South Korea achieved dynamic export-led industrial growth that transformed the country from one of impoverished peasants in the 1950s to an urbanized country with a large and prosperous middle class. Korea’s gross national income (GNI), at US$30,180 (PPP), is the highest of all of the four cases (World Bank Indicators 2014b) and the case comes the closest to an inclusive development experience. From 1960 through the late 1970s, the authoritarian regime of General Park Chung-hee\(^1\) pursued policies that produced a rapid reduction in poverty, kept inequality low (figures 6.1 and 6.2), improved the living standards of poor rural dwellers, and promoted industrialization that generated employment. With the achievement of electoral democracy in the late 1980s, South Korea’s social welfare regime has expanded along universalistic principles. Throughout the twentieth century and into the twenty-first, an implicit societal consensus on the importance of both reducing poverty and keeping inequality low has been evident. The case illustrates the salience of a strong and efficacious state in incorporating the rural poor, in leading industrial development and employment generation, and the importance of middle-class support for this policy direction. Nevertheless, since the late 1990s there has been growing differential inclusion in terms of access to stable employment and social protection.

A unique set of historical circumstances contributed to these positive outcomes. However, it was not a foregone conclusion that these conditions would produce a comparatively high degree of inclusive development. The administration of Syngman Rhee (1948–1961) confronted the devastating impact
Figure 6.1  South Korea, percent of population below the national poverty line.  
Source: Kwon 1993, 96; 1997; Koo 2007b, 2; Kim and Park 2006, 451. South Korean secondary sources obtained their data from the Korean government, which establishes the poverty line based on a basic food basket.

Figure 6.2  South Korea, inequality as measured by the Gini-coefficient.  
Sources: Koo 2006, 60; Song 2003, 200; Yoo 1990; UN-WIDER Data base; Jomo 2006, 7–8; The Hankyoreh, May 22, 2009.