



Thammasat Institute of Area Studies

WORKING PAPER SERIES 2017

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Comparative Study between Park Chung Hee and Sarit
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Merica Chanakitchinchon

December, 2017

THAMMASAT UNIVERSITY

PAPER NO. 08 / 2017

Thammasat Institute of Area Studies, Thammasat University
Working Paper Series 2017

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Merica Chanakitchinchon

Thammasat Institute of Area Studies, Thammasat University
99 Moo 18 Khlongnueng Sub District, Khlong Luang District,
Pathum Thani, 12121, Thailand

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This publication of Working Paper Series is part of Master of Arts in Asia-Pacific Studies Program, Thammasat Institute of Area Studies (TIARA), Thammasat University. The view expressed herein are those of the authors and do not necessarily reflect the view of the Institute.

For more information, please contact Academic Support Unit, Thammasat Institute of Area Studies (TIARA), Patumthani, Thailand

Telephone: +02 696 6605

Fax: + 66 2 564-2849

Email: academic.tiara@gmail.com

Language Editors: Mr Mohammad Zaidul Anwar Bin Haji Mohamad Kasim
Ms. Thanyawee Chuanchuen

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Ms. Merica Chanakitchinchon, Email: mcmerica@gmail.com
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Abstract

Thailand and South Korea in the period of 1960s had some similar characteristics. Thailand was governed by Field Marshal Sarit Thanarat who was a military leader. South Korea also was under President Park Chung Hee. South Korea and Thailand established the economy plan that attempted to develop their economy at about the same time which were the First National Economic Development Plan in 1961 in Thailand, and the First Five-Year Plan in 1962 in South Korea. These two plans brought many significant economic changing to Thailand and South Korea.

This research is going to compare the economic development pattern under the military regime between Park Chung Hee and Sarit Thanarat administration during 1960s. The objective is to explore that what were the reasons that cause South Korea and Thailand had the different results in economic development and to analyze that what were the strength and weak points that Thailand should learn from South Korea. This study has been done by analyzing the key factors of development in these two countries, including the context of development, and the mechanism of development. The documentary research data was taken from the journals, scholar articles, books, and online databases in Thammasat University Library. The results show that apart from the internal and external factor that pushed both countries have an economic changing, also the mechanism of development which were the role of military government, bureaucracy, and private sector was critical, as well as cooperation among these actors in order to dramatically development. Above all, the paper demonstrates that the strength of the governments were the most important driver in order to cooperate and manage all of mechanisms together.

Keywords: economic development, military regime, President Park Chung Hee, Field Marshal Sarit Thanarat

1. Introduction

The Classical Economic Models argue that an escalation in military budget will decelerate economic growth (Pieroni, 2009). Moreover, they also argued that the greater of government intervention the more negative impact on economic growth (Korkmaz, 2015). Interestingly, South Korea became one of the poorest country in the world after the World War II. Park Chung Hee was an authoritarian president through a coup d'état in 1961. In 1961 - 1979, Park Chung Hee and his military government, laid the foundation for the modernization of South Korea. This resulted to South Korea's development from being a country decimated by war, to one of the potential leaders of the Asia Pacific (Yi, 2006). The Park government attempted to focus on industrialization and modernization. This approach achieved spectacular results and the economy recovered within only two years. Even nowadays, most Korean people agree that President Park Chung Hee is "the most effective President ever" (Khaled, 2007).

At the same time, in 1959, Field Marshal Sarit Thanarat who installed himself as an authoritarian prime minister in a coup d'état also seized the government of Thailand. Field Marshal Sarit Thanarat also had the opportunity to develop the Thai economy outside the confine of a democratic system. He is the one who established The First National Economic Development Plan in 1961, which is still be continuing until today. The main objective of the first plan was economic development, industrialization, and export promotions, in a similar direction with Park Chung Hee was doing. Field Marshal Sarit encouraged private sectors to invest in industry, both domestic and foreign investment, and also attempted to utilize domestic resources as much as possible on industrialization. As a result of The First National Economic Development Plan, gross domestic product increased significantly.

