrete structure and roads, and maintaining these structures were also taught by officials from the local agencies.

B. Communal Empowerment

Another organization introduced during the SU movement was the Village General Meeting (VGM), through which the villagers themselves planned, discussed, monitored, and evaluated the SU projects. Issues discussed included planning and evaluation of projects, acquisition, management and sale of Saemaul village assets, enactment and revision of Saemaul regulations, among others. Decision-making in VGM was through majority vote, in lieu of by the village head alone. Each household had one vote, and the Saemaul leaders and the VGM chair monitored the quorum. Individuals present in the meetings were also given an opportunity to voice their opinions on each issue discussed. In addition to increasing the participation of the villagers in the SU movement, the VGM also increased transparency and accountability, which in turn reinforces the participation of the villagers.

Leadership in the village-level implementation of the SU movement was not concentrated in one person. In order to further promote participation and put more emphasis on community development, the leadership team was comprised of the male and female Saemaul leaders elected in the VGM (see *Saemaul Leader* in section IV. Civic Capacities), the village head, and the VDC, comprised of around ten members (Han, *et al.* 2013).

[11] So (2013) noted of visits by the Officers of the Department of Saemaul, officers from the Provincial, District and Commune Office, as well as officers from the Police Substations.

Activities in the SU movement also stimulated the formation of social capital in both rural and urban communities. In the case of South Korea, social capital formation was more dynamic in terms of leadership and cooperation derived from the *sinbaram* (literally, excitement with pleasure) team building.[12] Campaigns and activities of the SU movement were accelerated by the *sinbaram* rural community commitment. *Sinbaram* is, therefore, sociologically defined as a Korean-style social capital formation through volunteerism from the traditional rural community team building spirit, as compared to the Western style of social capital formation that results from trust, networks, and social norms (S. I. Jun 2010).

In the South Korean case, social capital formation under the SU movement propelled modernization in both rural and urban communities. Contrary to analyses that emphasize the strong hand of the government for the villagers to participate in the SU movement, there are villages that initiated the movement through the request of the villagers. In the case of Pungdeok Village, when it stopped participating in 1972, the villagers noted that their neighboring village was actively implementing Saemaul projects. As such, they volunteered to participate once more in the SU movement in 1973. Another case is the Land Reclamation Project in the Chulpo-Ri village in South Chungcheong Province, where despite the lack of government support, Im Gwang-Muk and the villagers were able to restore the collapsed dyke in May 1972 (Han, *et al.* 2013). In both of these cases, the community members shared voluntarily their labor with the help of their *sinbaram*.

One of the activities was the Make Saemaul Project (MSP), comprised of different village projects.[13] The initial stage started with the provision of material support by the government, followed by the planning, implementation and completion. However, the succeeding years started with the identification of project by the villagers, followed by application or solicitation for material support from the government. Accordingly, the application form was prepared and signed by the village head, the Saemaul leaders, and a member from the VDC. For the first time, the

[12] The term *sinbaram* is used here for its origin of the highly-spirited state of the rural community members in sharing their labor voluntarily for the common projects. In traditional Korean rural communities, villagers worked with the help of their *sinbaram* and played music and dance with *sinbaram* also.

[13] Village projects recommended by the government included reforestation of hills, expansion of roads, organization of stream banks, construction of compost facilities, wash place and communal well, cleaning of sewage pipes and getting rid of mice (Han, *et al.* 2013).

VGM was used as the venue for the discussions on and the identification of the development projects.

C. Schumpeterian Analysis

In sum, the administrative arrangements (*i.e.* the Promotional Councils and the VDC) and the empowerment of the community (through the VGM, the *sinbaram* volunteerism, and other opportunities for participation) allowed for greater participation by the community members in the SU movement. In a society that has minimal experience in local governance, the shift to the delegation of decision-making to the village officials and Saemaul leaders is not only innovative, but also an acknowledgement that real development comes from the villagers themselves. In the same manner, these can be analyzed using the Schumpeterian concept of endogenous growth. The concept of endogenous growth posits that development starts in the internal factors and dynamics of a country, including local initiatives for development, as opposed to an externally-induced growth. By identifying the villagers as the primary movers of development, with the guidance of the central government, and by capitalizing on the dynamics of strong solidarity among the villagers and inter-village competition, the SU movement has pursued growth from internal factors.

These organizations and institutions created opportunities for participation in the rural areas, widening the base for development initiatives. With the administrative arrangement focusing on the villagers as the main proponents of rural development, the changes support the realization of an endogenous conception of growth. The arrangement also provided the villagers to nominate their leaders and Saemaul leaders who have the capacity to choose for members of the VDC. Even with these arrangements and institutions providing the opportunities to the villagers, improving their capacities for civic participation furthered the initiative of the villagers. This aspect of the SU movement is discussed in the following section.

IV. Civic Capacities

A key component of CDD is the focus on enhancing civic capacities. This idea is based on the definition of Sen (1999) of development as expanding human freedoms. The key argument is that growth in material wealth is only an aspect of development, which in turn encompasses

human capacities as indicated by health and education. In relation to the SU movement, the enhancing of civic capacities was identified in four of its components: ideological reform, Saemaul leaders, Saemaul education, and changes in the roles of people of differing generation, social status and gender.

