

Saemaul Movement and Rural Development in South Korea

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1. Introduction

Economic development changes rural societies as well as urban centers. The pattern of rural change largely depends on a country's specific conditions and structure of the society and state. Saemaul Movement was the outcome of specifically South Korean state-society relationship: small farm-dominance and the relatively autonomous state.

Major achievement of the Movement is said to be the elimination of absolute poverty from South Korean rural area. Participant villagers showed enormous voluntarism in the cooperative projects for the improvement of their living standards.

A society's transformation from a rural/agricultural base to an urban/industrial one accompanies its economy's industrialization. In many models of economic development, the transformation process requires the transfer of labor and savings from agriculture to industry without reducing agricultural output. Reduced agricultural output causes price hikes that lead to a worsening of the urban sector's terms of trade with agriculture. The worsening terms of trade cut into industrial profits and, hence, investment and growth. The rural transfer of labor and savings without reducing output can only be realized by the growth of agricultural productivity.

Karl Marx observed the British development of agriculture, where the

pre-capitalist mode of production was superseded by rising capitalism.¹ He believed in the technical superiority of large-scale agriculture and viewed peasant agriculture as an anachronism.² Subsequently we have learned that no serious sectoral conflict occurs when both rural and urban sectors have a capitalist mode of production. Productivity rises in the capital-intensive farm, and thus more labor and output can be extracted without an agricultural price hike.

Marx's followers in Eastern Europe and Russia, however, faced a much more traditional agrarian society than Marx imagined, where peasants constituted the major agricultural labor source. Kautsky tried to explain this persistence of household production by arguing that it was a temporary phenomenon. He maintained his belief that the general direction was towards the development of large-scale, capital intensive production employing wage-labor. He wrote:

[T]he process is still continuing to make headway, swallowing up new areas, turning what were spheres of peasant self-sufficient production into spheres of commodity production, increasing the peasant's need for money through a diversity of methods, and replacing family-labor by wage-labor. . . . [C]apital does not confine its machination to industry. As soon as it is strong enough, it also takes agriculture into its grasp.³

What Kautsky said Lenin noted when he analyzed this emergence of agrarian capitalism from pre-capitalist forms of production in his writing, *The Development of Capitalism in Russia*. Lenin's thesis was that the persistent intrusion of commoditization would bring about the increasing transformation of middle peasantry into rich and poor peasants, with the former finally becoming capitalist

¹ "A mode of production consists of the forces of production (labor force, as well as skills, organization, technology, etc., which affect the level of productivity) and the relations of production, also relations of exploitation, whereby surplus produced by a given class of direct producers is appropriated by another class. In capitalist societies this involves control over the means of production by the capitalist class (largely through private property arrangements) and the sale of labor power by the working class, the direct producers, to the capitalists, who are thereby able to obtain surplus value through such mechanisms as extending the time worked by labor beyond the amount of labor needed to produce their own subsistence (absolute surplus labor) or by increasing the productivity of labor (relative surplus value)." Nora Hamilton, *The Limits of State Autonomy: Post-Revolutionary Mexico* (Princeton: Princeton University Press, 1982), 4-5, footnote 1.

² Richard Pearce, "The Agrarian Question," in *Developing Contemporary Marxism*, edited by Zygmunt G. Baranski and John R. Short (New York: St. Martin's Press, 1985), 63.

³ Karl Kautsky, *The Agrarian Question* (London: Zwan Publications, 1988), 19.

farmers and the latter reduced to rural proletarians.⁴ Lenin modified his view of unilinear development of agriculture a little, when he recognized two roads to the capitalist development of agriculture:

Those two paths of objectively possible bourgeois development we would call the Prussian path and the American path, respectively. In the first case feudal landlord economy slowly evolves into bourgeois, Junker landlord economy. . . .

In the second case there is no landlord economy, or else it is broken up by revolution, which confiscates and splits up the feudal estates. In that case the peasant predominates, becomes the sole agent of agriculture, and evolves into a capitalist farmer.⁵

The Prussian path and the American path are generally called the Junker road and the farmer road respectively.