To summarize, there were many similarities between these two countries. Before 1960, South Korea and Thailand faced destruction and poverty because of the war. In the 1960s, both countries faced coups led by the military, under President Park Chung Hee and Field Marshal Sarit Thanarat. The new leaders of both countries had the same objectives in terms of economic development, such as modernization, increasing national income per capita, and human development. Despite these similar conditions, within a very short time, South Korea prospered and became a developed country, but Thailand has not yet to achieve the same level of success. Therefore this research attempts to examine the reasons for this contrast.

2. Background and significance of study

In the 1960s, Thailand and South Korea had some similar characteristics. Thailand was governed by Field Marshall Sarit Thanarat who was a military leader, whereas South Korea also was governed by President Park Chung Hee. South Korea and Thailand established their economic plans at the same time: The First National Economic Development Plan for Thailand was in 1961, whereas the First Five-Year Plan for South Korea was in 1962. These two plans brought significant economic changes to Thailand and South Korea. Both countries developed rapidly at high growth rates. In addition to that, the World Bank identified them as part of the “East Asia miracle”. Sarit contributed to changes in economic policy and established many economic institutions in Thailand. Park also led Korea to be an industrialized country through economic and industrial development. Overall, Thailand and South Korea had the similar objectives: industrialization, economic development, and raising standards of living.

Figure 1. Comparative an export rate between South Korea and Thailand (Million USD)

Country/ Year	1960	1970	1975
South Korea	33	882	5,003
Thailand	408	710	2,208

Source: Asian Development Bank, Key Indicators, and Bhung-Nak Song, The Rise of the Korean Economy, Hong Kong: Oxford University Press, 1990.

Figure 2. Comparative the GNP per capita between South Korea and Thailand (US\$)

Country/ Year	1961	1970	1980	1990	1995
South Korea	80	243	1,589	5,667	10,000
Thailand	100	195	686	1,508	2,750

Source: Asian Development, Key Indicators of Developing Asian and Pacific Country, Office of the National Economic and Social Development Board, Bhung-Nak Song, the Rise of the Korean Economy, Hong Kong: Oxford University Press, 1990. And Central Statistical Office, Statistical Yearbook of Thailand.

However, when examined in more detail from the figure 1, even in the beginning Thai export rate was higher, the number of export in South Korea was greater than Thailand

overwhelmingly in the end. In the figure 2, particularly in the later years, living standards in Korea would eventually outstrip Thailand with two times its income rate in the 1960s and 3.5 times by the 1980s. From 1961 – 1995, Thai's GDP per capita increased from \$100 to \$2,750, but at the same time, Korea could increase from \$80 to \$10,000. Thai GNP increased by 27.5 times, but Korea managed to increase by 125 times. This study investigates the reason why these two countries had very different outcomes within a short time despite starting from similar contexts.

a. Research objectives

- 1) To compare economic development in Thailand and South Korea while under their respective military regimes
- 2) To determine what successful economic measures Thailand could emulate from South Korea.

b. Research question

This research attempts to answer the question that what are the differences and similarities of economic development pattern under military regime between Park Chung Hee and Sarit Thanarat administration.

3. Literature Review

Regarding the literature in this field of study, it is necessary to go through relevant concepts such as economic development, military regime, and developmental state theory. Economic development occurs when an individual has the chance to participate in and contribute to the economy. The greater number of individuals participating in an economy, the more new ideas emerges for development. Economic development can be measured by the real per capita income, distribution of income, or even quality of life (Feldman et al., 2014). As for characteristics of states, military regime is understood through four characteristics; military rule, high level of military spending, a proclivity for aggression, and a predominant influence of military institutions (Berg & Berg, 1991). Manuel Castells used developmental state theory to explain government intervention in economic development. According to Castells, government has strong influence and power to specify the policies and guide the way to achieve economic development goal and change to industrialization through cooperation

between public sectors and private sectors. The main idea is that in a state-led capitalism, government play an important role in developing the economy (Castells, 1991).

From the previous researches, such as *The Nation and Economic Growth: Korea and Thailand* (Yoshihara, 1999), *Economic development in South Korea and the Lesson for Thailand* (Tarnthip, 2010), and *Economic Reformation in Thailand* (Satitniramai, 2013), and the reviewed historical background of South Korea and Thailand, the author noticed that all of the findings converge in the fact that the government intervention is the key to economic development. South Korean government intervened in Korea economy more than Thai government did. This allowed Park government to have control in every economic program such as economic planning, investment, economic policy, foreign loaning, and even business activities. On the other hand, Sarit government let the technocrat took control of economic development. Another difference between Thailand and South Korea was that Koreans were more discipline than Thais. This is due to the threat brought by North Korea that created a sense of unity with the aim to have better life.

