

Rule of Law, Legal Foundation for Economic Development

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Contents

| | | |
|------|---------------------------------------|----|
| I. | Globalized World | 1 |
| II. | Why Free Market and Democracy Triumph | 6 |
| III. | What is Rule of Law? | 8 |
| IV. | Rule of Law and Economic Development | 10 |
| V. | Korea's Experience | 13 |
| VI. | The Dilemmas of Developing Countries | 14 |
| VII. | Conclusion | 16 |

I. Globalized World

1. Globalization

Economic development is the goal and desire of all developing countries. After World War II, those countries which gain back independence from the long-lasting imperial fetters have marched for economic development, but there are not many countries which make the dream come true at this time after passing more than 60 years. Most of them are still struggling to escape from poverty, setting aside economic development. My topic is what the foundation of economic development is in legal field in particular. I would like to begin with globalization, because we cannot explain these days' phenomenon without understanding globalization.

Globalization has many aspects, and it is difficult to define it in a word, but it is enough in this text to explain it that the world is shrinking to a village because of the scientific progress, especially communication and transportation. Our generation is symbolized by globalization. The world is becoming more like a village. The development of communications and transportations makes it possible.

Through Globalization, we have eliminated the barriers obstructing commercial trade and interchange of cultures. Increasing economic interconnectedness has led to a profound political and social revolution. Old certainties are cast into doubt. The nation-state, the decisive driving force of the past two centuries, is dissolving under the pressure of a cross-national integration, which has developed with a dynamic and a momentum of its own. We are living in a single society.

Thomas L. Friedman, a well-known New York Times journalist and "globalist," put this phenomenon into these concise words "the world is flat" in his recently published book "The World Is Flat: a Brief History of Twenty-first Century." It seems that the title "The World Is Flat" is unacceptable to those who have been taught that the world is round. However, once you carefully read his book, you will nod your heads to his idea.

Due to the progress of technology in transportation and communication, we are living in a global village, in other words, in a unit of living lives over the world.

Though it was proved without doubt that the world is round after the Middle Ages, there had been barriers to block interchanges between nations, ethnic groups, cultures, religions and geographical differences. Traffic of people and goods was interrupted by political interests.

Industrialization brought about abundance to human being, but the fruit was not distributed equally. The gap between the rich and the poor has kept widening. The ratio of incomes of the 20 percent of people in the world living in the richest countries to those of 20 percent living in the poorest countries increased from 30:1 in 1960 to 74:1 in 1997. By comparison, it increased between 1870 and 1913 from 7:1 to 11:1. Imperialism was rampant, and most of Asia, America and Africa fell to the victims of the imperialism of the West. Wars continued. It was very hard for the poor to have hope to catch up the advanced. The conflict between rich and poor was intensified. The world was round indeed, but fragmented.

The struggle to seek national wealth brought about imperialism and ended in the two great world wars. After the World War II, the world was split into two worlds, Democracy and Communism. In the cold war era, though the non-aligned nations joined the world politics to some extent, USA and USSR mainly struggled for hegemony.

Globalization is changing this phenomenon dramatically. China chose communism, in part, due to the animosity against the Western imperialism, and India socialistic economy. Dependency theory swept over the third world, especially in South America. They stuck to autarky, namely, self-sufficiency, refusing globalization. The result was a bitter failure. The Soviet Union the center of communism failed, China failed, and South America failed. In 1980s, China began to accept the concept of free market, opening her door widely toward the world, and she has been making a remarkable success in economy since then. India is following after China. South America abandoned dependency theory, and recovered its link to the world market. Most participants in globalization are gaining benefits from it. Most of current countries are closely interrelated in their economies, which is permeating into all over human life. Globalization is dominating our world, and the world is flat!

Let me show you an example of the "flat" world. American corporations are outsourcing lots of their work to India corporations. American accounting companies

outsource their complicated accounting work to India companies. How is this possible? An American company sends a work to a Indian company through the Internet, and the Indian company does the work and through the Internet sends it back to the American company. The American company can cut the cost through employing the cheap labor in India, and intelligent Indian workers are earning wages they cannot expect in India. This is the so-called win-win game! Call centers built in India are also another noticeable example. The Internet connected US to India being much far, and makes it possible for companies in each country to work together as if they were at the same place and at the same time.