The Russian agricultural economist Chayanov challenged the orthodox Marxist arguments in the early years of the 20th century. Chayanov argued that the small farms would persist for a long time because the peasant family's economic behavior was quite different from that of the capitalist farmer. Peasant farmers work to satisfy family consumption. A peasant farmer expends family labor up to the point where the subjective evaluation of the marginal utility of the sum obtained by labor equals the drudgery of marginal labor expenditure. "In conditions where capitalist farms go bankrupt, peasant families could work longer hours, sell at lower prices, obtain no net surplus, and yet manage to carry on with their farming, year after year."⁶ The controversy was called the debate between the Marxists and the Agrarians, where the former emphasized the ultimate ascendancy of capitalist farming and the latter the persistence of peasant farming.

The persistent small farms take the form of petty commodity production where the producers possess the means of production and product, family members provide most of the labor, and they sell a portion of their products in the market. Marx was particularly interested in analyzing the process of

⁴ V. I. Lenin, *The Development of Capitalism in Russia* (Moscow: Foreign Languages Publishing House, 1956).

⁵ V. Lenin, "The Agrarian Programme of Social-Democracy in the First Russian Revolution 1905-1907," *Collected Works*, Vol. 13 (Moscow: Foreign Languages Publishing House, 1962), 239.

⁶ Daniel Thorner, introduction to *The Theory of Peasant Economy*, by A. V. Chayanov (Homewood, Illinois: The American Economic Association, 1966), 18.

differentiation and polarization of the petty commodity producers into either capitalists or proletarians through market competition. In contrast, Chayanov was more concerned about the persistence of the Russian small farm and attributed it to the peculiar motivation of family farmers.

Small farms persisted in South Korean agriculture. The South Korean state pursued agricultural modernization with the predominance of small farms preserved. Saemaul Movement represents peculiar attempt of South Korean society and the state to modernize agriculture in small farm system.

This paper tries to examine how Saemaul Movement facilitated modernization of South Korean small farm economy and what the political implication of Saemaul Movement in the 1970s South Korea. The Second part of this paper will discuss the role of the state in the preservation of small farm system in South Korean agriculture and its effect on the economic egalitarianism. We discuss the Saemaul Movement as a rural development program in the third part. The fourth part discusses on the political implication of Saemaul Movement in a comparative perspective. The conclusion would evaluate Saemaul Movement as a development strategy.

2. Small Farm System and the State

The small farm predominance in South Korea was formulated by the land reforms carried out in the late 1940s and early 1950s. Political economists have attributed the egalitarianism of the South Korean economy to the land reform. This land reform created an owner-operated small farming system. The egalitarian distribution of income in the rural areas raised the opportunity cost of peasant labor. “As a result the manufacturing sector had no alternative to paying higher real wages than would have been necessary in the absence of redistributive reforms in the countryside.”⁷

Although land reform affected income redistribution in the predominantly agricultural economy of the immediate post-World War II period, it is only a partial explanation for economic equality during the rapid industrialization process. Landlords had been a major source of seed, commercial fertilizer, and capital improvements in the colonial period (1910-1945). As land reform eliminated

⁷ Keith Griffin, *Alternative Strategies For Economic Development* (London: Macmillan, 1989), 125.

landlords, the South Korean agricultural economy lost its private investment source. Without state investment in the agricultural economy, the South Korean small farmers could not have escaped from poverty after the land reform. On the one hand, the robust growth of industrial capitalism made it harder for small family farms to survive in the market economy as producer-cum-consumers and, on the other, it made the share of agricultural production in the Gross National Product (GNP) smaller.⁸

South Korea's small farms have shown continued viability and productivity during the industrialization process, while in most other third-world countries peasants have remained in the subsistence economy and have suffered from stagnation and poverty.⁹ South Korea achieved industrialization with a markedly greater egalitarian income distribution than other third-world countries.

