The Secret of President Park Chung Hee's Korean Miracle: An Emergent Development Perspective*

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This paper unveils the secret behind South Korea's economic miracle under President Park Chung Hee, who transformed an impoverished agrarian society into a major industrial economy in under 20 years through economic differentiation (ED). By aligning markets, corporations, and government to prioritize performance-based incentives, Park's policies—export promotion, heavy chemical industrialization (HCI), and the Saemaul Undong—fostered a self-reliant, competitive spirit, driving nonlinear order-transforming, emergent development rooted in complexity economics. His corporate-led prosperity paradigm nurtured small and medium enterprises (SMEs) into global conglomerates, defying mainstream neoclassical and socialist economic theories that criticize his approach as authoritarian or market-distorting. Despite sacrificing short-term democracy via the Yushin regime to achieve long-term prosperity, Park's foresight in leveraging ED and anticipating complexity science principles, such as synergy and the butterfly effect, offers a transformative model for nations seeking economic catch-up or recovery from stagnation. This study critiques the misattribution of Korea's success to export-led growth based on comparative advantage, highlighting Park's strategic industrial policies and contrasting his achievements with modern global challenges of low growth and polarization in democratic market economies, proposing his ED-based approach as a blueprint for global economic revitalization.

Key Words: Economic Differentiation (ED), Emergent Development, Corporate-Led Prosperity, Saemaul Undong (New Village Movement), Heavy Chemical Industrialization (HCI), Complexity Economics, Miracle on the Han River

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I. Introduction

This paper aims to uncover the secret of South Korea's economic miracle, led by President Park Chung Hee, who is widely recognized for industrializing a nation in less than two decades and paving the road from one of the world's poorest nations to a global economic powerhouse. Existing literature on Park's development approach has largely focused on the role of state-led industrial policies, export promotion, and the developmental state model, often attributing South Korea's success to government intervention (Amsden 1989; Chang 1994; Wade 1990; Kohli 2004). However, these studies frequently overlook the underlying philosophy of economic differentiation (ED) that integrated markets, corporations, and government through performance-based incentives, while critics emphasize the authoritarian nature of his regime and alleged market distortions (Cumings 1997; Kim 1997; Sakong & Koh 2010). Nearly 50 years after his death, a reexamination is warranted to address persistent misinterpretations and to apply his model to contemporary global challenges, such as low growth and polarization in democratic market economies (Jwa 2017b, 2024b, 2025a).

Industrialization, however, is not merely the result of pursuing industrial policies; it is the outcome of comprehensive national governance rooted in economic differentiation (ED) (Amsden 1989; Jwa 2017a). This study provides a holistic analysis of the dynamics between economic development and politics, exploring Park's governance strategies that drove the Miracle on the Han River. By reinterpreting Park's philosophy through complexity economics, this paper contributes to literature by proposing his ED-based model as a replicable framework for nations seeking economic catch-up or recovery from the "advanced nation trap," regardless of their developmental stage (Jwa 2017a, 2017b, 2024b; Jwa & Lee 2025). It addresses the criticisms and misinterpretations of his era, which often frame his achievements as authoritarian or market-distorting (Cumings 1997; Kim 1997; Sakong & Koh 2010; Acemoglu & Robinson 2012) and contrasts his success with the failures of mainstream democratic market economies that face low growth and polarization today (Jwa 2024b, 2025a).

Section II critiques the polarized ideological debates in Korea, where Park's achievements are dismissed as authoritarian or conglomerate-driven, revealing the limitations of mainstream neoclassical and socialist economic perspectives that fail to explain his inclusive growth miracle. Section III examines the global and Korean economic context, highlighting how democratic market economies, including post-democratization Korea, suffer from low growth and polarization due to egalitarian policies, contrasting this with Park's era of simultaneous growth and distributional improvement. Section IV introduces the Trinitarian

Theory of economic development, emphasizing the role of ED in aligning markets, corporations, and government for transformative progress. Section V details Park's national governance strategy, focusing on his pro-market differentiation leadership, the Yushin regime's prioritization of prosperity, and his corporate-led prosperity paradigm. Section VI analyzes his economic and industrial policies, including export promotion and HCI, as applications of ED. Section VII explores the Saemaul Undong as a rural revolution driven by performance-based incentives. Section VIII reinterprets Park's philosophy through the lens of complexity economics, emphasizing his anticipation of emergent development principles. Section IX concludes by summarizing Park's legacy, contrasting it with modern economic challenges, and advocating for its global application.

II. Criticisms of Park Chung Hee's Achievements and Their Limitations

In modern Korean history, debates over the founding moment of the nation, democracy versus authoritarianism, and market capitalism versus socialism represent sharp ideological conflicts. The so-called right wing believes that the history of South Korea, rooted in the establishment of the Republic on August 15, 1948, and based on the ideologies of liberal democracy and market capitalism, is legitimate. However, leftist forces, who either adhere to or admire socialist ideology, argue that Korea's modern political history began with the establishment of the Provisional Government in exile on April 11, 1919, in Shanghai and that post-founding, the right wing dominated Korean history through authoritarian rule. While not an official stance, the left believes that their so-called people's democracy is the true form of democracy. They disparage the era of nation-building and development under the Syngman Rhee, Park Chung Hee, and Chun Doo-hwan governments as an anti-democratic authoritarian period, denying the roots of Korea's prosperity during this time and asserting their own legitimacy.

The founding president, Syngman Rhee, as well as Park Chung Hee, the president of economic prosperity, have been trapped in the left's "dictator frame," resulting in their achievements being unfairly evaluated and severely distorted, even in official primary and secondary education or university lectures. Despite achieving a miracle in the construction of a modern nation-state on a global scale, Korea has failed to properly understand this accomplishment, blindly following the failing paradigms of advanced nations' governance. Today, on the threshold of becoming an advanced nation, Korea is trapped in the "egalitarian democracy" pitfall, manifesting what can be called the "advanced nation trap"—a simultaneous failure of democracy and the market economy.

The so-called developmental era of Korea in the 1960s to 1980s, led by the Park Chung Hee era, achieved the most inclusive and balanced growth not only in its time but also in the history of global economic development (Amsden 1989; World Bank 1993). This era, known as the Miracle on the Han River, laid the foundation for South Korea's emergence as one of the world's top ten economic powers today. However, evaluations of Park Chung Hee, both domestically and internationally, are either highly critical or, at best, superficially appreciative. Critics argue that while the economy succeeded, it did so by favoring conglomerates (chaebols), leading to economic concentration, resource misallocation, and unbalanced growth (Kim 1997; Sakong & Koh 2010). The Heavy and Chemical Industrialization (HCI) strategy, which forms the basis of today's industrial powerhouse, is also criticized as a failed policy by some, including the subsequent Fifth Republic government and the World Bank, which claimed it distorted resource allocation (Sakong & Koh 2010).