In these days, those global market-plugged countries can make success and those internal market-oriented countries fail. The degree of globalization is different according to each country's state. All advanced countries, without exceptions, are globalized. What really matters is not where you are located but how much you are connected to the world. This process seems irreversible. To survive in the high competitive world, we have to open the door toward the world and challenge the new era.

2. Unlimited Competition

It is said that globalization would bring the benefits to each partaker. In reality, globalization has led the world to unlimited competition. Because the barriers to protect domestic industry has broken down, every country and class is exposed to unlimited competition. Needless to say of the developing countries, the advanced countries are not exceptional. It means that the highly competitive party can enjoy the fruit of globalization, but on the other hand the low competitive party has fewer opportunities to share the fruit. These days, it is really difficult for the countries without competitiveness to catch up with the advanced countries.

One statistics reveals who is enjoying the fruit of globalization. According to a report from World Bank (Global Economic Prospects and Developing Country 2000), the number of the poor who live by less than 2 dollars a day over the world has grown up from 2,718 million in 1990 to 2,801 million in 1998. During the same period the income of the total world reportedly has increased 2.5%. In spite of the growth of the total income, the number of the poor has increased more than 88 millions. That means the gap, the disparity, between the poor and the rich is widening. The rich get richer,

and the poor get poorer. The more globalized the world, the wider the gap. This gap is threatening the world peace. The peoples who are defeated in globalization, being frustrated, tend to resort to violence. They think there is no other way to change the status quo but resorting to violence.

Resorting to violence is useless. It makes the situation worse. We saw the example at the September 11 terror and the sequencing wars, in Afghanistan and Iraq. It is proved that resorting to violence possibly leads one nation to ruin.

3. Competition of Systems

Globalization has been lowering national borders to result in free money flow. Actually money has its own principles. It doesn't move arbitrarily. As gravity makes water flow down to lower places, money tends to avoid barriers and flow into the countries equipped with good system. If one country holds on nationalism and protectionism, investors will leave the country to look for more suitable places, more investor-friendly venues. In the past time, each country, by enforcing protective policies for its own industries, had maintained various restrictions on capital flow. That kind of policy doesn't make sense any more.

Each country enters into competition of systems to attract investments. The advanced countries have been engaged on making their system streamline. Regulations on investments have been abolished. The function of market comes to forefront. Let market regulate itself! Market is efficient in distributing resources. And it promotes competitions evoking renovation of technology and economic growth. But market is not a panacea. History tells us market system has its own defects. Governmental intervention is still vital in market economy, especially in providing trust among market players.

Developing countries need capital investment for industrialization, but they don't have internal financial resources to utilize. They need to draw in foreign capital. When foreign investors put their money into a market, they expect to reap the fruits. They are not charity organizations to give money for free. The goal of investment is to earn profits. If investors are not convinced that they make money in your market and transfer the money to their home countries, they will not remain in your country. Among developing countries, those which tried to make good system make success but

those which ignored reformation failed.

II. Why Free Market and Democracy Triumph

1. Division of Labor

According to the classical economists, the principle of division of labors promotes productivity. Adam Smith the father of classic economics explained the importance of division of labors in his well-known treatise "The Wealth of Nations - An Inquiry into the Nature and Causes of the Wealth of Nations." He observed a pin factory. Even though the factory was small and the equipment rude, division of labors worked so well. A man stretched wire, the other straitened it, the third cut it, and the forth sharpened one part of it. There were 18 divisions in producing this simple pin. The factory produced 48,000 pins a day with 10 laborers. That means each person produces 4,800 pins a day.

Meanwhile if one person does all the process by himself, he barely produces a pin a day. The division of labor in the pin factory raised the productivity more than 4,800 times. Furthermore division of labor can promote the skill by letting the laborer do in one or two specific work of the process.