A. Ideological Reform

Other than the material improvements brought about by the SU movement, there were also intangible changes that are arguably of greater importance. Firstly, the SU movement targeted to replace the traditional values with the Saemaul spirit of diligence, self-help, and cooperation. This drive for modernization imbued a "can-do" spirit in the South Korean society — replacing the previous focus on self-defeat, helplessness and selfishness. The role of ideological guidance in the SU movement increased community participation by transforming their attitude from passive obedience to one of assertiveness that was channeled into community development. Furthermore, the achievements of the South Korean people in implementing the SU projects confirmed their ability to change their own destiny. President Park Chung Hee firmly believed that unless the people actively participate, the government programs will not yield results. He is quoted to have said, "even God cannot help [an] impoverished country without the people's self-help spirit" (Chung, Moon, and Lee 2013). With these, President Park pushed for the pro- motion of the values of diligence, self-help and cooperation as the core principles of the national development movement.

Diligence is a trait similarly advocated under the traditional Korean work ethic. Diligence, understood as hard work and steadfastness, is identified as the virtue to lift the people out of poverty (Chung, *et al.* 2013). In response to chronic unemployment, the proverb "early birds collect more food" was promoted to encourage rural villagers to work and survive. In addition to diligence, virtues necessary in capitalist societies were also promoted, including sincerity, frugality, perseverance, and social trust and justice. *Self-help* is identified as the attitude of not merely depending or shifting responsibility on others, but carrying out one's responsibilities. Through self-help, people become independent, and they earn the sense of ownership on the resulting outcome of their work and efforts (Chung, *et al.* 2013). This was promoted through the proverb "Heaven helps those who help themselves." By providing government financial incentives, competition of rural communities likewise

TABLE 4
CONSTRUCTION OF COMMUNITY HALLS, 1972-1979
(NUMBER OF HALLS)

Year / Total	1972	1973	1974	1975	1976	1977	1978	1979
35,950	4,452	14,761	1,545	2,694	3,305	3,518	3,162	2,513

Source: Korean Ministry of Home Affairs.

spurred rural villagers to help themselves — instead of merely relying on other individuals, a mindset of self-assured capability in developing and managing Saemaul projects became more pronounced.

Lastly, *cooperation* focused on synergy, as this relates to improved productivity in both agricultural and industrial settings (Chung 2009). Cooperation is working together to achieve a shared goal. An example of the application of the Saemaul spirit of cooperation is the construction of Saemaul halls (village community halls), built by consensus of the villagers themselves as the community center for the SU movement project performances. By cooperating in the building of communal structures such as the village halls, the villagers were able to increase the efficiency of their work. Moreover, communal achievements such as these strengthen mutual trust. In addition, the changes in the physical structures of a community indicate the immediate results of activities or work by the villagers. Accordingly, the SU movement "had its primary focus on improving spatial conditions in rural societies by arranging and constructing village roads, village halls, canals *etc*. at the starting phase because the improvement of physical conditions not only was to be identified easily, showing the difference before and after, but also was considered as an accelerator to promote new human activities" (So 2013, p. 546). During 1972-80, 37,012 community halls were built in South Korea, which translates into nearly one community hall per village (Table 4).

The Saemaul spirit of diligence, self-help, and cooperation as promulgated by President Park was essentially an ideology of modernization of rural communities driven by revitalization of traditional community consciousness and values. Thus, the foundation of the SU movement and the modernization that accompanied it was revitalization — rather than rejection — of traditional values and folkways, albeit with appropriate adaptations to make both consistent with the CDD model. This was in fact the reason that the SU movement used the natural village as its

basic unit of social organization. Doing so allowed long-standing village-based traditions of mutual aid and collective social consciousness that are strongly rooted in the Confucian order to propel the SU movement. The "can-do" aspect of the Saemaul spirit encouraged community members to develop their potential. The improved living environment provided by the initiatives made people confident enough to explore new economic resources and means of increasing productivity. Thus, the ideological guidance of the Saemaul spirit and the "can-do" attitude transformed rural communities from traditional, backward, subsistent, and static societies to modern, advanced, commercial, and dynamic ones.

B. Saemaul Leaders

The second approach of the SU movement that imbued intangible changes was the introduction of the Saemaul leaders. The village leaders were different from the paid village heads or *ijang*, and were volunteers, and were simply unpaid and ordinary farmers. This approach differed from the previous National Reconstruction Movement with paid but reluctant village leaders. The reason for basing the Saemaul leaders on volunteerism was to inspire the villagers through the leadership of ordinary villagers who devoted time and effort to work for community development. In addition, there were both male and female leaders in each village (Han, Song, and Park 2013). The male and female Saemaul leaders were elected in the VGM, and the female leaders were usually the president of the village women's associations.

The colonial legacy of local government abuse of power continued even after liberation and independence. Saemaul leaders, however, rarely abused their power as they can be replaced through a vote at the VGM. Given that most community opinion leaders were older, educated, and drawn from professional backgrounds, problems regarding cooperation between Saemaul leaders and opinion leaders occurred. Despite these, the Saemaul leaders emerged as key individuals in the implementation of the SU movement. They were praised by President Park, naming them "ushers of the nation's modernization," "vanguards of the Yusin Constitution," and "guides of the patriotic movement."