Had the small independent farms failed to gain viability and productivity after the land reform, the income redistributive effect of land reforms could not have lasted long, and South Korean society would have suffered from rural poverty during the industrialization process. Without the viability and productivity of small farms, peasant society would have been differentiated into rich and poor peasants. Peasants with less than enough land and peasants without land would have lived in absolute poverty, providing unskilled and low-wage labor to urban industry.

Developmental states, in general, actively intervene into the market in many societies of late development like South Korea.¹⁰ But the efficacy of the interventionist state varies among developing countries. In the case of South Korea, the state intervention into the agricultural development is evident in terms of investment and loan, research, pricing and labor mobilization. The state's conspicuous intervention led the agricultural production growth and the improvement of farm household income, but it is also true that the effectiveness of state policies to achieve economic efficiency was limited because of the autocratic implementation of state policies, penetration of unruly urban capital

⁸ Agriculture and forestry produced 46.4 percent of South Korea's GNP in 1953, when the land distribution was completed and the Korean War ended. The share of agriculture and forestry in GNP declined to 23.5 percent in 1973 and 18.6 percent in 1979.

⁹ Henry Bernstein, "African Peasantries: a Theoretical Framework," *The Journal of Peasant Studies* 6 (June, 1979). Alain de Janvry and Carlos Garramon, "The Dynamics of Rural Poverty in Latin America," *The Journal of Peasant Studies* 4 (April, 1977). Utsa Patnaik, Ed., *Agrarian Relations and Accumulation: The 'Mode of Production' Debate in India* (Bombay: Oxford University Press, 1990).

¹⁰ Developmental states tend to distort the balance in the market in an intention to achieve rapid growth led by a strategic sector of the economy.

into farmland market, and the state's financial dependence on taxation.

The direction of state interventions and their various degrees of effectiveness produce repercussions in the class interests of the society too. State investments and loans improve agricultural production and productivity, but the allocation of the increased agricultural surplus is determined by the state pricing policies as well. In South Korea, the state pricing policies changed from urban bias to rural bias in the late 1960s. Thus, the small farmers moved their position from losers to gainers in terms of surplus allocation.

The Saemaul Movement was a mass mobilization for rural improvement comparable to the Great Leap Forward in China. But Saemaul Movement made conspicuous achievement in the rural development with the physical supports channeled through the comprehensive state programs: investment and loan, pricing, new rice variety imposition. The state's autonomy is more clearly demonstrated in its achieving rice self-sufficiency with various policy measures including Saemaul Movement. Rice self-sufficiency of the main food grain enhanced the state's independence *vis a vis* the western powers as representatives of advanced capitalism.

3. The Saemaul Movement as rural development

Park Chung-hee got the idea of Saemaul Movement (New Community Movement) from a small village in Cheongdo, Kyeongsangbug-do in 1969. President Park was making a tour of inspection on the state of rehabilitation over the Southeast regions of Korea (Kyeongsang Nambugdo), which were damaged seriously by a big flood in July. He was impressed by the outstanding achievement of the Cheongdo villagers, who transformed the old traditional village into a new modern one with the same amount of disaster aid as other villages lent by the state. President Park addressed his intention to replicate the Cheongdo example all over the country in the Governors meeting, but the Ministry of Home Affairs could not find sufficient funds for this project in the spring of 1970. Then the President heard that cement manufacturers projected an oversupply. President Park consulted with ministers of the EPB and the Home Affairs to allocate 3 billion won to purchase surplus cement in the market and distribute it to the 34,665 villages countrywide. This cement was to be used for the common good of each

village.¹¹ The state intervened in the benefit of both cement manufacturers and the rural villagers. It became one of Saemaul slogans that the advanced urban industry help villagers develop.¹²