Division of labors depends on the size of market. Even though the factory exampled produces 48,000 pins a day, it is no use if the factory does not have the market that consumes the produced pins. It turns out waste of resources. Therefore as the size of market increases, the degree of division of labors increases. In agricultural era, there was division of labors but limited in their living unit. As nation-state emerged, market enlarged to state, the division of labors becomes more complicated and productivity increased to the market size. In global era, market expanded all over the world and division of labors works in worldwide scale. The countries which take part in globalization are enjoying the fruit of raised productivity and the ones which reject it fail in economic development because of low productivity.

2. Failed Experiment

Historically there have been two systems to realize division of labors. One is

centrally planned system and the other is free market. Centrally planned system enforces division of labor by fiat. In communistic society, government or party decides who works what job regardless of the workers' taste or intention. It seems that centrally planned system can mobilize society easily and let it go in one direction. After World War II most of newly emerging nations were attracted to centrally planned system because they were eager for rapid economic development. For them free market seemed to be disorderly and chaotic, and to work too slowly. They could not endure the slowness that free market works and adopted socialism whose champion was the Soviet Union.

Another serious problem of free market is the inequality of wealth and the fluctuation of economy. The competition of market divides into have and have-not. The recess time brings about massive layoffs. The workers who lost their jobs are easily tempted to commit crimes, and the society becomes unstable. Socialism came into the world on this background in Europe between the late 19th century and the early 20th century.

The shortcomings of socialism were proved in many ways, and I would like to point out just one or two of them. Centrally planned system failed because it was unable to provide the laborers with the incentive for work. Its motto is; work according to ability, distribute according to the need. Who work hard in such a society? Basically its view of man is built on misunderstanding. Man is not so moral as works hard without incentive of profit. Furthermore the cost of socialism is too high. History tells us centrally planned system does not work, and free market is efficient in producing wealth. After collapse of the Soviet Union in 1990s, most countries have been going in one direction, free market and democracy.

3. Free Market and Democracy

People in the Middle Ages had sought for gold by devoting themselves to the alchemy to change stone or valueless materials into gold. These days free market is proved to be more powerful in producing wealth than alchemy. After World War II, the experiment of the two systems, centrally planned system and free market, was practiced, and the countries with free market have made a great success, on the other hand the countries which adopted centrally planned system failed.

Korean peninsula is the most remarkable example of the experiment of the two systems. North Korea which was greatly influenced by the Soviet Union adopted centrally planned system, and South Korea went to the free market. The two Koreas strived to win each other. Do not think that North Korea failed because she had not make efforts in economic development. She did!

At the beginning of the competition between North and South Korea, it seemed that North was winner. After the Korean War in 1950 to 1953, the two Koreas had to start from scratch, the same position. As soon as the war ended, the North quickly mobilized her society and engaged on the economic development. On the other hand, the South suffered disorder and her government was incapable of economic development and corrupted. The new government which took the place of the incompetent and corrupted one was unable to preserve public order even. The economic development of the South was launched only from 1963 by another government which was built by military elites. Even though the start of the South for economic development was 10 years behind compared to the North, the South began to get ahead of the North from the early 1970s. Nowadays the competition between South and North does not make sense any longer. The North which failed in the competition is engaging on the development of nuclear weapon to secure her regime.

Free market can grow into maturity only with democracy. If you see the map of the world, you will recognize that the countries with mature free market have strong democracy. At the beginning of economic development, the authoritarian government that is efficient in preserving public order seems more powerful to drive her people to progress. However, in order to go to the mature stage, the society has to have strong democracy. People who escaped poverty are to demand freedom to satisfy their submerged desires. And only democracy is able to deliver freedom to the people who experienced the luxury of economic development. And free market and democracy can flourish on the legal foundation, in other word, rule of law, which I will emphasize.

III. What Is Rule of Law?

1. Rule of Law

Rule of law, like other important political concepts such as justice and equality,

is an "essentially contested concept." Yet the fact that there is room for debate about the proper interpretation of rule of law should not blind us to the broad consensus as to its core meaning and basic elements. At its most, rule of law refers a system in which **law is able to impose meaningful restraints on the state and individual members of the ruling elites**, as captured in rhetorically powerful notions of **a government of laws, the supremacy of the law, and equality of all before the law**.