Han, *et al.* identified three specific tasks of the Saemaul leaders: as transformational leaders, as business leaders, and as organization leaders. As transformational leaders, the Saemaul leaders firstly transformed themselves through the Saemaul education (discussed below), and then they spread the transformation to the villagers. As business leaders, the

Saemaul leaders were trained to become entrepreneurs who could manage the village "as a company" with the ultimate goal of lifting the villagers out of poverty. As organizational leaders, the Saemaul leaders had to deal with uncooperative village members and tensions during the project term, joining the villagers for breakfast, drinking with them at night, and even pleading to them to tears to gather their support and cooperation (Han, *et al.* 2013).

In relation to the entire SU Movement, the Saemaul leaders have become the mentors of the CDD program by sharing and presenting their stories to other villages looking for inspiration. They also shared their knowledge to other leaders, where the leaders of the lesser-developed villages stayed at the homes of the Saemaul leaders for four days to train. This was done after the leaders undergo the Saemaul education. The Saemaul leaders of the advanced villages were provided with the "Teaching Material for Planning On-Site Home-stay Training." In addition, after the home-stay, the Saemaul leaders of the advanced villages follow-up on their trainees by visiting their villages (Han, *et al.* 2013).

According to the *Guidebook of Saemaul Undong Movement* (1975) published by the Ministry of Home Affairs, Saemaul leaders were required to have:

i. been born in the village concerned;
ii. a passion for rural community development;
iii. been a graduate of a vocational school with an agriculture or fisheries curriculum;
iv. good judgment, patience, compassion, and a cooperative spirit;
v. creative ideas;
vi. a disposition that respected the opinions of others;
vii. devotion to duty and service;
viii. a diligent and sincere character, as well as good physical health; and
ix. the ability to be self-supporting.

The age composition of the SU leadership was skewed toward the young.[14] This is observed as a diversion from the seniority-oriented community leaders and tradition. Given the progressive and forward-

[14] As 24.0% of *Saemaul* leaders were aged 36-40 and 26.4% were aged 41-45 (Ministry of Home Affairs, *Saemaul Undong Giljabi* [Guidebook of Saemaul Undong Movement], 1975).

looking leadership style of younger persons as well as their relative lack of experience, in some cases the SU movement endured periods of trial and error. Typically, the Saemaul leader's role was distinguished from that of the *ijang*, who served as messengers, passing instructions from higher local government agencies on to villagers. While the Saemaul leaders played a more active role, proposing SU projects through discussion with community members and using their influence with local government officials regarding decisions relating to SU projects.

Saemaul leaders planned SU projects for the community and executed them following approval by the VGM. They likewise evaluated projects and reported their achievements at the village meetings. They also gathered new information regarding agricultural technology and marketing of products in order to increase household incomes. Finally, they taught and trained villagers in agricultural and construction technologies, coordinated with the public-sector elite at both the town- and county-level Saemaul Promotional Councils, and represented the opinions of the villagers they represented. The success stories of the SU movement was spread by the Saemaul leaders through their presentations in the Presidential office, in the monthly meeting or briefing that includes the cabinet members and the President, and during training programs of civil servants and employees. Some stories were turned into films, while others featured in news.

C. Saemaul Education

Ideological guidance was emphasized throughout Saemaul education, including the camp-in training conducted at the Training Institute for Saemaul Leaders (TISL).[15] Saemaul education focused on three items: mental revolution, management skills and organizational skills. The TISL teaching methods included lectures, sharing of success stories and life stories, meditation, trips to successful villages, and singing ceremonies.

The TISL was able to train more than 600,000 trainees from all walks of life, of both the rural and urban elite in the 1970s alone. The training started in January 1972, initially as the Advanced Farmer Training. In October 1980, the number of trainees reached 811,000, this number including 267,000 Saemaul leaders, 274,000 members of the urban elite, and 270,000 civil servants. At the TISL, Saemaul leaders from rural communities not only impressed the nation's urban elite

[15] Synonymous with the Saemaul Leaders Training Institute (SLTI).

from the public and private sectors with their practice of Saemaul spirit, but also increased their own confidence in the SU movement.

The training program required all participants to remain at an isolated training camp together for a period of 1 week or even longer. The programs for the 1-week training camp that totaled 105 hours, as well as the 11-day program comprising 103 hours of instruction, are summarized in Boxes 1-3.

These education programs were designed to increase the understanding of participants regarding the moral aspect of the Saemaul spirit, how and why local community development takes place, and how Saemaul leadership is established. Saemaul education changed the overall attitude of participants by leading them through a cycle of stimulus, reflection, resolution, and practice. The participants were stimulated by activities in the TISL, which included learning the realities of South Korean society, reflecting on their lives up to the point, becoming determined to

Box 1: 1-Week Training Camp Course

Typical program for a 1-week training camp course totaling 105 hours

- Enlightening the Saemaul spirit: 30 hours
- National security and economy: 10 hours
- Tour of the SU sites: 15 hours
- Individual case studies of best practices of the SU movement: 15 hours
- Group discussion: 25 hours
- Recreation: 10 hours

Source: Ministry of Home Affairs. 1975. *Guidebook of the Saemaul Undong Movement*. Seoul.