Sakong & Koh state, "The government–led growth strategy, as exemplified by the HCI drive, produced many problems, including a serious misallocation of resources, chronic inflation, and greater income inequality… Financial repression since the 1960s held back the financial sector from developing into a fully competitive service industry. A number of large business conglomerates, namely the chaebol, increased their influence on the back of government support, and the concentration of economic power emerged as an important economic and social issue... Most importantly, the repeated interventions by the government to salvage troubled firms from bankruptcy strengthened the so-called "too big to fail" principle. Combined with very low interest rates maintained since the 1960s, the risk partnership between the government and private sector encouraged excessive borrowing by the latter….The nonperforming loans of banks grew, and financial sector became increasingly vulnerable to external shocks...." (Sakong & Koh 2010, p. 4). Here it is not even clear whether the first statement of serious resource misallocation and greater income inequality is factually right, given the fact that Korea was the fastest shared growth example as shown by World Bank (1993) at that time.

Furthermore, some argue that the economic miracle, achieved under political authoritarianism and long-term rule, lacks value (Cumings 1997). The Fifth Republic government, which championed the "realization of a just society," may be interpreted as implicitly denouncing the Park Chung Hee era as unjust. These critical perceptions largely stem from ignorance or distortion of the economic realities of the time, as well as a lack of insight into the principles and experiences of global economic development.

In summary, the reluctance of Korean intellectual society toward the Park Chung

Hee era can be boiled down to two main points: fostering conglomerates through favoritism, which led to economic imbalances, and political authoritarianism (Jwa 2017b, 2023). Leftists, who see themselves as heirs to Marx and view large corporations as the source of inequality, and right-wing market-centric advocates, who see conglomerates as culprits of monopolies and economic power abuse, both find it difficult to embrace Park Chung Hee (Sakong & Koh 2010). Moreover, those who regard democracy—whether liberal democracy or people's democracy—as the universal political system naturally reject Park Chung Hee in unison. As a result, Park Chung Hee finds himself rejected by both ideological left and right. Even those who, whether scholars or ordinary citizens, are overwhelmed by the remarkable achievements of his era and support him often fail to overcome this perspective, offering only lukewarm, passive evaluations. It is common to hear the caveat that, while he did great things, it would have been better if he had not been authoritarian or had not nurtured conglomerates. The global political and economic academic community is no different. Even Nobel laureate economists who highly evaluate Park's achievements criticize his undemocratic politics while remaining ignorant of the factors behind his success (Acemoglu & Robinson 2012). Furthermore, even his close aides such as Kim Jung-yum, Park's long-time Chief Secretary, express regret, suggesting it would have been better if he had not implemented the Yushin regime.

The Korean economic academic community criticizes Park Chung Hee for wasting resources in fostering heavy and chemical industries, arguing that instead of supporting exports and leaving growth to market-driven comparative advantages, the government's intervention in promoting HCI distorted resource allocation (Sakong & Koh 2010; Kim 1997). Consequently, The Fifth Republic government and the World Bank once formally declared the HCI policy a failure, erroneously suggesting that the Miracle on the Han River resulted from or despite of distorted resource allocation—a view that overlooks the strategic success of Park's policies. Such assertions are a natural inference of mainstream political and economic academia, which finds it difficult to accept Park Chung Hee's undemocratic authoritarian politics and strong government intervention in the market, challenging the universal—almost sacred—principles of democracy and market economy (Wade 1990). There seems to be no room in domestic or international academia for the Park Chung Hee miracle to stand on its own merit. This is the background behind the dismissal of Park Chung Hee as a one-off anomaly, unworthy of new research or transmission abroad.

The problem with these criticisms is that while they claim Park Chung Hee's development policies or strategies were flawed according to mainstream thought, they fail to address the question of how the unprecedented high-speed inclusive growth was achieved (Amsden 1989). Superficially, they label government support for corporate growth as favoritism or assume that the emergence of large corporations inevitably leads to monopolies, asserting that such government intervention is anti-market and distorts resource allocation. Occasionally, partial empirical evidence is presented. However, neither leftist economists nor mainstream market-centric economists seem interested in the causes of the inclusive growth miracle of the Park Chung Hee era. When pressed, some claim that dictatorship was the problem, but this too is nothing more than a forced and unconvincing argument. This is because, on a national scale, South Korea under Park Chung Hee is the only case in the late 20th century to achieve inclusive growth under so-called authoritarianism. Moreover, it is hard to find examples of late 20th-century economies achieving economic leaps under democracy. Therefore, the Park Chung Hee era, interestingly, raises new questions about which political system truly fosters inclusive growth.

Fortunately, the Saemaul Undong (New Village Movement) is recognized as one of Park Chung Hee's successful miracles, with significant resources and manpower invested in its international dissemination. However, there has yet to be a case where the Park Chung Hee miracle has been successfully replicated. Why is this? To overcome the challenges of rural "market failure" due to inadequate social infrastructure and insufficient agricultural management information, which hindered the income enhancement projects reliant on fostering individual diligent farmers, Park Chung Hee initiated the Saemaul Undong in the 1970s with new ideas and policies to activate village-level cooperative work. However, efforts to disseminate the Saemaul Undong abroad have removed Park Chung Hee from the equation due to aversion to his authoritarianism, reverting to the market-centric individual farmer model he had abandoned, making success unlikely. Even international organizations like the World Bank and the UN, which frequently mention the Miracle on the Han River, have yet to properly understand or model the Park Chung Hee miracle, resulting in few successful cases in Official Development Assistance (ODA) or global economic development plans.

Why did Park Chung Hee pursue policies different from mainstream economic thought, overcoming opposition from domestic and international economists, sometimes even his close aides and cabinet, and even implementing the Yushin regime, and how did he ultimately succeed? This paper seeks to examine why and how Park Chung Hee achieved transformative economic growth in South Korea. Without such efforts, understanding Park Chung Hee's successes or failures is impossible, nor can his successes be translated into policy or his ideas disseminated globally.

III. World and Korea Economy at the Crossroads of Prosperity and Stagnation

Since the 1990s, Korea has pursued Western-style democracy, even denying Park Chung Hee's history of economic prosperity by labeling it authoritarian (Cumings 1997). It has boasted of successfully achieving both industrialization and democracy. But is Korea's democratic market economy today delivering the balanced economic development and collective prosperity that was promised and expected? Today, not only Korea but also the leading advanced nations that pioneered democratic market economies are facing unintended and undesired outcomes of low growth and polarization. All countries are similarly experiencing deepening domestic political and ideological instability and conflict (Jwa 2017a, 2024b; Jwa & Lee 2025).

Is democracy a prerequisite for economic development? Is liberal democracy, which Park Chung Hee is criticized for not properly implementing, a panacea for national prosperity?

A. The Failing Global Democratic Market Economy System: What's Wrong?

Since World War II, the capitalist bloc has pursued balanced redistributive welfare states in competition with communist and socialist systems aiming for economic equality. However, after the growth era of postwar recovery, the 1960s onward saw worsening growth and distribution, leading to long-term low growth and distributional polarization today, the opposite of the redistributive welfare state ideal. The communist bloc, aiming for an equal economy, also collapsed in the 1990s, leaving behind North Korea's extreme failure. With the fall of communism, Francis Fukuyama declared that the world was now unified under liberal democracy and market economy ideologies, ending the history of ideological wars (Fukuyama 1992). However, the dream of equal and balanced inclusive growth that humanity aspired to has vanished, and low growth and high inequality have become universal phenomena in democratic market economy systems. What is wrong with democracy?