Theories of rule of law can be divided into two general types: thin and thick. A thin theory stresses the formal or instrumental aspects of rule of law - those features that any legal system allegedly must possess to function effectively as a system of laws, regardless of whether the legal system is part of democratic or nondemocratic society, capitalist or socialist, liberal or theocratic. Although proponents of thin theory interpretation of rule of law defines it in slightly different ways, there is considerable common ground that **laws be general, public, prospective, clear, consistent, capable of being followed, stable, and enforceable**.

In contrast to thin version, thick or substantive conceptions begin with the basic elements of political morality such as particular economic arrangements (free market capitalism, central planning, etc.), forms of government (democratic, single party socialism, etc.), or conceptions of human rights (liberal, communitarian, Asian values, etc.).

The Liberal Democratic version of rule of law incorporate free market capitalism, multiparty democracy in which citizens may choose their representatives at all levels of government, and a liberal interpretation of human rights that gives priority to civil and political rights over economic, social, cultural, and collective or group rights. Though there are various forms of rule of law that fall between the Statist Socialism type and Liberal Democratic version, all forms accept the basic benchmark that law must impose meaningful limits on the rulers and all are compatible with a thin rule of law.

2. Rule by Law

Sometimes rule of law is confused with rule by law. If it itself is not fair, law cannot guarantee fair competition. Whereas the core of rule of law is the ability of law and legal system to impose meaningful restraints on the state and individual members of

the ruling elites, rule by law refers to an instrumental conception of law in which law is merely a tool to be used as the state sees fit.

Of course, law is used instrumentally in every legal system. A distinction must be made between pernicious instrumentalism and acceptable instrumentalism. Legal systems in which the law is only or predominantly a tool of the state are described rule by law, whereas legal systems in which the law imposes meaningful limits on state actors merit the label rule of law. A legal system in which as a formal matter the state and state actors are bound by law but that goal is often not realized in practice should be deemed a rule of law.

3. Rule of Man

The purpose of rule of law is to establish the principle to restrain the arbitrariness of ruling elites. It is very rare that the ruling elites with absolute power have the virtues to do justice and to rule fairly, and the experience of history teaches us it as illusion. Rule of law starts from the view that man is selfish and self-centered.

The core of legal foundation for economic development is Rule of Law and not Rule of Man. Why rule of law and not of man? Man is egoistic in nature. If the egoism of human is not curbed, only violence will seize the power. Countries under dictatorship have law, too. But it is not the law in rule of law. It is another form of violence in the disguise of law. In Rule of Law, law means God's law, Eternal Law, Natural Law, or Higher law. All men are equal before law. Law is applied to not only the ruled but also to the ruler. Rule by law is a kind of rule of man. It also fails to impose meaningful restraints on ruling elites.

IV. Rule of Law and Economic Development

As I mentioned free market and democracy is more efficient in producing wealth than centrally planned system. The collapse of USSR and the success of recent Chinese reformation from planned to free market has proved it.

Free market presupposes competition and private property. Above all, fair competition is one of the most important elements, and rule of law undergirds fair

competition. People don't work willingly and hard in the corrupted society, because they don't have the confidence that the fruit of their efforts will be given to them fairly. Corruption is the enemy of development. It distorts the distribution of resources. Corruption comes from too concentrated power. Anybody in power would be enticed into his greed unless his desire were curbed. Check and balance between powers is the most efficient method to curb the greed of the people in power, and law is the way to build check and balance system. Therefore rule of law is the basic legal foundation for economic development.