Based on literatures above, the author noted that there was a gap in the literatures concerning this topic, which is the relationship among three main actors at that time, which were the military government, the bureaucrats, and the private sectors. Because these three actors played a very important role on economic development in that period, hence, the author would like to focus on this idea in this research.

4. Methodology

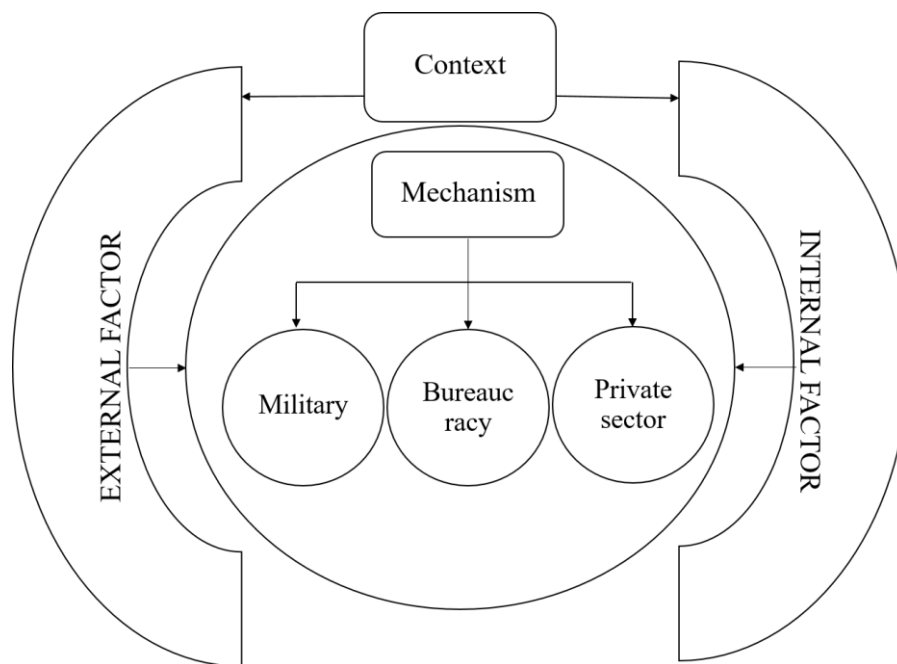
a. Research design

This thesis will answer the research questions by presenting a qualitative comparative study of the two economies. Accordingly, an extensive survey of the existing literature on the economic development of South Korea and Thailand in 1960s was conducted. This review comprises the main body of the research material. Emphasis will be placed on the relationship among three main actors: the military governments, the bureaucracies, and the private sectors.

b. Data collection and content analyses

The research will use secondary data as the essential sources to answer the research question. Those sources include academic journals, papers, articles, books, theses, and researches. Finally, all the data obtained will be synthesized and analyzed qualitatively through interpretation and discourse analysis.

4.3 Conceptual framework



This framework explains the sources of economic development and its mechanism of action. Development comes from external and internal influences. The implementation of development measures is influenced by three main groups: the military government, the private sectors and the bureaucracy. In the case of Thailand and South Korea, these three actors became an important mechanism in economic development after seized the power by the two leaders.

5. Comparison and Findings

a. The context

i. The external factor

For Thailand, the World Bank and International Monetary Fund were the main factors that pushed Thai economic development. Two main conditions that the United States required the Thai government to follow, 1.) The government should stop the expansion of state enterprises in the future and, 2.) The government should support both foreign direct investment (FDI) and domestic investment as well. However, it was argued that actually the US and World Bank were not the main actor as understood. Sarit merely attempted to weaken his political rivals, and applied the World Bank's suggestion as a justification. For South Korea, North Korea played a significant role in influencing the direction and the pattern of South Korea's economic development. South Korea spent about 6 percent of GNP on defense. The government also supported young people to embrace modernity, be education, and acquainted with modern organization and techniques. Thus the threat from North Korea led to South Korea's nation-building. The sense of competition drove to concentrate their economic and non-economic development.