Villagers added their labor and capital to the distributed cement to build what they collectively decided to do. But the achievement of each village varied, when the state officials evaluated the result with their own standard. In the next year, President Park ordered to provide more cement and steel frame for the half of the villages that were evaluated as having performed better than the other half. The discriminatory reward policy drove rural villages into competition to get more state rewards than others. The state evaluated each village with a standard set by the state elites themselves, which included the expansion of village road sufficiently for modern transportation, the transformation of traditional thatched roofs into modern roofs, the construction of a village hall, and the construction of irrigation networks and waterways.¹³ Villagers had to resolve conflicting interests of the land owners over the land to be incorporated to the expanded road among themselves. They also had to raise loans to improve home roofs. The state provided 2.7 trillion won from 1971 to 1980 in supporting the Saemaul Movement.¹⁴ Each village was rewarded differently according to the state evaluation. The evaluation of village achievement and the provision of state support were coordinated by the local and central committees for the Saemaul Movement, the mainstay of which consisted of bureaucracies of the Ministry of Home Affairs.¹⁵ The economic aspect of the Saemaul Movement was in the mobilization of rural labor to carry out the objectives set by the state elites.

The state elites led the Saemaul movement with their own plan to motivate rural population by supporting environmental improvement like improving

¹¹ Cheong-ryeom Kim, *Hoegorok: Hanguk Kyeongjeongch'aek Samshimnyeonsa* (Seoul: Chungangilbosa, 1995), 187-191.

¹² "Our basic policy is to spend part of our earnings from the fast-growing poplar tree to speed the growth of the pine tree or, in other words, to invest industrial profits in agriculture. Because our industries have grown so fast during the past years, they can afford to invest their surpluses in the agricultural sector." Park Chung-Hee, Address on the 23rd Farmers' Day, June 1, 1971. in the book *Saemaul*, by Park Chung-Hee (Seoul: Korea Textbook co., 1979), 62-63. also Saemaul Yeon-guhoe, *Saemaul Undong Shimnyeonsa* (Seoul: Ministry of Home Affairs, 1980).

¹³ Traditional rural homes, except that of rich households, were roofed with straw thatch. Because the thatch did not last more than two years, farmers had to do roofing at least every two years. Thus the change of roofing from thatch to slate saves farm labor. Village halls are used for village meetings, public cafeteria, market, and day care center.

¹⁴ Cheong-ryeom Kim, *Hoegorok*, (Seoul: Chungangilbosa, 1995), 191.

¹⁵ Saemaul Yeon-guhoe, *Saemaul Undong Shimnyeonsa* (Seoul: Ministry of Home Affairs, 1980), 149-153.

roofing, road, running water and sewage in the first stage and then to lead those motivated farmers to various commercial farming projects for the improvement of farm income in the next stage.¹⁶ In actuality, villages which began the Samaul movement from commercial farming to get higher income succeeded well over those which followed state directives passively.¹⁷ The Korean case shows the importance of bottom-up leadership who know the specificity of each rural village.¹⁸

The organizational strategy of the state was to mobilize the traditional village as the unit of Samaul movement. The traditional village is conceptually different from an administrative village.¹⁹ The traditional villages have been preserved in South Korean rural society as a community of common custom, shamanist religion, economic self-help, and identity.²⁰

People have been born, lived, and died within the traditional village. They cannot live without the self-help system of the village, and they always care how other villagers would think of themselves when they do anything.²¹ When the state started to rate villages based on Saemaul performance and give differential favor to their neighboring villages, that hurt the self-identity and pride of villagers. But the traditional village is too small to be a unit of contemporary economic development planning, though it had functioned well as a unit of economic self-sufficiency, military self-defense, and moral education in the traditional society.

The consolidation of village-level collective identity made it difficult to

¹⁶ Ibid., 581-586.

¹⁷ Tong-il Kim and Chae-ung Shim, "Nongch'on Saemaul Undong-eui Sahoehaengwijeok Yeon-gu," *Nongch'on Kyeonje* 3, no. 4 (December 1980).

¹⁸ Fithjof Kuhnen, "The Concept of Integrated Rural Development," *Nongch'ongyeongje Yeon-gu* (November 1977).

¹⁹ Saemaul Yeon-guhoe, op. cit., 574-578.