Most scholars agree that rule of law is necessary to sustain economic development. A 1997 World Bank report, for instance, claimed that **countries with stable government, predictable methods of changing laws, secure property rights, and a strong judiciary saw higher investment and growth than countries lacking these institutions.**

Leading modernization theorists attribute the lack of development in some countries to their traditional economic, social and political institutions and cultural practices, and values. The remedy is for developing countries to replace their existing institutions, practices and values with modern ones based on the West. According to their theory, developing countries are to adopt private markets, liberal political institutions, including multi-party democracy and a welfare state, and a modern administrative and legal system. An autonomous legal system of the type praised by Weber and found in Western developed states would not only promote economic growth by providing the requisite certainty, but would also foster political development by limiting arbitrary government actions and serving as the backbone of liberal democratic system in which individuals and interest groups were able to vie for power.

Enforceable property rights and fair rules for competition allow individual entrepreneurs and the most efficient firms to secure the benefits of their labors, while reducing the state's capacity for expropriation. Conversely, when property rights or policy of environment are characterized by frequent change and high degree of administrative discretion, economic actors are less likely to make efficient adjustments to change in technology or government policy. Indeed, poor institutions may well favor inefficient entrepreneurs who rely on connections and personal ties than economically efficient skills. Lacking proper institutions and enforceable property rights, developing countries have not been able to take advantage of whatever opportunities for growth do

exist.

Globalization theory has fortified the theoretical basis of rule of law as the legal foundation for economic development. In the past thirty years many countries have experienced rapid growth in foreign trade, FDI (foreign direct investment), and inflows and outflows of foreign capital. The penetration of domestic markets by multinational corporations and increased cross-border flow of technology, information, capital, and management skills have altered the domestic production pattern in many states. Equally important, globalization arguably has put pressure on developing countries to reform their institutions and adopt international best practices to attract foreign investment and compete in international markets.

The World Bank claims that attracting FDI requires a commitment to transparent regime of investors rights and regulations, a legal system that offers equal treatment and protection to foreign and domestic investors, sound macroeconomic fundamentals, and investment in human capitals.

V. Korea's Experience

The 18th and 19th centuries are symbolized by imperialism based on military force, colonization and the superiority of the West over the East. Before then the balance of powers between the West and the East had been held. Even some scholars say the East had been more powerful and lived more richly than the West. But the balance was broken after the West went through the Reformation of the Church, the wars of religions, Renaissance and the Industrial Revolution. Through this process the West had accomplished modern nation.

After establishing modern nation, the West turned its eyes toward the East. It began to invade the East by its superior power. By the end of 19th century most Asia, Africa and America were colonized by the West. Korea also experienced the bitterness of colonization. Japan invaded Korea and occupied her from 1910 to 1945. The pains of Korean people during Japanese occupation is beyond description. The colonized people used to become the slaves of the conqueror. The life of a slave is miserable. East's animosity toward West being raised up during colonization was a stumbling block for East to accept West's advanced system.

It was a stroke of luck in the midst of misfortunes that Korea was not invaded by the West but by the East. That is the reason that Korean people don't have animosity toward the West and it has helped Korea accept Western cultures and modernization. Korea wanted to utilize Western powers to gain back independence. An enemy of the enemy is a friend. Japan was in a war with the West to get more market places. During the war between Japan and the West, the West became a friend of Korea. Korea came to have no reluctance in accepting the Western culture. In 1945 Korea gained back independence but was divided into north and south.

From 1950 to 1953 Korea suffered from Korean War. It was the war between communism and democracy amidst cold war. It was really terrible. There were more than 2 million casualties in South only. We don't know how many people in North died in the war. North Korea still keeps it a secret. Scholars guess the number of the casualties of North is larger than South. Though the war ended in 1953, there was nothing left in Korea but poverty, starvation, diseases and pains. Korea was in despair, without hope.

Washing the scars of the war, Korea began to build economic development from 1961. In 1960, the national income per head was no more than 100 dollars. Currently, it is up to 15,000 dollars. Korean people have worked hard and hard in last forty years. Everybody says it's a miracle that Korea has accomplished the economic development and the democratization in such a short span. We have no reluctance in accepting the Western culture, and it contributed to economic development.

Keeping pace with economic development, Korea has tasted the striking progress of law. Before colonization era, Korea sustained monarchism so long time. Democracy had been far from us. During the end of monarchism and colonization era, Korea had accepted the Western legal system. Japan accepted the modern legal system from Germany and France, and Korea received it through Japan.

