

SOCIAL SUSTAINABILITY IN SOUTH KOREA*

SUH MOON-GI
Soongsil University

The East Asian crisis revealed tautologies, once again, on the key factors of development in both positive and negative sidelines. Analyzing the causal relationship between growth and quality of life, the current attempt to explore the developmental state towards sustainable development is shown to suffer from severe limitations: the Korean case addresses the disputed argument that the level of economic growth and the type of political regimes paradoxically influence quality of life processes. Combining both quantitative and qualitative methods, the analysis involves the testing and refining of some parameters and working hypotheses about the relationships among state, growth, and quality of life. What emerges from the study is that Korea's path to quality of life has been a dynamic process determined by historical contingencies, with some contradictions of subjective and objective dimensions, and a dialectical relationship between the state and civil society. The discussion flags a welfare-oriented approach on the basis of the derived counterfactual, which contains the simultaneous existence of elements of progress and regression in the process of quality of life. The analysis suggests that by delimiting the arena of the developmental state, with the notion of developmental transformation, the synergy effects of growth and quality of life will, in the long term, contribute to the development of socio-political processes toward social sustainability.

INTRODUCTION

Although South Korea is considered a successful model for economic growth and equity, it is quite necessary to acknowledge that the country is currently facing a serious developmental crossroad as a result of both historical pressures and inherent contradictions or limits of a commitment to capitalist development, which is partly associated with the recent economic crisis. The Asian financial and economic crisis, evident since the mid of 1997, has in some eyes taken the luster off the Korean model of political economy, though whether the model has outlived its usefulness remains a matter of intense controversy. The crisis, however, provides an absolutely fascinating set of analytical problems covering several disciplines, which are certain to engage our attention for a considerable time to come.

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Further, a critical review of the literature on development shows that numerous previous studies have examined the Korean developmental pathway, which has led to heated academic debates as well as to 'theory wars' in the literature; whereas, the actual processes as seen in terms of quality of life have attracted far less attention. Admittedly, this is due to the conspicuous growth- (e.g., neoclassical approach) or contradiction-focused studies (e.g., dependency or world system approaches), which provide some room for cautious interpretations to better account for the unique experiences of Korea. In other words, each perspective has endeavored to shed light on certain crucial factors in the process of development in the developing countries, but each emphasizes only a particular aspect of the total processes, so that they do not present a comprehensive picture of the complex nature of development. Thus, it seems a ripe time for serious sociological examination of the ramifications of rapid economic growth, regardless of whether or not this shift is natural and expected.

The claim that a rapidly developing capitalist society is undergoing a process of transformation which is carrying it toward social and political arrangements which are, in some sense, quests for quality of life, has received support in recent years. The following arguments are most prominent among the central arguments that the present study attempts to demonstrate.

First, in the short-term, economic growth is incompatible with quality of life, while in the long-term economic growth goes hand in hand with the quality of life in terms of the Korean experience. However, the achievement of sustained equitable growth requires striking a delicate balance that is progressively compromised by the intersection of national and international forces and pressures during the course of development. In the long run, the strength of a market economy lies in providing a deserving reward to a better performer. At the same time, a continuous effort, particularly by the state, is required to enhance the transparency and rules of an economic game.

Second, the synergy of growth and equity opens promising conditions of welfare development as having an obligation to reduce risks and inequality within a society. This argument builds on the premise that the welfare state represents egalitarian reforms of capitalism per se and thus, appropriate institutional means for delivering certain welfare services at a given level of socioeconomic development. The heart of the matter is the effective management of the distributive system of society; otherwise, the lack of redistributive measures or social welfare policies could entail a source of socioeconomic conflicts and unrests, which ultimately result in unnecessary retar-

dation of development.

Third, the turning point to this transition is, to a great extent, shaped in response to forces and conditions established by the matrix of state power and civil society. The implication is that the more arbitrary state power is (e.g., unequal distribution of power), the less likely that the opening space for quality of life will develop (Rawls, 1999). Thus, development of the welfare state is an integral part of the development of modern capitalist society, representing a historically unique compromise between the powers and interests of capital and organized labor.

To elucidate and extend this main theme, the research undertaken here underlines the specific contexts within which partially autonomous state interventions emerge and play out, including the political relations of state policy to social groups, and societal attitudes toward state actions. The relative importance of a set of preconditions as well as a number of supporting variables for the establishment of welfare development and its connection with economic growth are analyzed and empirically examined. Thus, the causal relationships between economic growth and quality of life, and the state are the focus of the study. Several regression models including ordinary least squares (OLS) and qualitative comparative analysis (QCA) are estimated and variables are chosen on the basis of their potential for offering theoretical insights to derive parameters for the welfare state.