Min Sang-gi attributed the participation of farmers in the Saemaul movement to the state strategy that mobilized the communalism of traditional village. "Nongmin-eui Saemaul Undong Ch'amyeo-wa Maeulgongdongche Euishik," *Nongch'on Kyeongje* 3, no. 1 (March 1980).

²⁰ Chae-seok Ch'oe called the Korean traditional village as natural village, which consists of households, not individuals. Natural villages are dominated by one or several clan groups and the boundary can be well identified when a villager dies; people in certain area lament collectively. Chae-seok Ch'oe, *Han-guk Nongch'onsahoe Yeon-gu* (Seoul: Iljisa, 1975).

²¹ Though the traditional village becomes less and less important to individuals in the rural society under the influence of capitalist development, the traditional element still exerted quite a strong influence in the early 1970s of South Korea. Note that the agricultural employment constituted about half the total employment until 1970.

mobilize farmers for the regional development projects.²² On the other hand, as long as the identity and loyalty of farmers stay within the boundary of traditional village, the state could command Saemaul movement in a top-down mode without any challenge to its authority.

4. Political Implications of Saemaul Movement

The state mobilized the Saemaul movement at the same time when it implemented high rice pricing policy, propagation of Tongil rice, and the perpetuation of Park Chung-hee's personal rule under Yushin constitution. The state nurtured paternalistic authority through the support of rural income with pricing policy, providing of Tongil seed and the consolidation of traditional collectivism with Saemaul movement to support Yushin constitution. The following words from the book published in the name of the President would be helpful to understand what kind of idea the Saemaul movement conveyed:

In contrast to Western tradition of regarding politics on the basis of confrontation between individuals and the state, the Korean people have always emphasized the relationship of harmony between the two. The word for 'I' in Korean is 'na' (individual), and the word for country is 'nara' (state). 'Na' and 'nara' have seldom been considered separate concepts. Devotion to the state and patriotism, in Korea's long history, have produced many martyrs who often sacrificed 'na' for 'nara'.²³

Ideological education was an important part of the Saemaul Movement. About 70 million people were mobilized to receive the Saemaul education for ten years from 1971. The composition of the 70 million trainees ranged from higher

²² According to a 1978 survey data, a majority of respondent farmers expressed that they participated in Saemaul movement for the development and honor of their village (64 %) or for their village not to fall behind neighboring village. Only 11.6 percent said that they participated because of the personal interest. On the condition of inter-village cooperation in the regional development project, 30.8 percent of the respondents replied that their own village have to get equal benefit to neighboring village and 55.5 percent replied that there should be common benefits for every village. Min Sang-gi, "Nongmin-eui Saemaulundong Ch'amyeo-wa Maulgongdongch'e Euishik," *Nongch'on Kyeongje* 3, no. 1 (March 1980), 92, 94.

²³ Park Chung-hee, *Korea Reborn: A Model for Development* (Englewood Cliffs, NJ: Prentice-Hall, 1979), 62.

state officials through private corporate workers to farmers and housewives.²⁴

The basic principles of the Saemaul Movement were proclaimed as "diligence, self-reliance, cooperation." A "national spiritual revolution" for a "better way of life" and "a driving force for nation building" were also declared as the basic principles by President Park.²⁵ Party politics were criticized as unproductive, and all national resources were to be mobilized for achieving one goal presented by President Park, which is modernization.²⁶ Ideology inculcated by the Saemaul education was a revised version of modernization theory: The substance of modernization is the elimination of poverty. Koreans have achieved and will continue to achieve the goals of economic development by following the Five-Year Economic Development Plans. President Park explicitly asserted that "I believe democracy can only flower in the soil of economic welfare."²⁷ Economic development is the precondition for democracy, security, and national reunification. Koreans have to find their own way to build democracy, which could be quite different from the western one. Koreans have to preserve the spirit of collectivism, which is superior to western commercial individualism. Thus the spirit of the Saemaul Movement developed in the rural society needs to be propagated to the urban factories too.