But it was not rule of law. Law didn't impose any meaningful restraint on ruling elites. Especially Japanese imperialism saw law as the instrument to rule and to exploit Korean people. So many patriots who strived to gain back independence were put to prisons and death in the name of law. Farm products were exploited. Many Korean young men were conscripted for Japanese aggressive war. Korean peninsula

became a supply base for Japanese aggressive advance toward the Continent.

All these things were implemented in the name of law. In this situation it is close to impossible for Korean people to bring up appropriate legal consciousness. The violation of law was the way to patriotism. To observe law meant to cooperate with Japanese aggression and to betray motherland. Korean people should observe law externally in the fear of punishment, but in the bottom of their heart they rejected it. There was no respect for law.

This concept of law has haunted Korea for so long time after gaining back independence. The tendency to despise law was widespread. To despise law brings about disorder. Economic development cannot be expected without public order.

Korean War also did a great damage to the legal consciousness of Korean people. The people in starvation and poverty cannot be expected to observe law. War deteriorates morality. After Korean War we experienced such disorder. Everyone strived to survive from poverty, and corruption was insinuated widespread. In 1960, student power overturned the ruling government that was corrupted and incompetent. New government pursued an ideal democratic society. However, the disorder continued. Because of lack of the appropriate legal consciousness and responsibility pertaining to freedom, every people protested his own rights. Various kinds of demonstration kept on day after day.

In the midst of disorder, one strong leader appeared from military force. He seized the power by military coup. Though he was authoritarian and dictatorial leader, he made a great contribution to Korea's economic development. As soon as resuming public order, he made the plan to launch economic development. For forty years after then, Korea's economy has kept on growing. One of the elements that his regime was able to make a success was his integrity. Even his opponents don't doubt his cleanliness. When he was assassinated by his closest follower in 1978, it became clear that he didn't accumulated money for him or his family.

In retrospect of Korean experience, economic development is possible on the foundation of public order firstly. Second, as soon as securing public order, government should provide the circumstances of fair competition, in other word justice. Public order only by force doesn't last so long. Third democratic procedure is important. To

secure justice by the virtue of ruling leaders is not sufficient. In the long run the virtuous leader also falls into selfish ambition. Korean experience tells this story. The strong leader President Park achieved public order and provided the circumstances of, if limited, a pretty fair competition.

However, he could not meet the people's increasing demand for democracy. In order to sustain his power he suppressed people's demand for democracy with iron fist. In the end his closest follower assassinated him. After his passing away, though the authoritarian government remained approximately for 10 years, the demand for democracy became stronger and stronger. At last Korea accomplished mature democracy through the compromise of the ruling leaders and the people's power during at the end of 1980s.

In sum, 1960s and 1970s were the period to escape from poverty. The mature growth of economy was accomplished during 1980s. Remarkable progress of democracy was made during 1980s and 1990s on the base of the previous decades' achievement.

VI. The Dilemmas of Developing Countries

1. Vicious Circle

Many developing countries failed in creating trust because of lack of experience. Economic development can be expected on the condition of stable society. Trust cannot be created in unstable society where each one, distrusting one another, struggles to survive. Many developing countries are suffering from internal fractions and civil wars. I visited Sri Lanka with my Singaporean and Malaysian friends to take a look at Tsunami victim area June 2005. The state of victims was more serious than I had imagined. One staff who works at the religious charity organization explained to us that Tsunami left many orphans and the living cost for one orphan per month is 16 to 25 US\$. It is similar to the living standard in the poorest African countries. My Singaporean friend told me that when Singapore launched economic development in 1960s, Lee Kuan Yew, the prime minister and the father of Singapore, urged his people to follow Sri Lanka. At that time Sri Lanka was the center of trade between the West and the East, and envied by other Asian countries. One former Supreme Court Justice

of Sri Lanka explained the reason why Sri Lanka fell into collapse. 70% of Buddhists and 15% of Hindus fought each other for 20 years. On my way back to home, I stopped by airport bookstore in Sri Lanka. A book titled as "Tamil Insurgence the Lost 20 Years" drew my attention.