Table 1, cited from the author's ongoing research (Jwa 2025a), analyzes the relationship between the maturity of democratic market economies and economic performance, showing that as democracy and market economies mature, growth stagnates, and income inequality increases. Income growth rates and corporate growth rates simultaneously decline as democratic market economies mature. Meanwhile, as democratic market economies mature, income redistribution strengthens, naturally lowering disposable income Gini,

Table 1. *Economic Performance of Global Democratic Market Economy Systems*

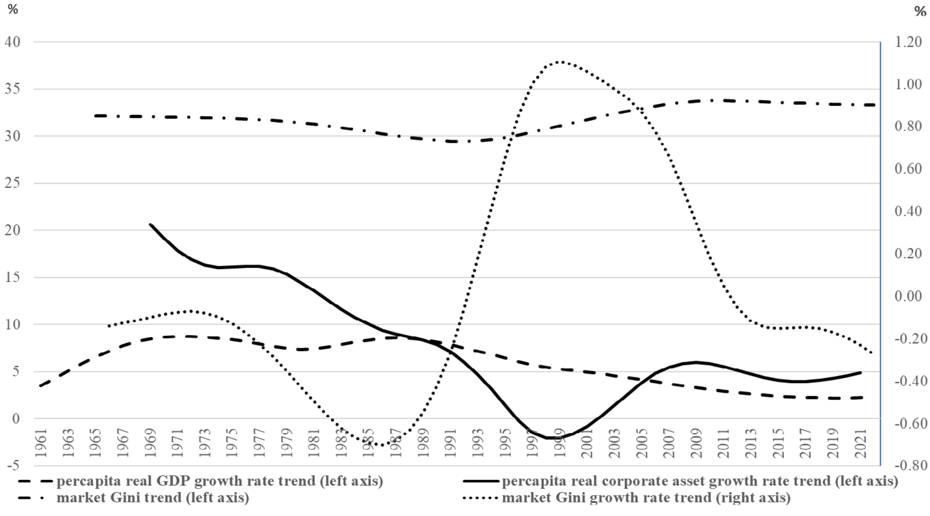
Category	GDP Growth Rate (%)	Corporate Growth Rate (%)	Market Income Gini (%) (a)	Disposable Income Gini (%) (b)	Redistribution Intensity (a/b)
Non-Democratic Market Economies (12 countries): NDME	10.11	14.19	44.81	40.84	1.12
Developing Democratic Market Economies (20 countries): DDME	8.25	13.06	49.02	42.52	1.21
Intermediate Democratic Market Economies (14 countries): IDME	7.22	9.71	46.41	34.00	1.34
Advanced Democratic Market Economies (OECD founding members) (23 countries): ADME	3.79	7.73	47.68	28.77	1.58

Note: 2005-2013 global 69-country panel data from Jwa and Lee (2025). Classification of 69 Sample Countries is based on OECD Membership and the Economist Intelligence Unit's Democracy Index. See the appendix for the classification of sample countries.

but market income Gini increases. Econometric analysis indicates that as democratic market economies mature, redistributive welfare strengthens, increasing corporate burdens for welfare funding and regulations, which slows corporate growth. This leads to economic stagnation and job loss. Furthermore, as redistributive welfare strengthens, disincentive to work among citizens becomes prevalent. Ultimately, strengthened redistributive welfare and slowed corporate growth result in simultaneous deterioration of economic growth and distribution (Jwa 2024b, 2025a; Jwa & Lee 2025).

B. Korea's Experience: Comparing Political-Economic System Changes and Economic Performance

Remarkably, in the case of Korea, the developmental era under Park Chung Hee achieved the Miracle on the Han River, simultaneously realizing growth and distributional improvement (Amsden 1989; World bank, 1993). Even more surprising is that since the late 1980s, with political democratization and the pursuit of advanced nations' balanced growth and welfare state ideologies, the Korean economy has suffered from the "advanced nation trap" of simultaneous deterioration in growth and distribution for over 30 years, without properly recognizing it. According to Figure 1, the developmental era from the 1960s to 1980s achieved an average annual income growth of 8-9% and continuous improvement in market income distribution. However, since the 1987 political democratization, over the past 30 years, Korea has experienced an average 2%-point decline in income



Note: The correlation coefficient of the GDP growth trend with the CA growth trend is 0.650 and the correlation coefficient of Gini growth trend with the CA growth trend is -0.654. Trends are generated through the Hodrick-Prescott filter.

Data source: GDP from the Bank of Korea; CA is author's calculation based on the "Corporate Management Analysis" by the Bank of Korea; Gini coefficient is a combined series of SWIID (Solt, 2016) and Korea's Household Financial Welfare Survey Gini (2011-22).

Figure source: Jwa (2024b)

Figure 1. *Trends in Korea's Major Economic Indicators: GDP, CA (Corporate Asset) and Market Income Gini*

growth per decade, along with continuous deterioration in market income distribution (Jwa et al. 2025).

The author's research (Jwa 2024b; Jwa et al. 2025) implies that the causes of Korea's growth slowdown and distributional deterioration, consistent with the analysis of global democratic market economies, are due to the strengthening of welfare state ideology accompanying the maturation of democracy, which leads to slowed corporate growth and reinforced redistributive policies. High taxes to secure redistributive welfare funds and growth regulations on large corporations have slowed corporate growth, while widespread redistributive welfare systems have led to the weakened citizens' incentive to work, resulting in simultaneous deterioration of economic growth and distribution. Figure 1 confirms that post-democratization, the sharp decline in corporate growth rates is accompanied by simultaneous deterioration in growth and distribution (Jwa et al. 2025), just like the world experience.

The above analysis strongly suggests that the current low growth and polarization in the global and Korean economies are, paradoxically, due to the pursuit of equal and balanced economies through "egalitarian democracy" for the sake of welfare state ideology.

C. Which Political System is Conducive to Economic Development?

These findings suggest that the belief that adopting a democratic market economy automatically leads to economic development may be naïve. They strongly indicate that evaluating the success of complex economic development cannot be done through partial or linear perspectives, such as whether a democratic market economy is adopted, or the extent of government industrial policy intervention or corporate economic concentration. In particular, for Korea, the domestic and international claims that Park Chung Hee's economic miracle was flawed due to political authoritarianism, state intervention and conglomerate-centered economic imbalances may be seriously erroneous (Amsden 1989; Chang 1994; Jwa 2017a).

First, as some political economists like Nobel laureate economists Acemoglu & Robinson argue that strong centralized governments are necessary for resource mobilization for economic development (Acemoglu & Robinson 2012, pp. 79-85), and as political scientist Seymour Martin Lipset suggests that higher levels of economic development, including greater per capita income, facilitate the stability of democratic institutions (Lipset 1959, pp. 75-85), these results imply that authoritarian politics may be a prerequisite for economic leaps in certain contexts. This is supported by the fact that all industrial revolutions in advanced nations occurred under the era of authoritarian or non-democratic politics as history shows (Johnson 1982, pp. 20-50), and recently, among transitional economies, only communist authoritarian China, which piggybacked on Korea's growth strategy, has succeeded in leaping forward (Jwa 2023).

