

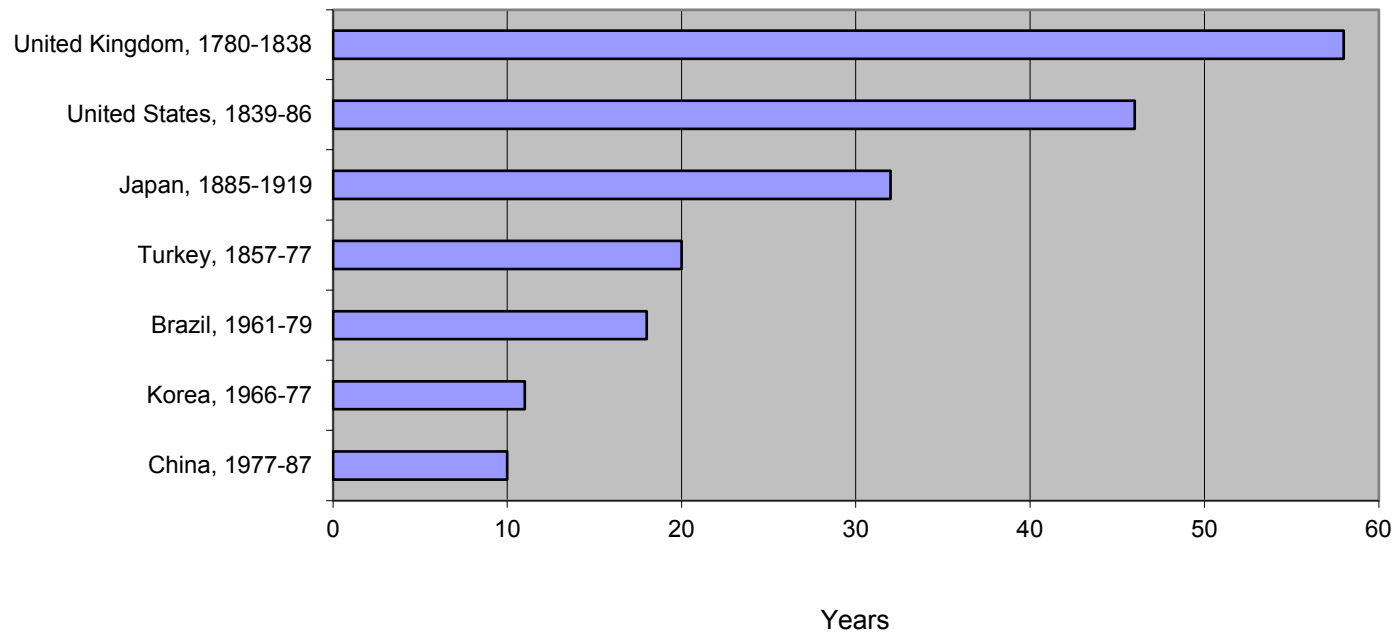
October 25, 2012

**A Constructive Partnership
The World Bank and Korea
in the Early Stage of Korea's Economic Takeoff:
Preliminary Findings**

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The post-1960 Republic of Korea (Korea) economic growth is one of the most successful examples of economic development in a relatively short period of time