ii. The internal factor

The state's decision to liberalize the economy that caused a shift from supporting state enterprise to capitalism and foreign investment and domestic politics was also significant to Thai economic development. Sarit's decision on private sector, came from political reasons to undermine the opposition group that was mentioned above. Therefore, the reasons for economic reform were not only driven by international relations or economic situation at that time, but political issue as well. For South Korea, in 1950, The Korean War caused the most damage to South Korea economy. Then South Korea became one of the poorest country in the world. After the coup by President Park Chung Hee, the Park government led the new regime which resulted to the blooming of industrialization and the beginning of modernization (Minns, 2006).

b. The mechanisms

i. The role of military government

Park Chung Hee with Guided-capitalism or command economy had led the government to intervene in industrial sector both direct and indirect ways. The government intervened in the private sector by motivating, coercing, and even pressuring. Thus economic objective in South Korea was stable because it was commanded by the government. On the other hand, Field Marshal Sarit Thanarat believed in liberalization of the economy. Therefore the Thai government decided to reduce their role in the economy, while the Korean government increased their economic role. Also the state enterprises in Thailand was only limited to public utility, but for South Korea the government still focused on state enterprises. Moreover, Sarit and the army played important role in rural development rather than national economic development because the context of the cold war in order to contain communist in the region. Therefore government allowed the technocrats to determine the economic policy, and left the industrial development to be under private sector and the elite as the capitalist economy.

ii. The role of bureaucracy

Thai bureaucracy was highly dependent on economic institutions, because each economic institutions were directly responsible to the prime minister and all of them could not command to another one. Moreover, the pattern of setting up of these institutions led to incoordination in microeconomic and macroeconomic that caused Thai government to have more capacity in managing macroeconomic than microeconomic (Satitniramai, 2008). This was different from South Korea because the Economic Planning Board was the completed institution of economic development. Thus Thai government could not have the exact and stable economic direction.

iii. The role of private sector

The relationship between Thai government and the private sector in Thailand could be explained through the idea of pluralism. The idea of pluralism was that the government played fewer roles, such as no intervention in the establishment of private sector, to allow private sectors to be independent. The government did not need to be involved in negotiation between the interest groups. The role of the Thai government was only limited to providing

infrastructures, law, and environment for investment. The government did not intervene in establishment of the private sectors. On the other hand, the relationship between Korean government and the private sector in Korea was based on corporatism model, whereby interest group or private sector could influence in economic policy and law by pressuring the government. Korean government was more independent than Thai.

6. Conclusion

To conclude, Thailand and South Korea developed the economy very well under the military regime in the 1960s in comparison to the previous period. Both President Park Chung Hee and Field Marshal Sarit Thanarat's era marked the beginning of economic development. The thing was that no matter how far they had developed, the role of leadership alone could not contribute to these achievements. Cooperation and synergy among the main actors, which were the military government, the bureaucracy, and the private sector, was also crucial. And the way they cooperate was important as well. Even though both governments had the same objective which was economic development, they propelled it in the different way. Thai government concentrated on rural area rather than whole country, thus the economic policy was controlled by the technocrats and the private sector was very independent. The result was that Thai economic direction was unstable because of an unobvious economic objective. And then Thai economy was improved, but slowly. On the other hand, state-led economy or command economy as Korean government could make the government, the bureaucracy, and the private sector worked together. Even if this strategy brought Korean government intervene in economy very much, but it led South Korea had stable and exact economic direction as well. That was the reason why Korean government could improve the economy rapidly.

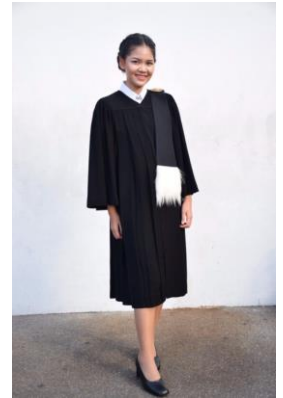
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Author's Profile

Name Ms. Merica Chanakitchinchon

Date of Birth June 30th, 1993



Educational Attainment

- August 2016 – 2017: Master of Arts, Master of Arts in Asia Pacific Studies, College of Interdisciplinary Studies, Thammasat University, Bangkok Thailand.
- 2012 – 2016: Bachelor of Political Science (second-class honor) Faculty of Political Science, Thammasat University, Bangkok, Thailand

Scholarship

- Thammasat University Scholarship 2016 Recipient