Meanwhile, Jwa (2024b) and Jwa & Lee (2025) also show that corporate growth contributes not only to economic growth but also to distributional improvement. This is a new discovery that directly contradicts the fundamental tenets of mainstream market-centric economics believing in perfect competition model and socialist economics, which deny the role of corporations. The mainstream economic community's anti-Park Chung Hee perspective, which disparages government efforts to foster corporations and is biased toward anti-corporate market-centric ideologies and redistributive welfare, is likely a serious distortion of reality (Wade 1990). Naturally, the anti-Park Chung Hee leftist ideology, which views corporations as the source of inequality, appears to be an even graver error. This is because these research findings imply that Park Chung Hee's corporate nurturing played a locomotive-like role in his inclusive growth.

According to the author's research (Jwa 2021), mainstream economics has yet to move beyond classical agrarian economics, which lacks capitalist corporations. Moreover, Karl Marx's socialist economics, which denies the necessity of corporations, is also rooted in agrarian economics. Interestingly, the collapse of communist and socialist economies has shown that socialist economies, which eliminated capitalist corporate systems, inevitably regressed to agrarian societies and failed. North Korea's economic failure is due to the absence of a capitalist corporate system, despite having production plants. Among the many transitional economies, the only one to succeed in leaping forward, the so-called socialist market economy model of China, is, in fact, a result of piggybacking on Park Chung Hee's corporate-led capitalist economic model. Furthermore, the recent U.S.-China trade disputes, fundamentally a reflection of a corporate war, highlight Park Chung Hee's corporate nurturing as a brilliant insight into corporate-led capitalist economic development (Jwa 2025b).

According to these research results so far, while the democratic market economy system may be ideologically desirable, it is, in practice, a system where economic development is challenging. In contrast, Park Chung Hee's authoritarian political-economic system may seem undesirable from a mainstream ideological perspective but can be interpreted as a system with a high likelihood of economic success (Johnson 1982). The history of industrial revolutions in the East and West, along with the global and Korean experiences of the late 20th century, strongly suggest that whether a system is democratic or authoritarian is not a prerequisite for economic prosperity. Rather, the function of the political regime may be more important. This implies that the academic and public dismissal of Park Chung Hee's era as a success due to its authoritarian political system may be erroneous (Amsden 1989, pp. 51-78).

IV. Understanding the Dynamics of Economic Development and Politics

A. The Role of Markets and Corporations in Economic Development: Motivation through Economic Differentiation

Economic development is the non-linear order-transforming process of the complex adaptive economic system by which all citizens escape poverty and achieve prosperity, leapfrogging from cart-driven to auto- and airplane-driven society (Schumpeter 1934; Beinhocker 2006; Jwa 2017a). The state must create pathways for citizens to become wealthy and motivate them to pursue these paths diligently. Since citizens are the ones who create national wealth, the state must provide incentives and guidance to enable them to excel in this task. Also, corporations, internalizing market failures and arising as key sources of wealth creation, should be supported and encouraged to grow into large enterprises through greater effort, inspiring small and medium enterprises (SMEs) to engage in growth and wealth-creation competition (Jwa 2017a, 2021).

Moreover, in the market, we consistently select and support individuals or corporations that deliver superior performance. The market serves as an exemplar of the principle of shin-sang-pil-beol (信賞必罰, rewarding the meritorious and punishing the underperforming), motivating all citizens to participate in the race to prosperity. Corporations reinforce this market function by favoring high-productivity talent and transacting only with excellent firms, a process termed *Economic Differentiation (ED)* (Jwa 2017a). This aligns with the role of corporations as social technologies internalizing market failures, as seen in the success of joint-stock companies during the Industrial Revolution (Jwa 2017a, 2021; Micklethwait & Wooldridge 2003; Simon 1991; Johnson 1982, pp. 50-75).

However, a society that fails to support citizens' efforts to become wealthy or resents those striving to outdo others or corporations aiming to grow larger can never become prosperous. Policies that hinder wealth creation or corporate growth discourage others from engaging in the competition for success. If large corporations are regulated merely for being large and SMEs are supported solely for being small, performance becomes irrelevant, and the race to prosperity fades. This would result in an economy dominated by SMEs with few corporations growing into large enterprises, as seen in post-democratization Korea (Jwa 2024b; Jwa et al. 2025).

B. The Role of Democratic Politics and Government in Economic Development: Economizing Politics through Economic Differentiation

Economics and political science have yet to clearly define the role of politics or government in economic development. They struggle to explain why developing countries' democracies fail in economic development or why advanced democracies face low growth and polarization. The compatibility of democracy and market economies remains theoretically unresolved.

Markets and corporations, by their nature, prioritize economic differentiation and do not guarantee economic equality. If markets and corporations cannot reward performance differentially, they lose their motivational function, fostering sabotage and halting national economic development (Alchian & Demsetz 1972). Thus, capitalist market economies enable collective growth but not equality. Pursuing an equal economy contradicts economic development. Ignoring this principle, socialist systems that eliminated the selective functions of markets and corporations collapsed, as seen in the Soviet economy and North Korea's failure (Jwa 2017a). According to the author's research, the economic polarization and low growth in advanced democracies and South Korea today result from pursuing economic equality (Jwa 2024b; Jwa & Lee 2025).

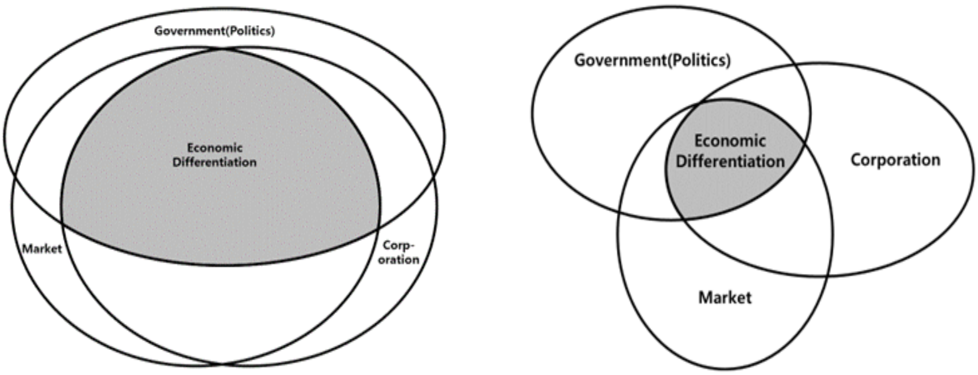
Politicians champion democracy, equality, and support for the weak, but in markets, they instinctively seek superior products, favoring the strong over the weak. Humans cannot escape this selection instinct embedded in them through their long evolutionary history of survival of the fittest due to scarcity. Ordinary citizens also make differential choices in markets but dislike the resulting disparities. Politicians, seeking votes, and citizens, disliking disparities, collude to produce democratic institutions and policies that neutralize the market's differentiation function. This erodes citizens' motivation to work, diminishes self-reliance, and worsens growth and distribution. Political power has become a tool for wealth redistribution, intensifying political and social conflicts. This explains the global phenomena of low growth, polarization, and democratic failure, including in South Korea (Jwa 2024b).