Box 2: 11-Day Training Camp Course

Program for Saemaul leaders comprising 104 hours of instruction spread over 11 days

- Indoctrination of the Saemaul spirit: 20 hours (20%)
- SU projects: 27 hours (26%)
- Group discussion: 18 hours (17%)
- Tour of SU sites: 18 hours (17%)
- Case studies of successful SU projects: 14 hours (14%)
- National security and economy: 7 hours (6%)

Source: Ministry of Home Affairs. 1975. *Guidebook of the Saemaul Undong Movement*. Seoul.

Box 3: Daily Schedule in Training Camp

05:50	Rise
06:00-06:30	Roll call, gymnastics, jogging
06:30-07:00	Washing, cleaning
07:00-08:00	Breakfast
08:00-09:00	Meditation, dialogue
09:00-12:50	Morning lectures
12:50-14:20	Lunch
14:20-18:10	Afternoon lectures
18:10-19:10	Dinner
19:10-22:30	Evening group discussion
22:30-22:40	Roll call
23:00	Sleep

Source: Ministry of Home Affairs. 1975. *Guidebook of the Saemaul Undong Movement*. Seoul.

do whatever is required to achieve a new life, and finally, keeping promises with themselves to practice new behaviors.

In addition, specific subjects were drafted to increase the morale of the farmers who have volunteered to become Saemaul leaders: 'Leadership Ideas and the Saemaul Undong,' 'The Saemaul Undong and Mental Revolution,' 'The Saemaul Undong and Our Attitude,' 'The Saemaul Undong and Lifestyle Change,' 'History of Overcoming Extreme Difficulty,' and 'Creating a New History.' The focus on the can-do spirit and mental revolution was through the courses by Director Kim Jun on 'Spiritual Basis of Rural Modernization,' and Kim Yong-Gi's 'Principle of Canaan Agricultural School' (Han, *et al.* 2013). Accordingly, the developmentalist view or ideology being promoted by these subjects helped transform the Saemaul leaders, and made them different from other existing political ideologies. In terms of managerial skills, TISL also had lectures on national economy, national saving, economic crops, implementing projects, agricultural and livestock management, income planning and distribution improvement. Other skills included knowledge on basic construction terminologies and monitoring of bids and benchmarking companies.

The stories of the SU movement presented by Saemaul leaders hailing from rural villages were vivid aspects of Saemaul education. Such stories, which chronicled the struggles faced by Saemaul leaders in successfully implementing SU projects in the face of numerous obstacles, had wide appeal among participants, as did the group discussions that followed such presentations. The feedback provided during such sessions gave

participants the opportunity to reflect on their own behavior patterns as a means of bringing about desirable changes in their current behavior. Saemaul leaders came to understand how their values, attitude, passion, ideology, and morals might affect their ability to lead others. They were taught of the desirable characteristics of a leader, including being able to (a) make decisions on the basis of willful and intentional analysis instead of being influenced by superstition, (b) exercise rational judgment as opposed to being ruled by emotion, (c) maintain fairness in the recruitment of leaders and avoiding decisions driven by nepotism, (d) maintain passion for achievement in the face of adversity, (e) be self-assertive rather than aggressive, (f) maintain an orientation toward the future when thinking through decisions, and (g) maintain a democratic manner as opposed to an authoritarian stance.

D. Generation, Social Status, and Gender

The changes in ideology were reflected in the leadership by the younger generation, the elimination of feudalistic social statuses in the village, and expanded role of women in the society and in generating income. In the first case, the SU movement installed a cohort of young, educated, and development-oriented Saemaul leaders. This invigorated traditional rural communities with new knowledge and technology obtained from the education of these younger leaders, as well as the management expertise they derived from their military careers. These aspects of the young leadership likewise made them capable of persuading village heads and elders. For their part, the existing older village heads and elders played an important role in that their experience complemented the vigor of the younger leadership with dispute-resolution and negotiating skills. Similarly, the leadership training helped these young leaders to clearly articulate the objectives and intentions of the SU movement to villagers. During their camp-in training, Saemaul leaders shared their experiences of community revitalization in both rural and urban communities.

As far as the feudalistic legacy of the social statuses in South Korean villages is concerned, the 1949 land reform facilitated the abolishment of political and socioeconomic discrimination among the different status people. The scale of discrimination shrank to that relating to cultural rituals such as marriage, mourning ceremonies, and ancestor worship (Chang 2006). Such cultural discrimination to a significant degree maintained a psychological schism in community life between the privileged and underprivileged. With the introduction of VGM, villagers became

equal in terms of social status under the SU movement. All SU projects required labor contributions of one type or another by all villagers, regardless of social statuses. As a result, the SU movement contributed significantly to revitalization of rural communities by ending discrimination by social status.