The heart of the factory Saemaul Movement lies in the peaceful and cooperative relationship between the employers and the employees.²⁸ These were the themes inculcated in the Saemaul education. The secular value of better life and the value of achievement are points of emphases. The substance of modernization theory was undermined when they argued for the preservation of traditional collectivism and industrial corporatism as against the infiltration of western individualism and liberalism in the process of rapid industrialization. The Saemaul movement carried a Korean version of Catonism, that recurred during the industrialization of many societies observed by Barrington Moore:

²⁴ Saemaul Yeon-guhoe, op. cit., (1980), 284.

²⁵ President Park said that "From the outset, I have regarded the Saemaul movement as an endeavor to improve our living standards." *Saemaul*, 227, and also Jin-hwan Park, Introduction to the same book, 1-15.

²⁶ Chung-hee Park, *Korea Reborn*, 41-43.

²⁷ Park Chung-hee, Address in the New Year Press Conference, January 11, 1972. in the book *Saemaul*, 99.

²⁸ "Once such intimate, family-like labor-management ties have been successfully nurtured in a company, it is on its way to success." Chung-Hee Park, Address at a New Year Press Conference, January 18, 1978. in the book *Saemaul*, 258.

[T]here has been occasion to notice that, where commercial relationships have begun to undermine a peasant economy, the conservative elements in society are likely to generate a rhetoric of extolling the peasant as the backbone of society. . . . A key element in this complex of symptoms is the appearance of a great deal of talk about the need for a thoroughgoing moral regeneration, talk that covers the absence of a realistic analysis of prevailing social conditions which would threaten the vested interests behind Catonism.²⁹

The Korean version of Catonism was generated and propagated by the state.

The living standards of South Korean villagers had been upgraded conspicuously by the late 1970s. Farmers had become far better off in terms of their food, clothing and housing. Almost every village could be reached by automobile because the village roads were expanded and bridges were built. Flood control facilities had been built on small streams flowing through villages. Thatched roofs of village houses had been changed into slate or tile roofs. Small-scale running water systems were operated in most of the villages.³⁰ More than 90 percent of the villages had electricity and farm households used electronic appliances:

In 1971, only about 20 percent of the 2.5 million farm households enjoyed electric lighting, while the remainder used traditional kerosene lamps. As of 1978, the rural electrification rate increased to 98 percent and except for villages on small islands, most farmers have electric lights.³¹

Because of the improved rural welfare, people responded positively to the state-led Saemaul Movement, for both economic and ideological aspects. Urban residents, a majority of whom moved into urban area during the past two decades, were impressed by the rural development when they visit rural home village. There are great movements of population twice a year in South Korea. People visited their hometown to participate in the family ceremony in the New Year's

²⁹ Barrington Moore, *Social Origins of Dictatorship and Democracy* (Boston: Beacon Press, 1966), 490-492.

³⁰ Saemaulyonguhoe, *Saemaul Undong Shimnyeonsa* (Seoul: Ministry of Home Affairs, 1980), 581-582.

³¹ Jin-hwan Park, Introduction, to *Saemaul*, 6.

days and the Korean thanksgiving, *Chuseok*. The urban center looks vacant at those times. The state encouraged companies help their employees for their transportation to their homecomings. It was the paternalistic move of the state and industrial capitalists to consolidate traditional family ties and to develop the urban Saemaul movement. The state and the capitalists adopted small farmers into the authoritarian ruling coalition through the Korean version of Catonism, Saemaul movement.

On the other hand, liberal challenge to the authoritarian order was on the rise in the countryside too. There were some Catholic and Christian groups which organized farmers with the financial support from foreign religious institutions. Those farmers' organizations became active enough to protest the state agricultural policy implementations when it hurt the interest of local farmers in the latter part of the 1970s.

The Catholic Farmers' Association at Hampyeong protested that the government broke the promise to buy all sweet potatoes produced in 1976. As the state largely ignored the local protest, the local protest begun in Hampyeong spread out all over the country. Then the state investigated the case to find a bribery link between state officials and the food-processing business interests. Farmer organizations began to challenge the state authority in the latter part of the 1970s.