The role of democratic politics or government in national development is to create institutions and policies that enable self-helping, hardworking citizens to prosper, mirroring the functions of markets and corporations. A nation where diligent individuals are not duly rewarded cannot achieve prosperity or economic development. The more people rely on direct government support due to blocked pathways to wealth, the more economic development is delayed. A nation thrives when it is filled with citizens who succeed through self-help, enabling collective growth.

When democratic politics understands and institutionally supports the market economy's economic differentiation (ED) function, it can be said to have "economized politics." Conversely, when politics ignores performance and pursues economic equality, trapped in economic egalitarianism (EE), the "economy becomes politicized." The former fosters economic development, while the latter leads to economic failure (Jwa 2017a, 2024b; Jwa & Lee 2025).

C. Trinitarian Theory of Economic Development

In sum, economic development, characterized by nonlinear emergence from rudimentary to advanced economies, requires the trinity of markets, corporations, and government (politics) to collectively practice ED (Jwa 2017a) as shown in Figure 2. When aligned, these institutions drive transformative progress; when disrupted by EE, particularly in democracies, development falters, underscoring a critical vulnerability where egalitarian policies undermine the trinity's cohesion. Figure 2 illustrates this: a strong ED alliance fosters a more-enabling, strong developmental state (Figure 2(a)), while a weak ED or a strong EE alliance results in a less-enabling, weak developmental state (Figure 2(b)).



(a) More-enabling, strong developmental state with a large union of ED

(b) Less-enabling, weak developmental state with a small union of ED

Figure 2. *The Trinity's Economic Differentiation and Development Outcomes (Jwa, 2017a)*

V. President Park Chung Hee's National Governance Strategy

A. Practicing the Principle of Economic Differentiation: Strong Pro-Market Leadership

Throughout his tenure, President Park emphasized the Western adage, "Heaven helps those who help themselves," and the Oriental Legalist principle of shin-sang-pil-beol in both economic and social policies. These principles, which reward the meritorious and punish the underperforming, are another expression of the market's differentiation function (Jwa 2017a). By directly applying this market function to policies, Park strengthened the often-weak market's differential reward system in developing countries, promoting competition and expanding the market's scope (Wade 1990, pp. 25-50). By prioritizing performance in all government support, he eradicated cronyism and bureaucratic corruption prevalent in developing nations (Amsden 1989, pp. 79-100). Publicly and privately, he consistently emphasized to the public, "the government reward good performance over poor performance."

As a result, in just 20 years, South Korea transformed a populace that had blamed poverty on others or fate for 5,000 years into a dynamic, self-reliant citizenry with a "can-do" spirit through the private sector competition and the Saemaul Undong. SMEs were nurtured into global conglomerates through fierce export performance competition, achieving the Western Industrial Revolution in just 20 years. The author evaluates Park's leadership as a "differentiation leadership based on shin-sang-pil-beol that discards the weak, drives performance, and uplifts all." Contrary to academic claims that the Park era was anti-market with heavy government intervention, Park's leadership was strongly "pro-market differentiation leadership." This misunderstanding stems from a failure to properly understand market functions in mainstream economics (Jwa 2017a, 2017b).

To illustrate Park's market economy philosophy, consider the following quote from his speech:

> "I believe the saying, 'Heaven helps those who help themselves,' is neither superstition nor religious sermon but an eternal truth... There is an old Korean proverb that even a nation cannot save the poor. I would revise it to say that no nation can help the idle. The government and neighbors can help diligent farmers, but no one can or will help farmers who lack diligence and the spirit of self-help... People must abandon the notion that the government should do everything for them without their own effort... On this Farmer's Day, I urge our farmers to adopt a robust spirit of self-help, independence, and self-reliance to forge their own destinies. This is the fundamental force for rural revitalization." (Speech at Farmer's Day, June 10, 1970)

Interestingly, this philosophy aligns closely with the ideas of Samuel Smiles (2008 [1859]), a renowned author during the 19th-century British Industrial Revolution, who argued:

> "Heaven helps those who help themselves,' is a well-tried maxim, embodying concisely the results of vast human experience. The spirit of self-help is the root of all genuine growth in the individual and, exhibited in the lives of many, it constitutes the true source of national vigour and strength. Help from without is often enfeebling in its effects, but help from within invariably invigorates. Whatever is done for men, or classes of men, to a certain extent takes away the stimulus and necessity of doing this for themselves; and where men are subjected to over-guidance and over-government, the inevitable tendency is to render them comparatively helpless." This Smiles' argument reinforces the core of Park's ED strategy, wherein performance-based incentives catalyzed South Korea's industrial evolution (Jwa 2017a)

B. Sacrificing Democracy for "Economizing Politics": Yushin as Park's Anguished Choice at the Crossroads of Democracy and Prosperity

Park's performance-driven differentiation leadership provides insight into understanding his era's Yushin (reform) authoritarian politics, which has been regarded as his worst political legacy (Cumings, 1997). His economic differentiation strategy stood in stark contrast to the populism prevalent in South Korea and globally today, which indulges in egalitarian support policies that ignore performance. The opposition at the time, much like today, was captivated by socialist egalitarian ideologies, criticizing Park's corporate, export, and industrial policies as favoritism, corruption, undemocratic, anti-agriculture, or debt-driven national ruin, opposing his industrialization strategy (Kim 1997).

Park's Yushin authoritarian politics was a deliberate choice to sacrifice democracy for prosperity at a critical juncture: whether to compromise with the opposition, superficially address underdevelopment through agricultural and light industry development, and maintain a façade of democratic politics, or to suppress opposition, sacrifice democracy, and pursue economic prosperity with strong incentives and differentiation policies for HCI promotion. Park chose to sacrifice democracy to "economize politics" through robust industrial policies (Amsden 1989, pp. 79-100; Kim 2004). History has proven his choice correct, as South Korea achieved unprecedented growth and industrialization.

Nevertheless, Park was a staunch advocate for democracy. He consistently emphasized that the Saemaul Undong, by fostering self-governed village organizations, served as a vital training ground for democratic principles, while steadfastly rejecting populist political interference.

He stated:

> "Among the achievements of the Saemaul Undong, I am particularly proud that through its process, our farmers have learned through experience what democracy is and how to practice it correctly." (Address at the National Conference of Saemaul Leaders, December 9, 1977)

Even regarding the Yushin regime, Park maintained critical self-reflection in 1979:

> "In my view, the method of electing the president under the Yushin Constitution is flawed. How can it gain people's support? I will revise the constitution and step down before the term." (Nam 2009, pp. 123-125).

C. Practicing the Corporate-led Prosperity Paradigm

Corporations are a social technology invented by humanity to compensate for market failures in economic differentiation, practicing differentiation more robustly than markets (Jwa 2017a, 2021, 2024b; Simon 1991; Johnson 1982 pp. 50-75). The joint-stock company, legalized in the early 19th century, drove the Industrial Revolution and remains the locomotive of capitalist economies today (Micklethwait & Wooldridge 2003). Economies without modern corporate organizations, like communist systems, collapse into agrarian societies (Jwa 2021). While agrarian societies are market economies with weak corporate structures, capitalist economies are market economies dominated by corporate economies. Today's U.S.-China trade war, disguised as a tariff conflict, is fundamentally a corporate war (Jwa 2025b). Strong corporations sustain strong economies and nations. The Park era was the pinnacle of corporate economic vitality, achieving the Industrial Revolution in just 20 years, a feat unmatched since the Western Industrial Revolution (Amsden 1989, pp. 51-78).