THEORETICAL AND EMPIRICAL BACKGROUND

A review of the literature indicates that there are many different definitions of the concept of quality of life (Shelley, 1989). This is a direct result of the different perspectives of quality of life. However, a closer examination of the literature reveals that there are two main perspectives: the growth-oriented approaches and welfare-oriented approaches. As noted in an early conception by Kuznets (1955), capital accumulation and rapid GNP growth are the dominant targets in the growth-oriented approaches. This perspective typically maintains that direct pursuit of welfare requires a sacrifice against growth due to the necessary diversion of resources away from their most efficient use (i.e., productivity) (Gerschenkron, 1962; Lal, 1985). The pattern of resource allocation that maximizes relative quality of life is likely to produce little investment and efficiency. Following Engels' law, egalitarian income distributions would be marked by a higher proportion of income devoted to the quality of life. Furthermore, lower savings rates among the poor are assumed to yield lower investment rates, which, in turn slows aggregate growth. Another claim to support this perspective is that redis-

tributive taxation is thought to distort the type as well as the level of investment. Income is chased into black markets or tax shelters, which yield little in future economic growth. Also, the pursuit of quality of life invariably implies a larger role for the state, which can be attacked by the notorious inefficiency of state-owned enterprises. Furthermore, under the condition of balancing point in governmental expenditure, the emphasis of one dimension may result in distorting the other dimensions.

By contrast, the welfare-oriented approach has focused on distributional and noneconomic components of development as significant goals (Okun, 1976; Weaver and Jameson, 1981). This perspective, which emphasizes principles of economic justice and equality, holds that growth itself provokes distorted patterns of development that tend to diminish the quality of life in the developing countries. It denies that there is any inherent tension between investment and quality of life. Rather, it contends that expenditure to provide quality of life is itself investment. The system providing quality of life has laid the groundwork for faster future growth via strong infrastructure. According to this perspective, rapid growth is biased against the poor in an even more fundamental way in that rapid increases and distribution of GNP are very unlikely to be felt by welfare gains among the poor that has some limits in production and consumption. Rapid growth requires non-egalitarian distributions and a limited state that result in inequality and social conflicts. Thus, the process of quality of life can distort the mechanism that aggravates inequality of bargaining power of social groups, which cannot expect the logic of trickle-down effects.

Clearly, these two perspectives emphasize different substantive aspects of quality of life. For the growth-oriented perspective, the main concern is the promotion of individual freedoms by limiting the infringement of the state on quality of life. The key issue for the welfare-oriented approach is the satisfaction of quality of life provided by the state. Despite their contrasting views, both conservative growth-oriented and liberal welfare-oriented approaches address the peculiar capacities and disabilities of the institutional reforms — markets, state, and civil society — on which an egalitarian strategy must necessarily rely. In a democratic society, state intervention can efficiently supplant the private provision of goods and services where market failure occurs. However, state failures are as ubiquitous as market failures (Krueger, 1990). Recognition of the destructive capacities of the state and its abilities (e.g., free-riding problems) would considerably limit the range over which its intervention can be relied on. Moreover, while civil society cannot be subsumed under the rubric of state and market, its viability depends critically on the structure of state and market, and the nature of

their relationships.

Theoretical and empirical research clearly has stimulated a growing interest in the field of quality of life and social justice. While multiple theories are being espoused or tested in this analysis, effects traced across levels of analysis and over substantial periods of time form a system of complex causal dynamics rather than a collection of simple and isolated analyses. Economic development theories hold that quality of life is determined by the level of economic growth, while dependency studies argue that economic growth retards and distorts quality of life in the developing countries. On the other hand, the role of the state is emphasized by the state-centric approaches, which claim that the degree of quality of life depends on the extent to which the state is directly involved in the economy. By contrast, the social movement approaches maintain that relative deprivation, as a product of the structural conditions, provides the socio-psychological impetus for collective action and organized groups, which contribute to the development of an emerging process of quality of life. One has to point, however, to a limitation of this literature. Most previous studies have put only political or economic variables at the center of the analyses, without adequately detailing the relationship between the state and quality of life or identifying the causes of welfare development. They have made little progress in estimating the welfare effects.

One reason for this lack of analysis is that much research in this area has been done by social scientists who are more concerned with outcomes than with processes (Midgley, 1994). Another reason is that many people analyzing developmental issues have been more interested in the accumulative economic growth than in the distributive social welfare. Therefore, an approach is needed which simultaneously takes into account social, economic, and political effects on quality of life, since development itself is a multidimensional and complex process involving changes in many noneconomic factors.

Then, can countries achieve both growth and equity or must one value be sacrificed to attain the other? It is often argued that the mechanisms which promote economic growth also promote economic concentration, and a worsening of the relative and perhaps even absolute position of quality of life (Harrison and Bluestone, 1988; UNDP, 2002; World Bank, 2001). In the context of developing countries, the developmental state pursuing aggregate growth while downplaying distributional issues might produce rapid growth patterns containing little improvement in the quality of life, since the distortion of those pathways tends to sacrifice the interests of the poor (O'Donnell, 1980). However, the experience of the East Asian Newly

Industrializing Countries (NICs), including Korea is one of the most illuminating cases of economic growth and equity as shown in the objective measures, which is often used to support or refute the explanatory mechanisms from the major theoretical paradigms. Central to Korea's success has been its outward-looking development policy based on export-promoted industrialization under state guidance (Amsden, 1989; Onis, 1991; Wade, 1990). Small domestic markets, relatively abundant labor, and relatively scarce land and capital made export-oriented industrialization a most efficient means of achieving rapid growth (Jones and Sakong, 1980).

