Abstract

STATE AUTONOMY AND FOREIGN CAPITAL IMPORT IN KOREA, 1962 ~ 1991

Young Bae
Department of Sociology
Graduate School of
Yonsei University

The Objective of this thesis lies in analysing the autonomy of the state. There has been constant debates in the hither to research on the subject, due to the broadness of its definition and difficulties in quantifying such a definition. Here, I seek to bring the analysis down to the more realistic situation, and will draw out the level of state autonomy of the Korean state by setting 'foreign capital' as an analytical tool. The reason for using such means lies in the fact that foreign capital has played a crucial role in korean economic development.

First, I tried to reduce the definition of state autonomy as "the level by which the state can implement its will in setting and executing its policies, especially against the will of domestic capitalists." Under such a definition, I compiled the induction of the various forms of foreign capital and its trends, through which I demonstrated the relationship between the state and domestic capitalists.

During the first stage of state-led industrialization, as the economic development plans were beginning to crystallize, the state, which had risen to power by means of a coercice coup-d'etat, could maintain a strong autonomy over the still weak capitalist forces. This explains one of main reasons why korea was able to

introduce a type of foreign capital induction different from that of other third world countries, namely Latin America. To proceed with industrialization, the satate mainly financed its economy by loans, and used such a mechanism to increse state autunomy.

During the 60's, as loaning companies had to close down, the state implement policies which would favor direct foreign investment, a type of finance that does not carry the burden of redemption of principal. Such a policy, however, proved to be a failure due to the immaturity of Korean market and inability of national corporations to set itself on equal standards with foreign corporations. The rapid development of the 70's, however, set the base for capital accumulation, and from such a base, the situation in the 80's experienced a shift. National capitalists, with a certain amount of accumulated capital cause to demand direct foreign investment, while at the same time the pressures, for opening the Korean market and 'loan crises' were events that accelerated the introduction of direct foreign investment.

As conclusion, I state that when the autonomy toward capitalists of the state is freat, foreign capital takes the form of loans, while when its autonomy weakens, the ratio of direct investment increase as to loans.

Also, the argument that direct foreign investment increase the level of dependency on foreign capital stands weak - such limitation is clear since it does not consider the interest relationship between the state and national capitalists. From the statistics of 80's, we can see the ratio of that foreign capital to the total economy is not significant, which explains that the limits of foreign capital influence.

Key Words: State, State Autonomy, Relative Autonamy, Domestic Capitalist, Economic development Plan, Foreign Capital, Loans, Direct Investment.