During Park's era, merchants and manufacturers—collectively referred to as industrialists—enjoyed unprecedented respect and pride in South Korea's 5,000-year history. In contrast to the Joseon Dynasty or the Japanese colonial period, where the Confucian hierarchy of sa-nong-gong-sang (士農工商; scholars, farmers, artisans, merchants) relegated merchants, scientists, and technicians to the margins, Park's new hierarchy of sang-gong-nong-sa (商工農士; merchants, artisans, farmers, scholars) elevated industrialists, scientists, and technicians as the vanguard of industrialization. Farmers and fishermen also became protagonists in the Saemaul Undong, overcoming seasonal hunger. However, the scholarly class—politicians, journalists, and academics engrossed in abstract theories—saw their influence wane relative to the industrial, scientific, and agricultural classes. This new class ideology aligned with the principles of capitalist corporate economic development, unlike the agrarian ideology of sa-nong-gong-sang (Jwa 2017a).

Legendary entrepreneurs like Lee Byung-Chul, Chung Joo-Young, and Kim Woo-Choong, nurtured by Park's performance-based differentiation policies, transformed SMEs into conglomerates in just 20 years. Notably, nearly all corporations driving South Korea's economy today grew under Park's differentiation incentive structure (Amsden 1989, pp. 79-100). Conversely, the absence of such policies after political democratization halted the historical trend of SMEs growing into large corporations (Jwa et al. 2025).

Park's industrial policies, such as export promotion and heavy chemical industrialization, were essentially corporate-led development policies. The success of these policies stemmed from fostering corporations, not the reverse, as mainstream neoclassical economics often claims by championing the growth of production factors. Prioritizing successful corporations through economic differentiation policies drove SMEs to become conglomerates, leading to industrial success. Thus, Park's differentiation-based corporate-led development policies were the driving force behind South Korea's Industrial Revolution, creating world-class corporations and manufacturing industries from scratch. The author terms this the "corporate-led prosperity" strategy for economic development (Jwa 2017a, 2017b, 2021, 2024b).

Park's philosophy of corporate-led prosperity is vividly captured in a conversation with American futurist Herman Kahn:

> "Herman Kahn: South Korea's economic growth is simply miraculous. I understand you had no formal training in economics. How did you achieve this great economic miracle without capital accumulation?
>
> Park Chung Hee: I didn't study economics formally. Knowing economics doesn't make one adept at the real economy, just as handling money doesn't make a banker a tycoon. The real economy is driven by business tycoons, not economists. I utilized them. To inspire and mobilize them, I devised ways to ensure their efforts would yield profits.
>
> Herman Kahn: The East has produced sages like Confucius, Mencius, and Buddha, but how could a military man, presumed to know only war, devise such sophisticated economic strategies?
>
> Park Chung Hee: It's about dedication. When I pour my heart and soul into economic planning, wisdom naturally emerges. I spend countless sleepless nights crafting new economic plans, infusing every number with my dedication and spirit. When numbers come alive, success follows. Wisdom arises when numbers move." (Yoon 2010)

VI. The Success History of Economic and Industrial Policies

Park's economic and industrial policies were a rigorous implementation of the corporate-led prosperity paradigm, nurturing SMEs into conglomerates through incentive differentiation (Jwa 2017b, 2012, 2023; Jwa & Lee 2019; Amsden 1989).

A. Releasing Tax-Evading Entrepreneurs

Immediately after the May 16, 1961, coup, Major General Park made the bold decision to release capable entrepreneurs imprisoned for tax evasion. The roots of Park's corporate development and utilization policies trace back to this moment. The revolutionary government initially detained owners of about ten major firms (equivalent to mid-sized firms by today's standards) for tax evasion as part of its anti-corruption pledge. However, after Lee Byung-Chul, then in Japan, returned and explained the importance of entrepreneurs in economic development, Park accepted his argument.

Despite opposition from revolutionary forces, he released the entrepreneurs on the condition that they participate in development and repay evaded taxes. These firms later formed the Federation of Korean Industries, actively engaging in foreign capital attraction and in implementation of development plans. This initiated South Korea's private-sector-driven development, distinct from the government- or state-owned-enterprise-led models in places like contemporary Taiwan or other developing nations.

B. Export Promotion Policy Prioritizing Top-Performing Exporters

The export promotion policy rigorously supported top-performing exporters, spurring other firms to see exports as their lifeline and compete globally, achieving miraculous results (Amsden 1989). Exports grew from $100 million in 1964 to $1 billion in 1971, $10 billion in 1976, and $20 billion in 1981—a 200-fold increase in under 20 years. In 1961, November 30 was designated Export Day to commemorate reaching $100 million in exports, with outstanding exporters and firms receiving awards. Monthly economic briefings addressed export challenges, with immediate policy responses, maximizing firms' motivation. The annual export awards ceremony, still held today, was akin to a national exporting firm contest, signaling to administrative and financial institutions to support market winners. Awarded exporters gained financial and tax benefits, enabling them to grow into conglomerates. The government's reinforcement of market differentiation created powerful incentives, igniting the export-led Han River Miracle.

Additionally, the Saemaul factory development policy, part of the Saemaul Undong, supported only factories with export performance, excluding those without export records.

C. The August 3 Emergency Economic Measures for Sustained Corporate Growth

On August 3, 1972, emergency economic measures were introduced to alleviate the burden of private curb market loans, which had become a serious obstacle to economic growth. These measures played a crucial role in sustaining Korea's corporate-led growth. By 1970–71, firms that had driven rapid growth through labor-intensive, export-oriented industries faced severe bankruptcy risks. The global recession triggered by the Nixon administration's 1971 New Economic Plan—including the suspension of dollar-gold convertibility and wage-price controls—combined with Korea's currency devaluation and its heavy reliance on curve market loans, left many companies, including large corporations, on the verge of collapse.

To avert systemic crisis, the government converted short-term, high-interest curb market debts into long-term, low-interest bank loans. This measure stabilized corporate finances and brought informal private financing into the formal banking sector. By restoring the conditions for export-led recovery, it gave Korean firms the breathing space necessary to resume growth.

Although critics later questioned the implicit guarantees offered to banks and firms as causing moral hazard, the August 3 measures proved effective in sustaining corporate vitality. Most importantly, they enabled Korea to maintain robust growth throughout the 1970s, even as much of the global economy was mired in stagflation. At the same time, the measures laid the groundwork for the emergent corporate growth that would characterize Korea's subsequent industrial upgrading, aided by the Heavy and Chemical Industrialization drive, highlighting the pragmatic effectiveness of its development strategy.