Compared to previous studies, which have overlooked the critical role of civil society as a coordination structure, the present research recognizes coordination failures in both state and market. Therefore, it is clear from the above that reforming social structures capable of supporting both equality and higher living standards requires a fundamental rethinking of the relationships between state, market, and civil society, with their characteristic capabilities and deficiencies. A key to such a reconstruction is the recognition that the nature and distribution of resources are critically affected by the workings of all three. Institutional structures supporting low levels of quality of life are often costly to maintain, since social response would intensify feelings of deprivation and social costs of negative sanctions. However, a democratic state is capable of using its power not only to improve economic efficiency, but also to redistribute resources in response to populist pressures (Hopkins and Wallerstein, 1996). The empirical documentation of East Asian states shows that the relationship between economic growth and quality of life is thus mediated by the structure of socioeconomic governance (Haggard, 1990; Hamilton and Biggart, 1988).

Recently, concerns have risen in Korea about perceived inequalities in the system as seen in the process of wealth creation (e.g., speculation in the land and real estate markets), which warrant revisiting. Other evidence shows that there are significant differences between the major *chaebol* groups — conglomerates of a number of industrial firms and business — and small and medium corporations (e.g., profit rate or value added gravity as a percentage of GDP let alone organizational mortality rate and size of total capital or sales (Janelli, 1993). In order to maximize capital accumulation so as to increase international competitiveness under conditions of few resources, the state gives priority to large-scale conglomerates by financially repressing small and medium firms. In a rapidly developing economy, distribution of wealth and quality of life may rise by leaps and bounds, and still bypass the majority of the population. Therefore, the present study seeks to adjudicate the controversies concerning the existence of the variants of the growth-

quality of life trade-offs in the unique experience of Korea.

DATA AND ANALYTICAL STRATEGY

The proposed research attempts to contribute to the understanding of the dynamic underpinning of societal change in Korean development. It involves the testing and refining of some key concepts and working hypotheses about the relationships among state, growth, and quality of life. The task of integration between the state and civil society through economic growth is often expressed in terms of increasing quality of life, since it is often designed to evaluate the outcomes of social policies and to measure trends of social change. In this study, quality of life is conceptualized as the material and social preconditions for the life chance of well-being, emphasizing principles of economic justice and equity. Analytically, this conception can be defined as a minimal level of economic welfare as well as the opportunity to participate in the society. A study of this process that determines quality of life can open a window that exposes other facets of national development.

A condition of quality of life is conceived of as comprising three elements. They are the degree to which social problems are managed; the extent to which needs are met; and the degree to which opportunities to advance and realize social potential are provided. These three elements operate at different social levels and combine in a complex way to comprise the necessary requirements for attaining a condition of quality of life. Although the concept is difficult to operationalize and no measure is universally accepted, the scope and extent of public commitment to quality of life are further utilized in the present study in terms of widely used measures of both subjective and objective indicators. The first refers to the response of civil society to its welfare conditions (e.g., expression of satisfaction with life conditions or degree of anxiety over the future) while the second measures include several dimensions of quality of life; access to the infrastructure of the society (e.g., health, welfare, education, housing and associate amenities such as piped water, and communication and information); the welfare expenditures.

A developmental transformation cannot be understood or solved within the narrow confines of development because it is a product of interactions among countless social, political, and economic processes. Against this backdrop, it will be analytically assumed that several of the problems are connected with the path of economic growth, suggesting that there are externalities in dealing with any one problem and that there may be gains in

addressing several of them in combination. Some insights can be obtained using comparative analysis because it provides a measuring rod or a standard for analysis.

The following are among the more important suggestive hypotheses (H), which are called for by the theoretical background:

- H1 The relationship between economic growth and quality of life will follow a U-shaped curve: first worsening, then improving.
- H2 The greater the reliance of export-oriented production on external resources is, the lesser is the quality of life.
- H3 Military expenditure will be negatively associated with quality of life.
- H4 It is predicted that only at higher levels of social development will state strength have a positive impact on quality of life.

The most prominent among claims are the following main hypotheses (M):

- M1 State intervention in the economy, as measured by central governmental expenditures as a percent of GNP, will positively affect quality of life and that this relationship will depend on the level of industrialization.
- M2 Foreign capital and technology will be negatively correlated with quality of life when it interacts with a despotic regime (e.g., the developmental state).
- M3 The level of economic growth determines the type of political regime and the type of political regime impacts the level of quality of life.

The basic hypotheses were established to test the process of development in the area via Kuznets' thesis, governmental policy, geopolitical significance and the role of the state, reflecting the particularity of Korea. The main hypotheses include the causal relationships among the state, market, and international factors to account for the mechanism of growth and quality of life.

The data collection procedure consists of gathering archival data (e.g., micro-macro indices, policy documents), periodicals, scholarly publications, and survey data sets available. It covers various statistical data sets, including cross-national and cross-sectional data. With respect to the use of these diverse data sets, they are mutually complementary in generating a comprehensive spectrum of social transformation by avoiding a superficial or one-sided cross-section of a social formation. Also, numerous objective documents compiled by specialized media on governmental and civil affairs may

constitute important events in the actual historical process by which various dimensions of mass response have unfolded.