Another significant change brought by the SU movement was the change in the women's roles. Initially bound by the Confucian patriarchal tradition of giving priority to males, Korean women's roles had been limited to that of mothers, daughters-in-law, and daughters. Given their traditional role in family life, the Saemaul spirit values of diligence and self-help were not new to women. However, the SU movement taught them cooperation, the third component of the Saemaul spirit, and encouraged them to participate in community organizations, such as in the Saemaul Women's Club or Saemaul Mothers' Club. The SU movement called on women to fulfill new social roles as community members that extended beyond their traditional roles within the family. Such dramatic changes in traditional gender roles in South Korean society would have been impossible in the absence of the SU movement.

This shift began with their election as Saemaul leaders on an equal footing with men, even though male and female leaders were assigned different roles. In rural communities, female Saemaul leaders actively participated in village decision making in the selection and implementation of projects through their participation at village VGMs. In the urban SU movement, the housewives were more active participants in neighborhood organizations. The Saemaul Women's Club raised funds for community projects, increased savings for the communal fund, and managed community assets through the Saemaul village banks. In urban communities, housewives led neighborhood projects such as cleaning back streets and alleys.

With the guidance and support of the government, the SU movement encouraged women in rural communities to initiate small-scale income-generating projects for their households. These women promoted abstinence from alcohol and smoking and adopted frugality programs in their family lives in order to save money and increase household income. Many earned wages by working in Saemaul factories, generated side income from small-scale animal husbandry, or saved money in numerous ways, such as avoiding lavish ancestral ceremonies.

Compared with rural villages, urban housewives actively led the SU movement's frugality campaign by promoting savings of electricity, tap water, and paper, and reducing the use of telephones, automobiles, and

alcoholic beverages. The frugality campaign — which was driven by the SU movement — emphasized recording of daily expenditures, the purpose of this being week-by-week and month-by-month analyses of household expenditure patterns for the purpose of reducing household costs and thereby increasing household disposable income. The positive impact of this budgeting on household income was so great that many women chose to participate in the SU movement for the purpose of accessing these benefits. Moreover, they participated aggressively in projects that increased household income through earnings from part-time work.

E. Schumpeterian Analysis

Ultimately, the central approach of strengthening civic capacities in the SU movement required elimination of certain old views of self-defeat, helplessness and selfishness, with reinforced Saemaul spirit of diligence, self-help and cooperation. While the movement sought for revitalization (instead of rejection) of traditional values that emphasized the development of individuals to reach their full potential through education, the sweeping change reflected an intangible example of creative destruction, where traditional norms and views which impede the adaptability of rural villages to be modernized.

These changes were channeled through the Saemaul leaders, who received education in the TISL. Characteristics of the Saemaul leaders that reflect Schumpeter's concept of the entrepreneur-innovator include being at the frontline of the mental revolution or ideological reform, having received Saemaul education. Second, just like the entrepreneur-innovator, Saemaul leaders also had to develop management skills and technical know-how. As leaders of their communities, Saemaul leaders were active in the decision-making processes, implementation, and evaluation. This also included capacities for organizational skills, such as presiding over meetings, and recording and monitoring decisions. Of equal importance is their role in the spread of technology, of the movement and the Saemaul spirit, which pushed for change and rural development.

The Saemaul education which the leaders had to go through exemplified creative destruction in the Schumpeterian theory: the main goal of Saemaul education is to do away with the old system impeding innovation and growth, and the creation of a new one. The design of the program pushed for the removal of the old ways in the leaders, particularly by placing them in an isolated camp. The strict schedule fol-

lowed diverges from the regular rural life of the villagers. Moreover, apart from introduction to the movement, they were introduced to issues of national security and economy. Exchanges of success stories, challenges and inspirational comments are also included in the training. Lastly, the trainees were also encouraged to become determined in achieving a better way of life and to practice the new norms of behavior gained through the training. Thus, can-do spirit was spread through the training institutes.

The last set of reforms which contributed to the strengthening of civic capacities were the changes in the rural villagers' conception of leadership by the younger generation, and the elimination of wide disparities in social status and expansion of the role of women. These specific examples of creative destruction — with the old norms being replaced through these reforms — led to the emergence of entrepreneurs: the young leaders, the poor villagers and women. Most of the Saemaul leaders who facilitated the success of the movement were young people. The poor were also able to contribute labor, and their votes were considered equally in VGMs. Lastly, the women embarked on their own projects, and they were equally represented in VGMs. The women also introduced frugality campaign and became active in monitoring household expenses and budgets. As such, the creative destruction in the movement resulted to more entrepreneurs in the rural villages.

V. Resource Availability

The last element of CDD is the expansion of resource availability in the communities. The comprehensive strategy in the movement was to mix external aid and internal resources. External aid came in the form of government subsidies, ranging from the provision of cement and iron bars, to the provision of high-yielding crop varieties, and subsidies to the producers and consumers of crops alike. On the other hand, internal resources come from the villagers themselves, primarily in the form of community funding and labor. In this context, the SU movement has utilized both "top-down" and "bottom-up" approaches to development: "governmental support in Saemaul Undong did not mean to lead or take control of the projects in the community, but intended to evoke and build people's initiatives and ownership in their village" (So 2013, p. 544). The availability of resources of the villages has expanded through government subsidies (such as the Make Saemaul Project or MSP),

community funding (through the Income Reinvestment Project), and the succeeding agricultural and non-agricultural outcomes.