D. Heavy Chemical Industrialization Strategy Prioritizing Proven Exporters

From 1973, Park shifted from assembly-based exports to capital-intensive, high-value-added exports through the heavy chemical industrialization policy. This faced fierce opposition from mainstream economists and the opposition, who argued that South Korea should focus on agriculture and SMEs based on comparative advantage. The U.S. and international organizations also deemed it unfeasible due to the lack of successful precedents. Even in the early Fifth Republic in 1981, despite achieving $20 billion in exports, the policy was labeled a failure by the government. Yet, it laid the foundation for South Korea's manufacturing prowess, becoming a cornerstone of its economic advancement (Amsden 1989; Chang 1994; Kim 2004; Studwell 2013, pp. 71-134).

The policy incentivized exporters with proven performance to participate in heavy chemical industries with substantial support. Given the international scale of investments, which were beyond the capacity of Korean firms, the government supported or guaranteed up to 75% of the required capital through domestic and foreign financing, encouraging investment (Jwa & Lee 2019). Within a decade, heavy chemical infrastructure was completed, paving the way for South Korea's industrial superpower status and enabling $20 billion in exports by 1981. The key to success was prioritizing capable firms rather than allocating resources through cronyism or political considerations, or in an egalitarian way, as is common in developing nations. Park monitored firms' performance, replaced underperformers, and even scrutinized entrepreneurs' personal lives to prevent moral hazard. By overcoming corruption and moral hazard through strict performance-based differentiation, the policy minimized failure risks.

This performance-driven industrial policy not only succeeded in exports and heavy chemical industrialization but also transformed 1960s SMEs into global conglomerates in 20 years. Park's industrial policy is the only successful case of an industrial revolution since the Western Industrial Revolution including Japan, the only successful SME development policy, and one of the few economic development success stories of the late 20th century (Jwa 2017a; Jwa & Lee 2019).

VII. Saemaul Undong: The Success of the Rural Revolution by Economic Differentiation Policy

The rural reform movement, piloted in the 1960s as promoting individual farmers, evolved into the full-fledged Saemaul Undong (New Village Movement) in the 1970s, a pinnacle of Park's performance-driven shin-sang-pil-beol differentiation policy (Jwa 2017a, 2017b, 2018, 2024a). In its first year, 34,000 villages received 300 bags of cement on average and one ton of steel rebar. In the second year, 16,000 high-performing villages received 500 bags of cement, with an additional 200 bags as a performance reward, while 18,000 underperforming villages were excluded, intensifying inter-village competition. The second year's results showed that, alongside the 16,000 successful villages, 6,000 of the 18,000 unsupported villages participated independently, with 22,000 villages achieving results. The government designated these 22,000 as self-help villages for continued support, labeling the remaining 12,000 underperforming villages as basic villages and excluding them from support. This strict performance-based policy—supporting only "second- and third-year students" while excluding "first-years" per the President's words—transformed over 90% of villages into self-reliant second- and third-year villages within five years, with rural incomes surpassing urban households, a miraculous achievement. By "discarding" underperforming villages, Park's differentiation leadership elevated all to self-reliance.

This contrasts with today's global trend of failed policies prioritizing the weak, which support "first-years" indiscriminately, expecting them to advance to "second- and third-years" (Jwa, 2018). Such policies fail to motivate, as Park's differentiation principle demonstrates. Proposals like universal basic income, which lack performance-based incentives, or educational policies undervaluing academic performance, are doomed to fail.

The Saemaul Undong aligned with Park's corporate-led prosperity paradigm, treating villages as rural corporate entities. Bypassing traditional village headmen, Saemaul leaders were elected by villagers as "village CEOs" to drive major projects through nationwide "Saemaul enterprise" competition under the rule of economic differentiation orchestrated by President Park himself. By organizing 34,000 de facto rural SMEs, Saemaul Undong corrected the failure of the weak rural market economy, intensifying the rivalry among them and achieving rural revitalization.

The essence of Park's economic differentiation policy in Saemaul Undong is powerfully illustrated by his own words in the following speeches:

> "There is no need to support villages where residents lack unity, cooperation, or self-help, squandering resources like cement. Support should prioritize villages with strong cooperation and self-help spirits... Each province should evaluate performance and support high-performing villages while excluding others. I have repeatedly said we help farmers with self-help spirits, and now all policies must rigorously implement this. Uniform distribution policies must be abandoned... No matter who governs, farmers who sit idly waiting for handouts cannot be saved, even in a hundred years. That is my conviction." (Instructions at the Local Governors' Conference, July 30, 1971)

> "Some politicians promise to spoon-feed you while you sit idle, leading some unaware farmers to secretly hope for handouts. Such thoughts must be eradicated. Farmers with such mindsets will never prosper, nor will individuals or nations." (Speech at the Rice Harvest Festival, September 29, 1971)

> "The government will prioritize support for villages with strong motivation, self-reliance, and cooperative spirits. It is only natural that diligent and thrifty farmers receive priority support. Last year, we supported 32,000 villages to inspire effort, with mixed results. Learning from this, we will halve the target this year, supporting only 16,000 villages. In school terms, last year's effort was like admitting everyone to first grade. This year, we will fail and hold back underperforming villages,

supporting only those with good results in the second year. These villages, akin to second-year students, will receive more support, including from agricultural cooperatives and other sources. In the fall, we will review the 16,000 villages, promoting the best to third-year status next year. Among last year's failed villages, those showing effort and unity will be promoted to second-year status with equivalent support. Underperformers will fail again, while high performers advance to third-year status, receiving substantial support. This is the government's basic support policy for Saemaul Undong. Why? Uniform support has not yielded expected results. Supporting diligent villages first will create disparities by fall. One village may see increased income and improved environments, while another lags behind. By next year, the gap will widen. Supporting idle, decadent villages the same as diligent ones is not fair. Some villages will modernize, while others remain stagnant. Growing villages will soon thrive independently, and the government will then urge lagging villages to strive, supporting those showing effort and prioritizing others last. This is the policy to spark a revolution in our rural areas, and I believe it will succeed. Lagging villages may complain, but their voices should not sway us. As the saying goes, 'Heaven helps those who help themselves.'" (Address at Gyeongbuk Provincial Office after Regional Inspection, February 7, 1972)

VIII. President Park's Philosophy of Emergent Economic Development: A New Interpretation

President Park Chung Hee's economic vision transcended conventional linear order-fixed development models, embracing a philosophy of emergent development rooted in economic differentiation (ED) and aligned with complexity economics (Arthur 2014; Beinhocker 2006; Jwa 2017a). His approach, which prioritized performance-based incentives, transformed South Korea's impoverished agrarian society into an industrial and, ultimately, knowledge-based economy in under 20 years, defying the criticisms outlined in Section II that label his policies as authoritarian or market-distorting.

Park actively promoted cooperation in rural and fishing communities through the Saemaul Undong, emphasizing that differentiated incentives would spark competition among villages, fostering collaboration among residents. He famously articulated this synergy-driven approach:

"When two people combine their efforts, 1 plus 1 does not equal 2; rather, an 'alpha' is added, making it greater than 2, that is, $1+1=2+\alpha$ ($\alpha \geq 0$)." (UNESCO-registered Saemaul

Undong Guidelines, April 26, 1972, delivered at the Saemaul Income Enhancement Conference Speech, May 18, 1972). Surprisingly, over 50 years ago, Park anticipated the concept of synergy driving emergent development, a core principle of complexity science and complex systems economics, exemplified by phenomena like the butterfly effect and chaos theory (Arthur 2014; Beinhocker 2006; Jwa 2017a).