The primary data sources for this study are three-fold. First, aggregate socioeconomic data from World Bank and government sources are collected on a general macro level to determine de facto structural factors. Second, government sources are consulted with Korean officials regarding currently existing state's policies of growth and distribution of quality of life. And third, a review of secondary literature is performed with respect to social consciousness on the developmental pathway, particularly toward the welfare state in Korea. The response of civil society to the state's policies is evaluated based on the survey data sets, conducted by the Institute of Social Development and Policy Research at Seoul National University and Gallup Institute in Korea. The main comparative data sets in the present investigation are taken from highly reliable sources of cross and within national data sets, which are large, broad, and up-to-date.

The basic analytical strategy is to utilize both quantitative and qualitative analyses. The historical comparative analysis provides a needed corrective to the variable-oriented approach, since it is the case that historical and statistical analyses are not mutually exclusive. Thus, the robustness of the general findings is tested over historical analysis, in the context of navigating conversation between different methodological and discourse orientations. Ordinary least squares estimate (OLS) is the method of quantitative analysis, while qualitative comparative analysis (QCA) is the centerpiece of historical inquiry.

RESULTS

While the structural relations to the diverse output of the quality of life in Korea are discussed later, the effect of economic growth on the government expenditure for social welfare, as an input measure tapping quality of life, is presented in Table 1. Bivariate tests, based on the data from 1965-2000, are least adequate for evaluating growth-oriented approaches to quality of life. Although multivariate tests for other important variables are provided later, many independent variables and the comparatively small number of observations ($N=35$) — the typical cases of time-series analysis with missing values — argue against the inclusion of all variables simultaneously in a single, grand multiple regression. Furthermore, once logGNP is entered, multicollinearity makes it difficult to disentangle the effects of other independent variables from those of economic growth.

The analysis shows that economic growth exerts a positive bivariate effect

TABLE 1. REGRESSION MODEL FOR ECONOMIC GROWTH AND QUALITY OF LIFE IN KOREA (OLS: standard errors in parentheses)

Independent variable	Dependent variable = QL (input)	
	Model 1	Model 2
Constant	67.003 (14.368)	
(LogGNP) ²	1.251*** (2.61)	
LogGNP	-18.152*** (3.903)	
GINI		-30.426*** (8.782)
SS		.047 (.058)
LABOR		.000 (.000)
R ²	.751***	.712**
D-W	1.411	1.563
N	35	35

Significant at the .05 level, *Significant at the .01 level (one-tailed tests).

QL (input measure): government expenditure for social welfare.

LogGNP: logarithmic transformation of GNP per capita.

SS: state strength as a percentage of revenue to GNP.

LABOR: number of occurrence of labor disputes.

on quality of life in Korea, and this result is in line with the case of Kuznets' curve for economic growth and income inequality. The relationship appears to be a curvilinear function and its coefficient is statistically significant. The relationship between income inequality and quality of life along with social forces in Korea is specified in the second model. The analysis indicates the relative importance of the GINI coefficient to quality of life in Korea, if the effects of state strength and labor are controlled. The result is in the hypothesized direction (negative) at the .01 level in a one-tailed test and suggests that the synergy of growth and equity opens promising conditions of welfare development as having an obligation to reduce risks and inequality within a society. In other words, as the country becomes more economically affluent, concern over equity continues to grow, along with rising expectations about the satisfaction of quality of life or an improved standard of living.

Taking these results, therefore, the proposed hypothesis of a positive effect of economic growth on quality of life, as a U-shaped curve, is supported. Consequently, the argument associated with the classical dependency perspective and dependent development theory is required to be modified substantially when applied to the Korean experience. Although presumably correct (e.g., Haggard, 1990; Jones and Sakong, 1980), this interpretation calls for further examination. Since the GINI coefficient of the country varies

TABLE 2. TIME-SERIES ANALYSIS OF QUALITY OF LIFE IN KOREA (OLS: standard errors in parentheses)

Independent variable	Dependent variable = QL (input)	
	Model 1	Model 2
Constant	12.673 (1.981)	11.173 (2.312)
MIL	-.232*** (.061)	-.194*** (.069)
EXP	.043*** (.009)	.037*** (.010)
SI×LogGNP	.008 (.007)	.008 (.008)
FD×REGIME	.003 (.004)	
SS×LABOR		.000 (.000)
R ²	.835***	.851**
D-W	2.386	2.782
N	35	35

** Significant at the .05 level, *** Significant at the .01 level (one-tailed tests).

QL: state expenditure for social welfare.

MIL: percentage of military expenditure to total budget.

EXP: total amount of export (\$ billion).

SI: state expenditure in the economy as a percentage of GNP.

LogGNP: logarithmic transformation of GNP per capita.

FD: total amount of foreign debt (\$ billion).

REGIME: regime type (1=democratic).

SS: state strength as a percentage of revenue to GNP.