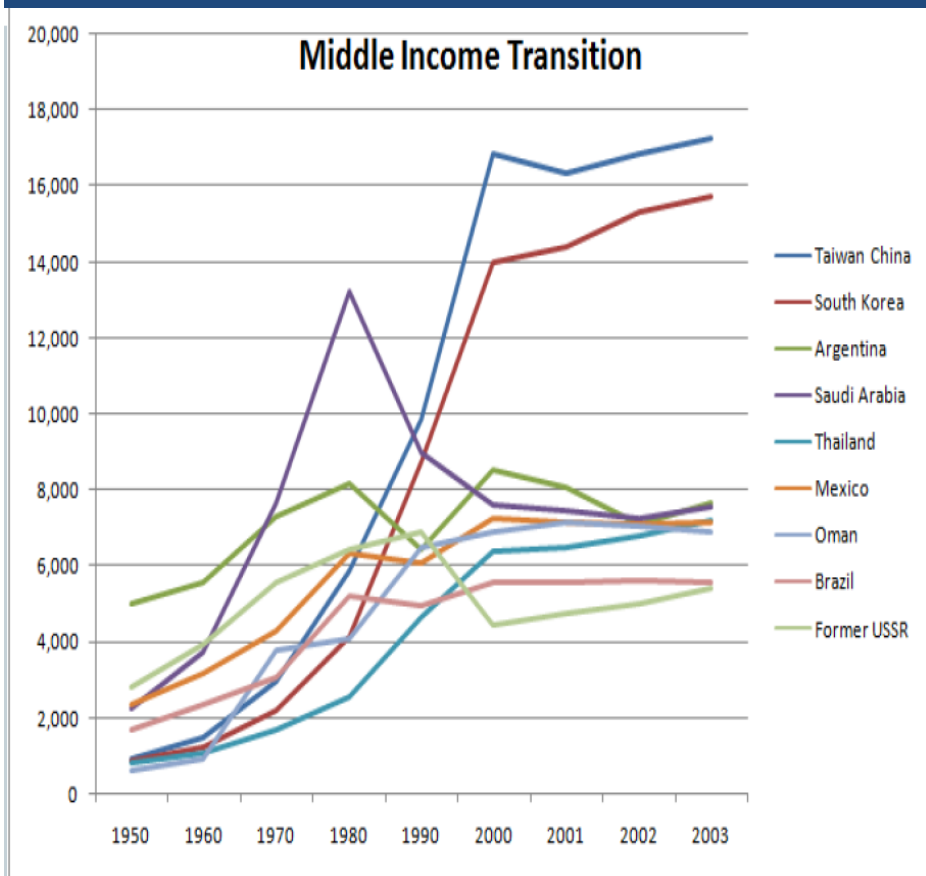
Doubling per capita income in a sample of countries



Source: Grilli (2006)

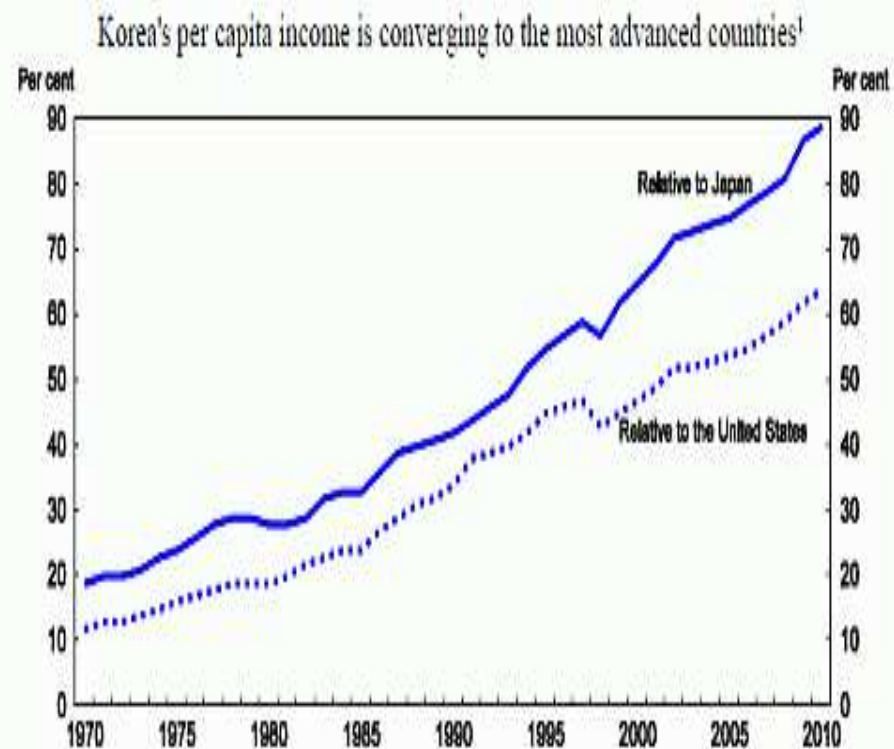
...and continued to be successful

Middle-Income Trap



Source: Spence (2011)

Convergence



1. Using 2005 purchasing power parity exchange rates.
Source: OECD (2012), Going for Growth 2012.

Source: OECD (2012)

**Paradigmatic nature of Korea's development.
Michael Spence (2011) taxonomy**

- High level of overall saving and investment
- Effective government that supports and complements the private sector dynamics
- Structural change and economic diversification
- Effective leadership
- Ability to take advantage of global economy

We concentrate on the 1960s - early 1970s

- Initial stage of economic development: the take-off
- Scholars have been debating about factors behind Korea's growth during the 1960s and 1970s
- The role of the World Bank: a first assessment in Mahn-Je Kim (1997) [The World Bank. Its First Half Century]