A. Government Subsidies

As part of a CDD project of the government, financing forms part of the contribution of the central government. The first batch in the MSP that secured availability of resources was in 1970, when it offered a subsidy of 335 bags of cement and 0.5 tons of iron rods to each of 33,267 villages. These communities were tasked to use the cement for the use of their community. The results surprised the government: the KRW 4.1 billion was used in projects that had a total monetary value of around KRW 12.2 billion (Park 2009). In 1971-79, government support of KRW 772.5 billion leveraged KRW 1,979.6 billion in community financing. During the same period, government support included KRW 395.4 billion from the national budget, KRW 377.1 billion from local government budgets, and KRW 627.2 billion through bank loans. Without the increase in resource availability through the cement, iron bars and agricultural inputs, the project would not have been as successful (Douglass 2013). The annual investment for the SU movement increased as the movement progressed. During stages II and III, local government subsidies grew to such an extent that they exceeded investment in the SU movement from the national budget.

In addition, the government provided funding for the villages that preformed better. The Village Development Committee (VDC) also partly financed short falls in the labor and materiel required for implementing SU projects. As such, it continually evaluated the achievements of SU projects against the villages' short- and long-term development plans.

B. Community Funding

Through the government's support, rural communities funded their Saemaul projects with long-term, low-interest loans from government-sponsored cooperatives that included the National Agricultural Cooperative Federation (NongHyup, or NACF) and the National Fishery Cooperative Federation (SuHyup, or NFCF). In addition, the Saemaul Bank (village bank) contributed not only to savings by wage-earning villagers who worked in side employment but also financed SU projects.

With the success of the SU movement's income-generating projects, a prominent cash flow appeared for the first time in rural communities. This is mirrored in the striking growth of town-level branches of the

TABLE 5
SAEMAUL UNDONG INVESTMENT BY YEAR AND FUNDING SOURCE
(BILLIONS OF KOREAN WON)

Source / Year	Total	Government Support			Community Financing		
		Subtotal	National Budget	Local Budget	Subtotal	Loan (NA/FCF)	Self-Support
Total	2,752.1	772.5	395.4	377.1	1,979.6	627.2	1,352.4
1971	12.2	4.1	2.7	1.4	8.1	-	8.1
1972	31.3	3.3	2.0	1.3	28.0	-	28.0
1973	98.4	21.5	12.5	9.0	76.9	-	76.9
1974	132.8	29.4	12.1	17.3	103.4	1.4	102.0
1975	295.9	124.5	66.6	57.9	171.4	40.8	130.6
1976	322.6	84.0	48.4	39.6	234.6	77.1	157.5
1977	466.5	132.2	59.9	72.3	334.3	113.8	220.5
1978	634.2	113.7	65.4	77.3	491.5	195.7	295.8
1979	758.2	226.8	125.8	101.0	531.4	198.4	333.0

Note: NA/FCF = National Agriculture/Fishery Cooperative Federation
Source: Korean Ministry of Home Affairs. 1980.

NACF and the NFCF. By the end of the 1960s, the national agricultural banking organization no longer served farmers. However, during the 1970s, the Saemaul Bank, which was a microfinance institute, had replaced the notorious private microfinance, which had charged rates of interest so high that indebtedness was a serious problem in the rural population.

Of equal weight is the increased availability of community funds, coming from the villagers themselves. Effective community investment contributed to active participation in the SU movement. The Income Reinvestment Project (IRP) was introduced in which villagers are contracted for projects, and the villagers agree to keep a share of their income in these projects to invest in the village development fund. The village assembly manages this fund and its investments. The process of the IRP is presented in Box 4. A share of the profit of these income-generating projects, such as farming of saplings, fruit trees and cattle, pursued using the village development fund is reinvested (Han, *et al.* 2013). Saemaul projects were increasingly funded from community resources and financing instead of from the government budget. The total amount of investment under the SU movement during 1971-79 amounted to KRW 2,752.1 billion, of which KRW 772.5 billion (28%) was provided by the government and KRW 1,979.6 billion (72%) by local communities

(Table 5). In addition to the villagers' contributions, villagers who have transferred to other regions also contributed substantially to the projects.[16]

Box 4: The Income Reinvestment Process (IRP)

First Stage: The government proposes a Saemaul project to an excellent village.

Project A: The government signs a contract with the village under the condition that the Project A will be carried out as an IRP

Second Stage: A village assembly is held.

It is announced to the villagers that an offer to carry out an IRP was made by the government. Then, the villagers decide how they will proceed.

Third Stage: Villagers carry out the Project A according to the decision.

Fourth Stage: Completion of the project and final report at the village assembly

Participants of the project will invest a half of the labor income they got from the project to the village development fund. It is not a free donation but dividend yielding investment.

Fifth Stage: With the **village development fund** created in the fourth stage, **Project B, an income-generating project as an IRP**, is planned.

The Fourth and Fifth stages are repeated.

Source: Han, Song, and Park (2013, p. 166).