LABOR: number of occurrence of labor disputes.

marginally within the range of 3.0 - 4.0 over time, and the input measure of quality of life is used for this preliminary analysis, it cannot clearly reveal the underlying sources and nature of quality of life in the country as an intersection of domestic and external functions.

The study develops a model of quality of life based on multidimensional aspects of development, and tests several hypotheses concerning quality of life. As shown in Table 2, the models suggest that quality of life is a function of structural characteristics of the society. The dependent variable, quality of life, is hypothesized to be a measure of state efforts to redistribute quality of life in a more egalitarian manner by increasing its expenditure on social welfare programs. The findings are, by and large, consistent across the separate models. Overall, a statistically significant percent of the variance in the dependent variable (state expenditure for social welfare), can be explained by each model.

Table 2 reports the results of the regressions of quality of life indicators on military expenditure (MIL), degree of export-oriented strategy (EXP), and

interaction effects of state intervention in the economy and log GNP (SI×LogGNP); foreign debt and political regime (FD×REGIME); state strength and the degree of labor movements (SS×LABOR). Two of the five hypothesized relationships, military expenditure (MIL) and export-oriented strategy (EXP), meet the requirements for statistical significance at least at the .01 level in a one-tailed test. The results indicate that three interaction effects are only marginally significant, albeit to the expected direction respectively.

The effect of military expenditure is generally as expected, decreasing quality of life in the country. While this result runs counter to some studies by Marsh (1988) and Weede (1993), based on human capital theory and military sociology, it does support the geopolitical considerations in accounting for quality of life, showing that the growth of the military has budgetary consequences that shift the allocation of societal resources. Thus, the positive modernizing consequences of the military expansion are balanced against the growth and distributional consequences of military spending in the country. Further, it can possibly be related to the reality that the military in Korea tends to distort the allocation of resources toward nonproductive functions and to turn organs of the state against the citizens it is designed to serve.

Supporters of military regimes frequently base their cases on the central role played by nationalism and patriotism in justifying the coups that bring the military to power. It was symbolized in Korea with the slogan 'enrich the nation and strengthen the army' that was pursued by the military regime during the period of 1961-1988, in order to demonstrate state performance and to cover its illegitimacy. Compared to a previous regime noted for inefficiency and instability, the hierarchical organization of the Korean military introduced discipline and efficiency in place of waste and corruption. Although the military regime provided greater commitment to the national interest for economic success, it also represents the ascendancy of norms that are anti-participatory, and often tied to interests that are antagonistic to the type of social changes which could improve quality of life.

Examination of the political elite revealed the dominance of military leadership in Korean politics from 1961 to 1992, and showed the technocratic function of the co-opted civilian elite. The growth of the technocratic function of the elite structure, which constitutes a developmental state, was oriented by the system's goal to achieve rapid economic growth, and in turn helped the system to transform into the model of civilian technocratic development. Despite the success in the increase of economic growth, industrialization, urbanization, and functional differentiation, the military governing

structure in Korea had a negative effect on quality of life, by which social conflicts can be intensified. Thus, the result of time-series analysis reflects, in part, the Korean elite structure characterized by a strong combination of military leadership and technocrats on the basis of a growth-oriented developmental strategy. One meaningful suggestion from the analysis is that Korea's 'social reform from above,' led mainly by the military regime, paradoxically, contributed to a consolidation of 'social reform from below', which was about to be ripened by a synergy of growth and equity in the country.

When the influence of the other variables is taken into account, an export-oriented strategy appears to possess a positive impact on quality of life. This finding is at odds with the predicted hypothesis that the reliance of export-oriented production on external resources will have a negative relationship with quality of life. Thus, it is not supported that if a good deal of the resources needed for production must be purchased from outside, and the national economy and much of the goods and services produced must be sold outside, then control over production and distribution is reduced. In general, national distributive processes cannot be fully understood without references to its global context in terms of participation degree, which has been argued by both hard and soft-liners in the political economy of development (Galtung, 1971; Giddens, 1995; Hirschman, 1982; Rostow, 1960; Wallerstein, 1979). A variety of radical economic arguments associated with dependency and world systems theory single out mechanisms involving surplus extraction and transfers as a key distinctive aspect of (semi) peripheral capitalism, which occur both internationally from south to north and within societies from poor to rich.

The contrary result, however, might follow from the recognition that it is not export per se which affects quality of life but the other mechanisms that embody a variety of export characteristics undesirable for long-term growth and quality of life. These include unstable prices and production, stagnant technical change, lagging relative demand, intensive reliance on heavily concentrated foreign resources, the absence of forward and backward linkages, and large leakages from the domestic economy (Ragin and Delacroix, 1979).

The Korean economy structured to exploit comparative advantage. However, it appears to support the constraining effect of fluctuations in export earnings which result from rapid changes in international prices and currency. Since the country, which specializes in manufactured products, has a very high proportion of exports as a percentage of their total production, it permits efficiencies of scale and optimal allocation of resources,

which yield a consumption basket containing greater use values than the production basket. Thus, the implication that large export shares can be positively associated with higher quality of life might be an important consideration in limiting the notion about the non-egalitarian impact of vertical trade structure, in which the export and import structure of processed goods, as indicated by partner concentration and commodity concentration, is the central mechanism producing dependence in developing countries.

