

## **Report on Participation in Korea Field Research**

**ZHANG Tuo**  
**Year level: D2**  
**Graduate School of Economics**  
**Kyoto University**

Thanks to the extraordinary arrangements of Professors from Kyoto University and Kyungpook National University, this fieldtrip is beyond my expectations. It was really a comprehensive field research. We visited the ancient Korean Gyeongbokgung Palace, prisons in colonial Korea, the Samsung trading company as symbol of Economic take-off of Korea, the modern Samsung and LG factories in Gumi, as well as the latest Innovation Park in Daegu City.

The first and foremost impression during this field trip is that, east Asian countries were closely connected with each other during the ancient periods. We shared with similar traditional culture, social norms, as well as moralities standards. This feeling was especially strong when we were steering outside the window, and waiting for taxis at the end of our visiting to the municipal hall. All persons from Korea, Japan and China were delighted with the sudden heavy snow, and praised it as a symbol of good harvests for the incoming Chinese New Year. In the long historical agricultural society in east Asia, snow in winter, especially at the beginning of spring, provided precious water to the crops, and were always regarded as lucky and fortune. Moreover, as Mr. Kim, the vice mayor of Daegu stated, the spirits of Confucius lie deep in the core of culture in east Asian, which help us to gain common understandings with each other.

The field trip also provided us a valuable opportunity to study the economic development in Korea. Not only did we visit modern factories in industrial zones in Daegu, but also did we take the excellent lecture on Korean Economy by Prof. Kang during the Joint Seminar on Asia Economy and Management in Kyungpook National University. Fortunately, I have already visited factories in Japan, Korea, Singapore, Hong Kong, Taiwan, as well as Mainland China. The following is some of my reflections.

### **The Korean Miracle during 1960s to 1990s**

An obvious characteristic of the catch-up period was the strong support for Chaebols from the government. The policy makers brought up clear and wise industrial strategies, and wielded fiscal, financial, as well as export policy instruments to help the Chaebols grow. As Krugman (1995) pointed out, the myth of Asia's miracles in Japan, as well as in the four Asian tigers, were built on the strong, or even authoritarian governments, where short-run consumer interests were sacrificed for the sake of long-run growth. He is not the only one who put forward this opinion. Johnson (1982) in his famous book *MITI and the Japanese Miracle* attributed the Japanese economic leap after WWII to the well-designed catch-up strategies and policies of MITI ("Ministry of International Trade and Industry").

Similar things happened in China after the Reform and Opening-up in 1978. After visiting the five star LG OLED manufacturing factory in Gumi, I read a book on the history of BOE (Beijing Oriental Electronics Corporation) written by Prof. Lu of Peking university. Since 2003, BOE has changed from a state own company near the edge of bankruptcy, to one of the largest LED monitor providers in the world. In his book *Change of Light*, Prof Lu attributed the great success of BOE to the effective cooperative schemes with local government, besides the historical and spiritual entrepreneurship.

Lin (2011), the former Chief economist of the World bank, explained such miracles based on the comparative advantage theory. In the framework of his new structural economics, he pointed out that the well-informed government could put forward industrial strategies based on local resource endowment. I think another explanation for the economic successes could be from the behavior perspective. As Thaler and Sunstein (2008) thought that, through careful choice architecture, libertarian paternalism could help improving the welfare of the whole society.

I think proper government interference could be regarded as the East Asian experience which has relevance for world economic development.

### **Innovation, Entrepreneurship and Cooperation – Future of East Asia Economy**

During the visit to the Samsung Phone exhibition hall, we were stunned at the enormous models of functional phones. Naturally we discussed the competition between Samsung and Nokia during the first ten years of the 21<sup>st</sup> century. At that time, Nokia was a competitive rival, who spurred Samsung to make thousands of designs of functional phones for the markets. However, as discussed with Prof Ivings, no well-known European smart phone is still left in the market nowadays.

It was very interesting to explore the success of smart phone produced in east Asia. One essential reason is that, the world has “flattened”, and the specialization among regions is highly developed during these years. The east Asian region has become engaged in the production of smart phone, taking advantage of IC production chains in Japan, Korea, Taiwan, LED monitor base in Korea and Mainland China, as well as huge, cheap and effective assembling center in Mainland China. It is reported that in the Huaqiangbei Market in Shenzhen, amateurs could assemble and copycat their own “iPhones” in fifteen minutes. On the other hand, European countries are more specialized on the green and sustainable development industry.

The smart phone case is only one of the numerous examples for international economic corporations. We could never overemphasize the importance of globalization and trade liberty. Each country has its heterogeneous comparative advantage. The key for economic development of nations is to wield their advantages and to properly position themselves. Japan as developed economy, is famous for its craftsman spirits; Korea is in the leading position in IC design and manufactures; China, as a transitional economy, is unfolding its huge potentials and entrepreneurship. Therefore, building on regional cooperation, the future for east Asian is hopefully bright, considering its bulk markets, sophisticated human resources, and high valuation of educational attainment.

The world is changing rapidly, and economic theories tend to fail in explaining current events due to the complexity and novelty of reality. Meanwhile, economies develop not as in the models that we encounter in textbooks, they do so as a co-evolution together with changes in society, culture and people, which is always much more complicated than in our imagination. This fieldtrip provided a really wonderful chance for the students to explore the reality of economic development.

**My experience of presentation in the joint workshop.**

During the field trip, I gave a presentation of *The Policy Induced Environmental Technology Diffusion: An Empirical Analysis of FGD Adoptions in China* in the Joint Seminar at Kyungpook National University. I am heavily in debt to Prof. Ivings. Thanks to his careful guidance, I learnt how to show my research results to people from different academic backgrounds. Also I learnt how to arrange my slides based on a tight time span. Usually at routine seminars at Kyoto University, I have always had enough time (for example, 40 – 60 minutes) to present the details of my research. However, in most cases I have only 15 minutes at international academic conferences. Thus, it's very important to quickly seize the attention of the audience, and only present the essence of the research. Though I did not perform good in this workshop, I think through the experience I have been able to improve a lot.

Last but not the least, many thanks to the professors and students who heard my presentation and provided precious suggestions. Special thanks to Prof. Ivings for his excellent plans of this field research, as well as the thought-provoking discussions with him during this trip. Also Special thanks to Prof. Na. As a PhD graduate from Kyoto University, she offered us lots of great suggestions and guidance. I really appreciate her thoughtful arrangements in Daegu.

