

Journey to South of Korea: A Contemplation

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Before visiting Korea, I knew that South Korea and Indonesia are both countries of a similar age yet both countries are now in different stage of development. During my journey to South Korea, I could see that South Korea is more developed than Indonesia in many ways. Why and how did it happen? I kept those questions in my mind and went to South Korea with a sense of curiosity and the spirit to observe as much as I could.

We arrived in Seoul and I saw buildings and wide streets which are less crowded compared to Jakarta. From this I suspected that Seoul must have good metro system that results in fewer cars on the street. When I tried Seoul's metro system for myself I felt it has a less complicated railway system than Tokyo's subway, and I still think that it provides what an urban city needs; convenient mass transportation, something that is lacking in Jakarta even today. Seoul has developed its metro system since 1974 which means the Government of South Korea (GoSK) was able to perceive the needs of future mass transportation. During the era of 70s and 80s, GoSK received grants and was largely indebted due to infrastructure projects. At the same time, Indonesia enjoyed profits from the oil boom and was able to allocate profits to build thousands of schools and other infrastructure projects. However, it is not enough as infrastructure remains to be the bottleneck of goods and people mobility. Thus, the current administration under President Joko Widodo has focused on improving infrastructure in Indonesia. Thus, Indonesia has increased its debt mainly for infrastructure projects which leads to a question of whether Indonesia's strategy to increase economic growth through infrastructure development could be as successful as South Korea?

Another interesting point about Seoul is that it has good museums which were designed to not only to be informative but also entertaining. As a consequence, children and adults could enjoy the exhibition inside the museum. In contrast with Jakarta, the museums there were designed merely to give as much information as possible with a rare touch of entertainment. The museums look boring and plain. And thus, although the Government of Indonesia (GoI) announced in 2010 that it was the "Year to Visit Museums", but the number of visitors in museum did not increase substantially. Next we moved to Daegu, which I felt resembles my hometown, Bekasi (hinterland of Jakarta). Daegu makes South Korea look more like a developing country as the city seems to be more crowded than Seoul. I learned that the district Government of Daegu city aims to make Daegu into the Silicon Valley of South Korea. I could see the commitment of that dream through the start-up park in Samsung Smart City. Measures have been taken by the district government under central government guidance shows that industrial development in South Korea is still heavily guided by the central government. The strategy of such development is known as a government led-growth strategy which was used by Japan firstly and then followed by China, Taiwan, and even Indonesia.

We made visits to LG and Samsung facilities in Gumi which made me realize how successful this strategy has been. During the 70s and 80s, South Korea had a policy to pick which industry (pick the winner) that would be developed by the country. Electronics was the industry that was chosen. The GoSK then provided policies to support the growth of the industry. As a result of such policy, South Korea has 5 chaebols that dominate the economic development of South Korea today. The chaebols have also been successful at penetrating the international market.

In contrast, Indonesia failed to get the same success from government led growth due to corruption and weak institutions and other reasons such as wrong industrial choice. Unlike South Korea, Indonesia failed to move its

industry to higher positions on the ladder of industrial stages. Indonesia does not (yet) have a high tech industry as the country still heavily relies on natural resources. Indonesia's exported goods are dominated by natural resources which have low terms of trade in international trade. As a consequence, profits from exporting natural resources is very sensitive to fluctuations of the price and demand which are now challenged by the development of renewables and robotic technology.

Realizing the fact, since 2014 Indonesia has tried to tackle the problem under the administration of the previous President (President Susilo Bambang Yudhoyono/SBY) by issuing regulations for the mining industry to not export raw natural resources before processing them to another good. However, the policy seems to get less attention now as the current President focuses mainly on infrastructure projects.

Focusing my report on my visit to Seoul and Daegu, I am left wondering if Indonesia could develop its industry and infrastructure at the same time like what South Korea had done in the past. Another question is whether Indonesia can still take advantage of the government led growth model as the free market economy seems to dominate Indonesia economy. To answer these questions, I will need more pages but my journey to South Korea gives me many things to contemplate about the future of Indonesia.