The only caveat is the lesser significance of the interaction variable of state intervention, regime, and state strength, when all other factors are held constant. At the rudimentary level of analysis, caution should be exercised in interpreting these results due to the small number of cases under investigation. Before state hypotheses are dismissed, one other possibility deserves attention: the effects of state power might be additive rather than multiplicative. In other words, this variable has separate effects on the dependent variable rather than joint effects on it, which suggests that state power itself was differentiated over time in light of the historical and institutional context of development in the country (e.g., authoritarian developmental state or democratic state power).

With regard to the results for interaction variables, some points are worth noting. The variable of state strength is combined, in a complex way, with the multifaceted nature of the state's role within the national context. Although inputs that yield the greatest return in quality of life are the infrastructure and collective goods, which are seldom provided by the private sector, it is still somewhat problematic to find a measure of state strength (i.e., a state might be strong without being large). It suggests, therefore, that the conception of state strength or state involvement needs to be incorporated into the distinctive nature of state power, as a reasonable proxy for this operationally elusive concept, which is reanalyzed in this study.

Another important consideration in the analysis is that when the working classes possesses the capacity to organize themselves, frequently with relative deprivation in the sense of a discrepancy between what one has and what one feels rightfully entitled to, the mobilization becomes widespread against socio-political controls from above. Accordingly, it might lead to frustration in transactions between various decision units in the society, including the relationship between workers and capitalists within a firm or the relationship between the state and private capitalists. Thus, the hypothesis suggests some ways those relations would develop as the economy becomes more complex and as the political system becomes more democratic and consolidated. This line of reasoning stems from a political economy perspective that focuses on actors whose power is grounded in control of

economic and organizational resources and coercive force, and who vie with each other for scarce resources in the pursuit of conflicting goals.

Given the low sample size in the causal models, there is much room for historically contingent supplementary explanations of the findings. An alternative model of the quality of life, on the grounds that the effects of state power and civil society might be additive, is more complex and implicit rather than explicit within the time-series models. If the investigation is framed within a more comprehensive study of the political economy of development, the effect of state power and civil society can be more sharply focused, and the state role in shaping quality of life can also be more fully specified. The *prima facie* evidence that wealth and wellbeing are not substantially divorced does not necessarily guarantee whether or not improvements in the former lead automatically to improvements in the latter. In order to test the possibility of spurious and suppressed relationships, a qualitative comparative analysis can be used to identify specific mechanisms in detail. Accordingly, it is quite necessary to analyze whether or not the more elaborate argument expressed by the multi-variable model of developmental effects is supported by the historical data set.

Quality of life is a multidimensional concept with deep roots in values, culture, and emotional feelings. This makes it one of the most difficult issues facing Korea in the 2000s. In the initial stage of industrialization since the 1960s, the major concern about living standards in Korea were associated with obtaining basic materials as the margins of survival, provided by domestic and foreign welfare organizations. Once the economy improved to the stage where the problem of poverty could be solved, the survival issue shifted to the comprehensive question of the quality of life. Given Korea's remarkable economic growth and equity over the last three decades, excepting the recent crisis, its highly publicized status of semi-peripheral country and its unique historical and geographical circumstances lead one to apply a more systematic approach to the case of Korea. It proceeds further to examine how historical evidence fits with the quality of life argument that is suggested by the alternative models of developmental transformation in the country.

With regard to the subjective aspect of quality of life in Korea, Table 3 provides the information on the degree of satisfaction with the living conditions in the country.

By and large, the response of 'satisfied' declined from 36 percent in 1991 to 10.6 percent in 2001, whereas the percent of 'unsatisfied' increased recently as a result of the financial crisis in East Asia. Furthermore, when we consider the turning point of the civilian regime in 1992, this result is somewhat

TABLE 3. DEGREE OF SATISFACTION WITH LIFE CONDITIONS IN KOREA (%)

	Satisfied				Acceptable				Unsatisfied			
	1991	1994	1996	2001	1991	1994	1996	2001	1991	1994	1996	2001
Total	36.0	36.9	35.1	10.6	52.8	53.7	42.6	43.0	11.2	9.4	22.3	41.6
Gender												
Male	39.4	40.3	35.3	10.6	51.5	52.4	42.4	43.8	9.1	7.4	22.3	41.4
Female	33.2	34.1	35.0	10.7	53.8	54.8	42.8	42.3	13.0	11.1	22.1	41.7
Education												
Primary school	27.1	26.9	23.5	7.0	57.4	59.4	49.7	40.9	15.5	13.7	26.8	42.9
Middle school	32.5	32.4	23.5	9.2	55.9	58.0	49.7	41.7	11.7	9.7	26.8	41.9
High school	41.5	41.5	31.8	10.5	50.3	51.1	44.7	44.0	8.2	7.4	23.2	42.6
College & more	57.7	54.3	43.1	16.8	38.1	41.4	37.5	44.6	4.2	4.4	19.2	37.2
	N				Mean				S.D.			
Objective***												
Capitalist		113				27.43				38.95		
New middle		675				7.33				41.24		
Old middle		298				6.38				38.83		
Worker		335				-9.0				42.35		
Agriculture		264				3.03				41.71		
Subjective***												
1-2		97				-31.44				46.95		
3-4		455				-10.10				38.66		
5-6		993				11.53				37.77		
7-8		208				33.41				35.46		
9-10		8				56.25				32.04		
Total		1765				6.37				41.54		

***P < .001.

^a Ranged from -100 (unsatisfied) to 100 (satisfied).