The stable society demands strong government but strong government doesn't mean dictatorship. Dictatorship looks strong externally but is weak in reality because it cannot get legitimacy, in other words, people's approval. In democracy, government gets legitimacy through voting system. Most developing countries have voting system, but the system itself is corrupted. People don't give trust to the vote results. Demonstration and political protest continue after vote, and society becomes unstable. Instability provokes dictatorship.

Developing countries are trapped in vicious circle. Some leaders who lack legitimacy used to resort to populism. Populism evokes wastes of finance and resources, and ends up with disorders in the long run. On the right there is dictatorship and on the left disorders. Developing countries are in dilemma, dictatorship or disorder. They used to oscillate between the two. Who can save them from this dilemma?

2. Escaping from the Vicious Circle

Korea's modern history gives hint to other developing countries how to escape the vicious circle. There is debate that Korean model can apply to other developing countries because of harsh dictatorship. The opponents insist that Korean economic development was achieved at the cost of people's rights and justice. But, as for me, I think Korean model is useful to the countries that are in trap of vicious circle.

The developing countries are walking on a tightrope. The leaders in advanced countries enjoy legitimacy from voting system. Legitimacy means the approval of people for the government. The principle of democracy is self-ruling. People elect leaders through voting system. The leaders are the representatives of people. Self-ruling is executed like this; if the leaders make a mistake, the people can change their leaders in the next vote.

The voting systems in most of the developing countries are corrupted. Even if the leaders get elected through voting system, people do not approve the leaders from

their heart. This corrupted system causes disorder because of the lack of legitimacy. A disorder evokes a dictatorship. The developing countries are in between the line of dictatorship and disorder as I mentioned above.

One of the ways to escape from difficult sailing in politics is the leader's integrity and vision for his country. The story of Korea tells this; The President Park lacked the legitimacy because of the military coup against the democratic government in Korea. He was in jeopardy of lacking legitimacy.

But he was integral and head of far-sighted vision for Korea. After he was assassinated by his confidential follower, his integrity was fully proved that he did not accumulate money or power for himself or his family. Even his opponents acknowledged his integrity. And he had a great vision for Korea to catch up Japan and the West. We are now to face that the dream is coming true. **The leader's integrity and vision is very essential, and it is what I call as tightrope to escape from the vicious circle.** Korean people came to approve the Park's leadership because of his integrity and vision.

VII. Conclusion

There are not many countries which have accomplished economic development and democratic progress simultaneously among the newly emerging nations after World War II. Fortunately Korea has accomplished both of them in such a short span. However, Korea has gone through so many confusions, trials and errors.

Openness is important for economic development. In the end of 19th Century, strong leader of Korea stuck to the policy to shut door against West in order to keep independence. But he could not hold the independence by shutting door. After the invasion of Japan, we came to disregard animosity toward the West. The West has been our friend after then. Our openness to the West contributed to our development.

Korean experience is a very unique one in our world. Moreover we have lived in the two worlds - rich and poor. Can you imagine the national income per capita in Korea was no more than 100 dollars in 1960? When I was young, my family was very poor, and everyone was poor. Our only wish was to eat a lot and to sleep in a warm

place. So I believe Korea has the mind to understand the two worlds - poor and rich - at the same time. My hope is that our experience would be used for the progress of developing countries.

I don't think our prosperity will last long if our neighbors still remain in need. Developing countries are confronting new challenges. Europe strives to unite together to survive in this globalized and competitive world. Developing countries should cooperate with each other. I wish the trials and errors of Korea are a good textbook to the countries that are making efforts in transforming their systems. I want to share even our shameful stories during the development so that you will not repeat them.

The way to economic development is a rough and long march. It cannot be accomplished in a day. And it demands leaders' self-sacrifice, self-abstinence and firm confidence in rule of law. Resorting to violence in the disguise of law to secure public order is effective in short time, but brings about chaos in the long term. Only tears and sweat, and unceasing reformation enable it.