The most extreme form of Catonism arose in the late nineteenth and early twentieth centuries of the imperial Japan and Germany, where landed upper classes lead conservative peasant movement. The *Nohon-shugi* movement and the Junker-led *Bund der Landwirte* revealed proto-fascist overtones:

Indeed "organic" and "whole" are favorite cloudy terms in Catonism. The organic life of the countryside is supposedly superior to the atomized and disintegrating world of modern science and modern urban civilization. The peasant's alleged attachment to the soil becomes the subject of much praise and little action. Traditional religious piety with archaizing overtones becomes fashionable.³²

³² Barrington Moore, *Social Origins of Dictatorship and Democracy*, p. 492.

The English landed gentry also drove its society into a reactionary phase at the radicalization of the French Revolution. The political and social reforms in England was on hold during and after the Napoleonic War. The class struggles in England ended with the electoral reforms of 1832 and the repeal of the Corn Laws in 1846. The English Cantonism was activated briefly within the parameter of Parliamentarianism. The English industrialists had already shown global strength that they could control labor force with a minimum of help from the state or the landed aristocracy.³³

Saemaul Movement did not really have the agent of Cantonism itself, the landlords. It was carried by the state instead. Saemaul Movement supported Yushin ideology in its emphases on the traditional ethic of collectivism and corporatism. Yushin ideology emphasized filial piety and loyalty, the traditional Confucian ethics.

Yushin government could consolidate its rural support base through the successful implementation of Saemaul Movement, when it lost support among urban population. Liberal forces grew in the urban center along with the rapid industrialization. But the urban liberals failed to find rural coalition. Urban capitalism could not penetrate into the rural economy, still predominated by the small farm system or petty commodity production. The small farm system was sustained by the state and Saemaul Movement. Saemaul Movement carried a mild version of Cantonism under the leadership of the state, not the landlord class.

5. Conclusion

Max Weber found entrepreneurial motivation to continual accumulation of wealth and a frugal life-style in the 'this-worldly asceticism' of Puritanism, as focused through the concept of the 'calling'. Weber saw the spirit of capitalism in those characteristic elements of Protestant ethic.³⁴

Capitalism would grow out of the entrepreneurial activities and growth of the capitalist class is the societal product of capitalist development. But what then the East Asians do for the modernization of their own society in the absence of Protestant ethic?

The East Asian states try to substitute for those prerequisites of

³³ Barrington Moore, *Social Origins of Dictatorship and Democracy*, p. 32.

³⁴ Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, NY: Macmillan, 1958.

modernization lacking in East Asian society. The state substitutes for the capitalist class in getting investment fund through coercive saving of domestic capital and the import of foreign capital. The state could also substitute for the Protestant church, the educator of entrepreneurial motivations. Saemaul Movement shows us that the South Korean state intervened into the formation of capitalist spirit as well as that of physical capital.

Park government pursued economic development according to the principle of neo-classical economic theory in the 1960s as was demanded by the US government. South Korean development began in the light and labor-intensive industries.

Park government changed its development strategy from market-conforming to a stronger state interventionism in the 1970s. It was the retreat of US forces from Asia that gave more freedom to Park government.³⁵ South Korean government implemented the bold plan for heavy and chemical industrialization and agricultural development. The state intervention was the key to realize heavy and chemical industrialization and agricultural development, both of which sectors had no comparative advantage according to the neo-classical economic theory.

We see the state substituted for the capitalist class not only in terms of the formation of physical capital but also in term of the spiritual requirement of modernization in the enhanced phase of state intervention in the 1970s. Saemaul Movement was the activity to create and propagate the spirit of capitalism in a conservative version.

A decade of Saemaul Movement left small farmers with higher income and villages with modern utilities. Small farmers could purchase electric home appliances as well as agricultural inputs. The viability of small farms contributed not only to sustain wages rates above subsistence level, but also to articulate agriculture with urban industry. Saemaul Movement played an important role for the South Korean economy to escape from the trap of the dual economy.

³⁵ Retreat of US forces from Vietnam was manifested by the Nixon doctrine of 1969.