Sources: Compiled from Ministry of Finance and Economy, *Social Statistics Survey*, various years; Institute of Social Development and Policy Research, Seoul National University, *Social Survey*, 1996: 181.

suggestive in that the end of the military regime contributes to the increase of the subjective quality of life conditions, while the advent of a democratic regime is still in the process of transition, which tends to generate stronger demands from civil society. Also, the survey results reveal that females are less satisfied than males, but recently show a pattern similar to males', which means the improvement of social conditions for women in the

Confucian society.

There is strong evidence that subjective life conditions are viewed by respondents as positively related with educational differentials. For example, approximately 57.7 percent of college graduates and 27.1 percent of primary school graduates were satisfied, whereas less than 5 percent of the former group and 15.5 percent of the second were unsatisfied with the conditions of quality of life in 1991. However, this result has been changed via the financial crisis in 1998-1999, showing a similar pattern of the degree of satisfaction in the educational scales. This finding can be further analyzed as shown in the second part of Table 3, which indicates the degree of satisfaction with quality of life as a function of either objective or subjective class positions. It can be estimated that on the scale of -100 to 100, the respondents consider their quality of life as the mean level of 6.37, and that the degree of satisfaction is further differentiated by class position. Particularly, the capitalist class can be distinguished from other class strata because of its relatively high satisfaction. This finding is clarified by the subjective class position as shown in the lower part of Table 3, reflecting the strong correlation between class consciousness on income distribution and subjective quality of life in Korea. The result appears to be quite consistent with that of quantitative analysis.

The shift in emphasis from economic growth to a higher quality of life becomes a critical issue in the country because the state's effort for welfare development has not gone very far in proportion with the pace of economic growth. Tables 4 and 5 are suggestive in this regard, which spell out the Korean developmental pathway.

It is widely recognized that there is a zero-sum between governmental expenditures for social welfare and that for economic services (Fields, 1980;

TABLE 4. COMPARISON OF DEVELOPMENTAL INDEX BY REGION IN 2001

	Korea	EA ^a	LA ^b	OECD ^c
HDI	.875	.719	.760	.900
GDP index	.840	.610	.710	.900
Educational index	.950	.810	.830	.940
Life expectancy index	.830	.740	.740	.860
PQLI	85.6	91.5	79.7	91.9

^a East Asian NICs.

^b Latin American NICs.

^c Organization for Economic Cooperation and Development.

Sources: Computed from UNDP, Human Development Report, 2002; Morris (1996) for PQLI.

TABLE 5. GOVERNMENTAL EXPENDITURE BY SECTOR IN KOREA (%)

	1975	1980	1985	1990	1995	2000
General	11.3	9.7	10.1	10.2	10.8	9.2
Defense	28.8	35.6	30.6	25.2	23.0	17.4
Economy	26.7	21.5	16.1	19.2	22.2	26.6
Education	12.7	17.7	20.1	20.4	18.8	20.4
Welfare	6.7	6.4	6.8	8.9	8.3	11.3
Other	13.8	9.1	16.3	16.1	16.9	15.1

Source: National Statistical Office, Major Statistics of Korean Economy, various years.

Midgely, 1994). Table 4 provides the comparative status of each region as of 2001, in terms of human development index, GDP index, educational index, life expectancy index, and the physical quality of life index (PQLI). The result demonstrates the appearance of two major clustering groups: (1) welfare-oriented countries, including most developed countries and Latin American NICs, and (2) economic-oriented countries, including East Asian NICs. However, each dimensional scheme indicates no perfect relationships among factors, and suggests the importance of the private sector over the state sector in the welfare status of East Asian NICs. Table 5 supports the proposition that the share of social development-related expenditure is particularly small by the historical trend of state policy in Korea. Governmental expenditure for defense and economic development has been on the decline throughout the 1980s, while expenditures for education and social welfare improved partly, but the reverse trend appears in the 1990s, again returning toward the growth-oriented policy. This trend reflects that macroeconomic progress by itself does not guarantee quality of life, which can be hidden or even worsened by the former.

CONCLUSION AND DISCUSSION

What makes development sustainable? And, in turn, what are the principal challenges facing a new developmental transformation toward quality of life? These are the questions that motivated the present research. What clearly emerges from the study is that Korea's path to quality of life has been a dynamic process determined by historical contingencies, with some immutable logic of capitalist development, and a dialectical relationship between the state and civil society. Under these propositions, the empirical investigation of the growth-quality of life hypothesis estimates a causal association among them, while this relationship contains the simultaneous

existence of elements of progress and regression.