My analysis based on World Bank archives documentation

- What is the value added of these documents?
 - Sources and their limits
- Assessing Korea's development and World Bank's role as a lender and advisor
- Lessons to inform development policy

Preliminary Findings

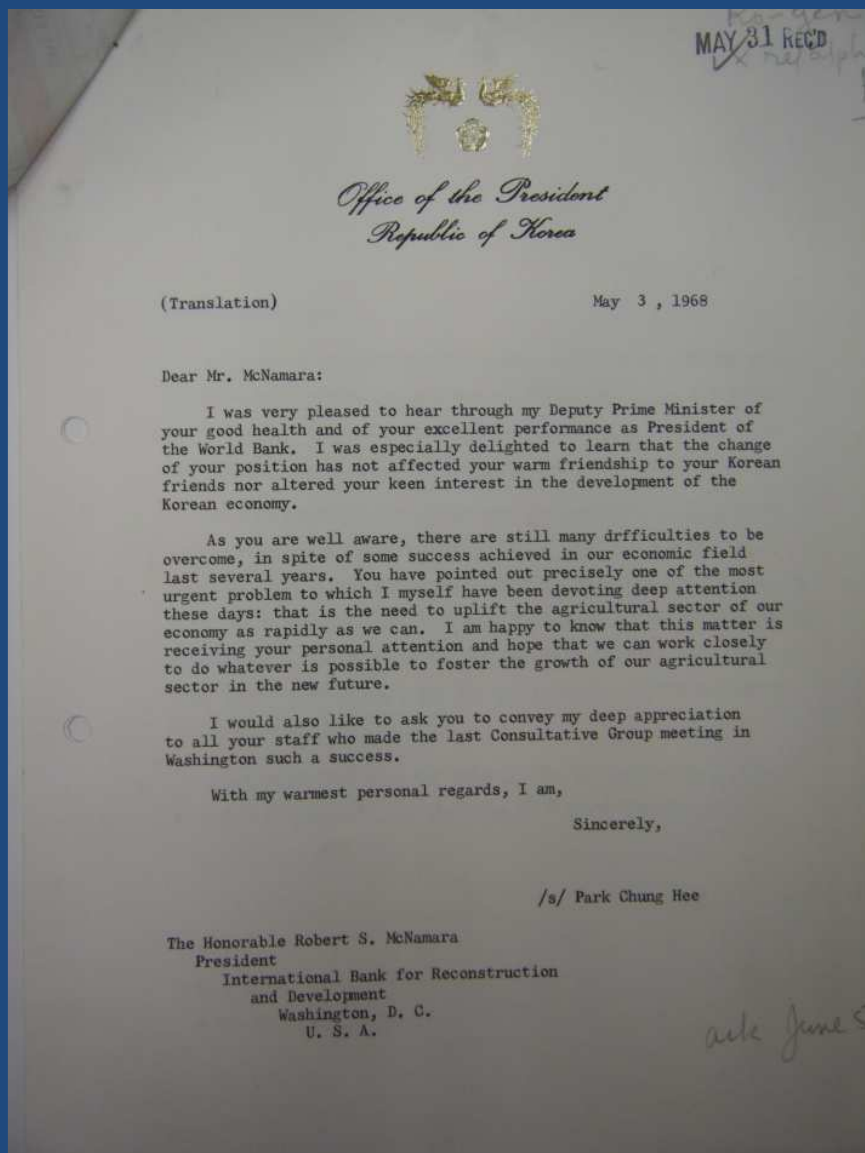
- Switching from skepticism to confidence
- Building of trust among WB and Korean officials
 - Personal relationships
 - Training
 - Missions
- WB role as advisor on technical aspects and strategies
 - The first two Five-Year Development Plans
 - Building institutions
- WB role as advisor on international issues
 - Markets
 - Donors
 - Geopolitical issues

Preliminary lessons

- WB documents bring to light:
 - A very composite history of the beginning of Korean development
 - The role of intangible assets: transfer of skills and know-how between WB and Korea
 - The WB as repository of knowledge: applying lessons across countries
 - The personal and often casual dimension of development: agents, decision making, and policies

Letter May 3, 1968

President Park Chung Hee to IBRD President,
Robert McNamara



Letter June 5, 1968

IBRD President, Robert McNamara to President
Park Chung Hee