C. Outcomes: Agricultural

An important outcome of expanding resource availability in the rural area was the increase of rural household income. Agricultural output and nonagricultural wages were the two primary sources of household income increase in most South Korean rural villages. In Stage I of the SU movement, the income-generating projects focused on introduction of high-yielding rice varieties, sericulture, *hanwu* (Korean *wagyu*) beef-cattle husbandry, dairy farming, tea and ginseng cultivation, seaweed and oyster farming, greenhouse production of organically grown vegetables and tropical fruit, and floriculture. Many of these projects com-

[16] In the case of the construction of the village hall in Pungdeok Village in 1971, the following were used: 637 man-days labor force, 2,245 units of wood and KRW 1,233,929.

prised efforts to address the South Korean rural sector's chronic high winter unemployment levels by encouraging wage-earning activities by rural residents during the agricultural off-season.

An example of these efforts mentioned above was the introduction of high-yielding rice varieties. Since most of the income produced in South Korea's agricultural sector was derived from rice production, introducing high-yielding rice varieties was an immediate priority of the SU movement. The diffusion of *Tongil byeo*, or "unification rice seed," which was developed by Professor Heo Mun-hoe at Seoul National University in the late 1960s, was one of the key Stage I SU projects for increasing rural household income. Introduction of this rice seed — a hybrid of *Indica* rice varieties developed in the late 1960s at the International Rice Research Institute in the Philippines, as well as another rice seed derived from *Jasponica* varieties — generated a remarkable increase in South Korean rice production during the 1970s. While South Korean rice farmers initially refused this new high-yielding rice seed because of its taste, its introduction increased the average rice yield from 3.34 tons per hectare (*ha*) in 1972 to 4.94 tons per *ha* in 1977. This allowed South Korea to close its previous chronic rice supply deficit, and ultimately, its *boritgogae* food shortage (ADB 2012).

Another was the promotion of greenhouse farming. Given the climatic conditions of the Korean peninsula, fruit and vegetables cannot be produced year-round. During the 1960s, *kimchi* (spiced pickled cabbage or other vegetables) was the only vegetable dish during the winter. As a result, greenhouse farming was a popular way to produce high-profit agricultural and horticultural crops as well as vegetables year-round, particularly during the 1970s when South Korea protected its domestic agricultural products heavily. Greenhouses were built with vinyl or polyethylene in order to make the most efficient use of daylight. Various construction techniques were used to build greenhouses appropriate to particular uses, such as production of organically grown vegetables, tropical fruits, and flowers.

In one account, Ha Sa-Yong, one of the Saemaul leaders, noted the use of vinyl greenhouse as grassroots innovation, meaning, "low-cost innovations that do not require large capital but with slight adaption or application" (Han, *et al.* 2013, p. 150). According to his experience,

> We got this vinyl and we made a house with it. And we grew vegetables inside the vinyl house. Even in winter, vegetables grew. Next thing I know people started to come endlessly. It was reported

in the newspaper and TV. Afterwards, people came by tour buses. People went into the vinyl house and were amazed. Their eyes rolled. They just did not imagine this. People would say "Wow! How can a lettuce grow that big in this time of the year? Wow, we can now grow that in winter." They were really surprised"[17] (Han, *et al.* 2013, p. 150)

From 1972 to 1976, the government formed 135 collective farm estates at a cost of KRW 87.9 billion. A total of 750,000 rural households worked on these estates, which produced 29 specialty agricultural items. These included citrus produced on Jeju Island, peanuts produced in Yesan in the country's southwestern region, hops grown in Pyeongchang in the north-central region, mushrooms (*agaricus bisporus*) grown in North Gyeongsang province, and oysters farmed in Seocheon, South Chungcheong province. By the end of 1977, the annual average income of participants was KRW 1,574,000, or 9.8% higher than the annual average income of KRW 1,433,000 earned by nonparticipants. Some of the specialty agricultural items produced by these estates including citrus, oyster, and mushrooms were exported, with remarkable growth rates in exports of citrus (1,800%) and mushrooms (1,000%) during 1972-76. Such impressive rates of growth boosted the total value of exports of agricultural products to USD 328 million in 1971, a 255% increase over 1967.

D. Outcomes: Non-agricultural

Nonagricultural cottage-industry projects including 'Saemaul factories' were implemented as a means of boosting rural employment during winter. Saemaul factories were intensified through the "one Saemaul factory per village" campaign that begun in 1973. While the government recognized 689 Saemaul factories during the period 1973-79, by the end of 1979, 492 factories, or 71.4% of those recognized by the government, produced goods valued at KRW 426.3 billion, with the value of goods produced for export totaling USD 494 million. Saemaul factories increased rural household incomes not only by employing rural labor during the agricultural off-season, but also through restructuring of regional industries and creation of new agribusiness enterprises. As a

[17] Oral recording of Ha Sa-Yong (2004), "Transcript of Oral Recording of Ha Sa-Yong," *Modernization Strategy and Saemaul Undong*, The National Institute of Korean History.

result, the number of employees at Saemaul factories increased 3.9 times, from 17,000 persons in 1973 to 67,900 in 1979. Total paid wages thus increased 55.1 times from KRW 1.212 billion in 1973 to KRW 66.795 billion. Similarly, the value of materials supplied from rural households increased from KRW 0.242 billion in 1973 to KRW 4.243 billion in 1979. As Saemaul factories were upgraded over time to produce increasingly technology-intensive products, expansion of output was constrained by lack of availability of specialized labor, as most employees were by definition drawn from rural villages.