The major hypothesis that the relationship between economic growth and quality of life will follow a U-shaped curve appears to be supported. The significant positive impact of export-oriented strategy, however, was not in agreement with the hypothesized negative effect. These findings lead us to modify the dependency argument that the non-egalitarian impact of trade structure is the central mechanism producing less quality of life in developing countries. The importance of the geopolitical consideration in explaining quality of life was suggested by the significant and negative effect of military expenditure, which shifted the allocation of social resources in Korea. Three interaction effects (state strength and labor movement; foreign debt and political regime; state intervention and economic growth) were only marginally significant, albeit in the expected direction. This finding implies that state power itself is differentiated over time in terms of the historical context of development in Korea. The present analysis also showed that income inequality had a positive effect on quality of life, and that the conditions of strain in Korea, measured by the perceived quality of life, have deteriorated while overall objective estimates indicated the opposite. These findings suggest that the nature of development is more crucial than its level in accounting for the elements influencing quality of life, which is more complex rather than a simplistic reduction.

More importantly, the historical analysis illustrated how the state itself structurally changed as a result of development. The hypothesized compatibility between economic growth and the authoritarian developmental state was confirmed in a short-term strategy, while it was rejected in a long-term one under the circumstance of growth and equity. Therefore, the state-centric perspective which emphasizes the active role of the state at the sacrifice of the societal fabric (e.g., constraining social conditions for quality of life) appears to be modified. On the contrary, among the preconditions for the emergence of the welfare state, the impact of civil society was transmitted both directly and indirectly via labor and democratic movements. This result is in line with the social movement theories which argue that civil strife contributes to the development of political processes toward quality of life (Nussbaum and Sen, 1997).

Returning to a key issue in these findings, the advent of the welfare state in Korea, however, is not merely a passive byproduct of economic growth, although growth itself is the necessary condition for improving quality of life. The quality of life has been dominated by economic or political rather than social considerations supported by some underlying ideas of growth-oriented and anti-welfarism and, especially by resistance to the provision of

state-guaranteed social welfare. It has been constructed by a powerful but unpopular regime — the developmental state — seeking to legitimize itself, and it remained subsidiary to economic and industrial development policies. The ruling elites have generally only accepted the institutional concept of quality of life when confronting political crisis, and return to the residual concept of quality of life after the crisis (Esping-Andersen, 1996). It can thus be acknowledged that the state did not enthusiastically embrace an egalitarian approach. The ruling elites recognized that the country will face determined opposition from entrenched social movements as well as international interests opposed to progressive social change. Whether or not the egalitarian approach continues to exert influence in social development circles remains to be seen.

To sum up, economic growth and political democratization have greatly enhanced the worker's power and the prospect for quality of life in Korea. Nevertheless, the tremendous costs of economic growth have often been neglected in discussing the Korean developmental transformation. Furthermore, the forces driving this change, such as rising middle class demands for improved quality of life, democratization, and globalization, are still in their infancy.

It is important to qualify our concluding remarks by drawing some analytical implications from the study. First, the study set out to clarify the notion of quality of life both objectively and subjectively. The relationship specified here between growth and quality of life provides a more dynamic analysis of social development. The distinction between development and democracy is also presented to show that these are two qualitatively different aspects of state power, requiring separate analytical treatment. In terms of differences in premises, goals, and public policy for quality of life, three types of state can be identified in the Korean developmental pathway: (1) the developmental state which pursues growth-oriented development at the sacrifice of the quality of life; (2) the democratic state which endorses liberal economic democracy based on the values of individualism, open market, free competition, and political participation; and (3) the welfare state which takes into account social welfare programs for quality of life of the entire community. Second, while economic growth, egalitarian movements, and democratization can be discerned analytically, they are interrelated processes. Only when we incorporate each process into Korean capitalism can we begin to understand the complex relationships among them. Third, if we accept the conception of the welfare state as state measures for the provision of social welfare services, then the embryonic welfare state in Korea has not been fully constructed as is the case with the developed countries. Finally,

the prospect for sustainable development in Korea lies in providing and expanding quality of life in terms of the financial ability of the state through public-private cooperation, and abstaining from drastic and radical commitment to welfare services as shown in European declines in the welfare state.

By and large, the Korean case illuminates that the level of economic growth determines the type of political regimes in a complex causal manner, and the type of political regime influences the level of the quality of life. The developmental state contributed to quality of life primarily because it reduced the working class' tolerance for unequal treatment and economic justice. The democratic regime that egalitarian movements helped bring about offers the opportunity to expand civil society qualitatively, even though such advances are by no means secured. Further advances in quality of life require further transformation toward the welfare state, since they require changes in transforming Korean capitalism.

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SUH MOON-GI is chair of the Department of Information Sociology and director of the Cyber Research Center at Soongsil University. He received his PhD degree in sociology from Brown University and worked at the University of Oxford as a senior associate member. His current research interests are in the areas of IT industry in Korea, state efficiency, risk society, and developmental strategy. His e-mail address is mgsuh@ssu.ac.kr.