E. Schumpeterian Analysis

The foregoing discussion includes the importance of the government's role in the initial step of the project. The movement is differentiated from previous efforts through its gradual emphasis on the role of the rural villagers in pursuing development. The role of the government included providing incentives for the villages to perform better. Initially, the villages were given an equal amount of materiel; while the succeeding provisions were granted through competition. This incentive-oriented strategy is a crucial role of the government in promoting endogenous growth: where those who perform are supported: just as how the government has supported chaebols in the Schumpeterian analysis of Keun Lee (2014) of the industries of South Korea.

Community funding through bank loans and the personal investment of the rural villagers also highlight the endogenous source of growth during the SU movement. With the contributions of the individuals, projects were implemented, roads were constructed, and houses were improved. While public financial institutions lent funds, the villagers were still accountable for the implementation of projects. The approach focused on internal factors, such as the human capital and knowledge of the villagers, the availability and spread of innovation through the SU movement, and on the resources of the villages. As such, the movement provided an opportunity for growth from endogenous sources.

Lastly, the expansion of the sources of income of rural villagers, including agricultural and non-agricultural activities, has spurred innovation. The diffusion of *Tong-il byeo* rice variety is a primary example of the spreading of innovation, in the agricultural front. Another example of innovation is greenhouse farming, developed to augment food shortage and unemployment during off-season periods. With the introduction of "one Saemaul factory per village," villages also had to develop their

own products. The collective farm estates were developed to link productive fields, including alignment of farmlands for more efficient production. Throughout the movement, non-agricultural income generating projects have become more sophisticated, including agribusiness and cottage industry facilities. As such, these projects did not only provide sources of income for the villagers, but also introduced them to more efficient systems and technologies.

VI. Conclusion

The Saemaul Undong movement framework reflects the CDD of the 1990s given that it contained its three elements: social-capitalizing on community participation, strengthening civic capacities, and expanding resource availability in the communities. This paper produces some theoretical findings as the following through the use of Schumpeterian analytical concepts in assessing the CDD characteristics of the SU movement.

Firstly, the administrative arrangements and communal empowerment allowed for avenues for endogenous sources of growth to emerge. Secondly, the ideological reform showed a pattern of creative destruction, where the old norms that impeded innovation were removed and replaced with new norms or virtues. Thirdly, the Saemaul leaders, containing similar characteristics as the entrepreneur-innovator of Schumpeter, were key factor to the success of the movement, as they promoted the change in behavior in the rural villages, and they introduced innovative ideas, both in organizational development and in technology. Fourthly, these leaders had to initially go through a creative destruction process, where they were educated in the Training Institute for Saemaul Leaders (TISL). The training program included the goal of changing the behavior of the leaders, with the strict schedule and inspirational sharing of success stories. One of the powerful impacts of all these ideological reforms is the change on the society's perceptions on generation, social status, and gender.

Lastly, the incentive-oriented strategy of the government through subsidies also reflects the minimal role of the state in Schumpeterian theory. While the government was the key actor in the initial stages of the movement, it gradually took on a supportive role and stirred competition by providing resources to better performing villages. The initiative of the villagers themselves to fund projects exemplifies the en-

dogenous sources of growth. The villagers themselves invested time, money and labor in the projects. Similarly, the tangible results of the movement, as reflected by the outcomes of agricultural and non-agricultural sources of income reinforced the participation of the villagers. The innovations presented by these moreover supported the overall industrialization South Korea, while eliminating the rural-urban income divide.

According to these findings, the SU movement can be a good economic development model for the developing world with the following three implications from the SU elements through the two lenses: CDD frames and Schumpeterian concepts.

1. Efficient administrative arrangements by the local/central governments and the strong communal empowerment of the community members acknowledging the endogenous source of growth, particularly from within the villages and the empowered villagers themselves. This is evident with active community participation in pursuing the development projects;

2. Promoting ideological reform as a form of creative destruction, developing community leaders with entrepreneurship, providing innovator-based education, and pursuing creative destruction by removing discrimination based on generation gap, social statuses or gender, are proposed for advancing civic capacities of the leaders and villagers; and

3. Minimal role of the state through limited government subsidies, by only providing for incentives for the villages, promoting the endogenous source of growth through increasing community funding, and capitalizing on the outcomes from technological innovation are suggested for expanding the resources available to the villages.

This paper presented initiative theoretical analysis of the Saemaul Undong movement using the Schumpeterian concepts and CDD frames, diverging from the political frames of previous studies. Future research could delve deeper into more technical analysis and looking into more developmental economic data, such as by using economic indicators based on the Schumpeterian concepts including endogenous growth, creative destruction and innovation. All these endeavors should be pursued in order to further assess how the Saemaul Undong Movement has actually played in the development of South Korea and to understand its implications in applying it to the 21st-century developing world.

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