The butterfly effect, formalized by Edward Lorenz in 1972 (Lorenz 1972), was presciently reflected in Park's 1968 speech at the groundbreaking ceremony for the Taegu-Busan section of the Seoul-Busan Expressway, September 11, 1968. Referencing Hōjōki (1212; a collection of essays by the Japanese monk, Kamo no Chōmei), Park illustrated the complex chain of economic spillover effects to counter opposition to the expressway: "When the wind blows, the rice storage container maker profits… Wind causes dust, blinding people, who then play the shamisen to earn a living, increasing demand for cat-leather shamisen, leading to more cat slaughtering, a rise in rats, and greater need for rice storage containers, benefiting their makers" (Park 1968). While not directly identified in the Korean translation of Hōjōki, this analogy underscores Park's foresight in recognizing how infrastructure projects could trigger cascading economic benefits, aligning with complexity science principles (Arthur 2014; Beinhocker 2006; Jwa 2017a).

Park's emergent development philosophy was powerfully manifested in the Heavy and Chemical Industrialization (HCI) policy, announced on January 12, 1973. Contrary to the conventional econometric projections of the Long-Term Economic Development Plan (1972–1981), which forecasted $5.3 billion in exports by 1981, Park set ambitious targets to increase exports tenfold from $1 billion in 1971 to $10 billion and double per capita income to $1,000 by 1981, despite opposition from his entire cabinet. Driven by order-transforming emergent thinking and prioritizing private companies over linear projection models, the HCI policy achieved exports of $10.05 billion by 1977—four years ahead of schedule—and per capita income of $1,330 by 1978, surpassing targets. By 1981, exports reached $20.88 billion, and per capita income hit $1,636, demonstrating transformative impact (Jwa 2017a; Amsden 1989). This shift from labor-intensive to capital-intensive industries embodied Park's vision of nonlinear transformation through ED, challenging the mainstream view that attributes Korea's success to comparative advantage-based export growth.

Rooted in ED, Park's philosophy rejected linear models where an agrarian society scales from 10 carts to 100 carts, envisioning instead qualitative leaps where carts evolve into trains, cars, airplanes, or spaceships, enabled by performance-based incentives (Section IV; Beinhocker 2006; Jwa 2017a). His export promotion and Saemaul Undong, detailed in Sections V and VI, fostered global competitiveness among firms and self-reliance in rural communities, respectively. These initiatives aligned with his corporate-led prosperity paradigm, prioritizing entrepreneurs like Lee Byung-Chul, Chung Joo-Young, and Kim Woo-Choong, who transformed SMEs into global conglomerates. Park's dialogue with Herman Kahn encapsulates this vision: "The real economy is driven by business tycoons, not economists. I utilized them. To inspire and mobilize them, I devised ways to ensure their efforts would yield profits... When I pour my heart and soul into economic planning, wisdom naturally emerges" (Yoon 2010).

Park's corporate-led perspective, deeply tied to complexity economics, viewed corporations as drivers of capitalist order-transformation (Section IV & Section V; Arthur 2014). The Saemaul Undong utilized 34,000 rural villages as quasi-corporate entities to induce economic emergence, as discussed in Section VII. Given Park's solely military educational background, his foresight is remarkable. This is especially true considering the absence of complexity-driven ideas in global economic discourse at the time and the mainstream economics' ignorance of corporations' role in emergent development. Unlike the failing democratic market economies critiqued in Section III, which suffer from low growth and polarization due to egalitarian policies, Park's ED-based approach transcended these constraints, achieving inclusive growth. His "preferential treatment for those who help themselves" empowered exemplary communities and enterprises, realizing industrialization and inclusive growth in an unparalleled feat (Jwa 2017a; Amsden 1989). This study builds on Jwa (2017a) to propose a new General Theory of Economic Development, offering a model for nations seeking to escape stagnation or achieve economic catch-up as introduced in Section IV.

IX. Conclusion

President Park Chung Hee's economic miracle, driven by rigorous economic differentiation (ED) policies, transformed South Korea from an impoverished agrarian society into a major industrial economy in under 20 years, fostering a "can-do" national spirit and inclusive growth (Amsden 1989; Jwa 2017b). His performance-based incentive differentiation, as detailed in Sections IV–VI, uplifted citizens and corporations, defying mainstream criticisms that label his era as authoritarian or conglomerate-driven (Section II). By prioritizing markets, corporations, and government aligned under ED, Park's policies—export promotion, heavy chemical industrialization, and the Saemaul Undong—drove nonlinear, order-transforming emergent development rooted in complexity economics

(Section VIII; Arthur 2014; Beinhocker 2006). This contrasts starkly with today's global and Korean economies, where egalitarian democratic policies ignoring performance have led to low growth, polarization, and the "advanced nation trap". Post-democratization Korea's anti-Park paradigm has turned citizens into government-dependent actors, hastening economic stagnation (Jwa et al. 2025).

Park's era represents the fastest construction of a modern capitalist industrial nation by a newly independent country, starting from scratch without colonial exploitation or domestic capital (Amsden 1989). Leveraging foreign capital, nurturing corporations, opening export markets, and building heavy chemical industries, Park enabled a self-reliant defense industry and strengthened anti-communist security alliances, achieving prosperity without war. His corporate-led prosperity paradigm, emphasizing entrepreneurs and ED, proved corporations are the key to capitalist development, foreseeing the failure of socialist systems that negated corporate roles (Sections II and IV; Jwa 2021). His model offers a blueprint for reviving capitalist nations, including South Korea, facing democratic and economic challenges due to underestimating corporations.

Despite his achievements, Park faces significant criticism in modern Korea for his authoritarianism, as highlighted in Section II, both domestically and internationally (Cumings 1997; Acemoglu & Robinson 2012). He reflected candidly: "As a human, I have not governed without errors. But I have not worked for contemporary popularity, always mindful of how future historians will record my deeds. My constant thought has been, 'How can we live proudly, as well as other nations?'" (Spring 1977 press conference). No achievement is flawless, but Park's ED-based model, reinterpreted through complexity economics, provides a transformative framework for global economic revitalization, addressing the polarized stagnation critiqued in Section III.

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Appendix

Classification of the sample countries in Table 1

NDME (12 countries) – Non-democracies:
Bangladesh, China, Egypt, Kazakhstan, Kenya, Lebanon, Morocco, Namibia, Nigeria, Pakistan, Thailand, Vietnam

DDME (20 countries) – Hybrid democracies not classified in other groups (including Colombia, OECD member since 2020):
Argentina, Botswana, Brazil, Colombia, Croatia, Cyprus, Ecuador, Ghana, India, Indonesia, Malawi, Malaysia, Malta, Mauritius, Peru, Philippines, Romania, Serbia, South Africa, Tunisia

IDME (14 countries) – OECD members since 1994–2018 (12 countries), plus Turkey and Singapore:
Chile, Czech Republic, Estonia, Hungary, Israel, Korea, Latvia, Lithuania, Mexico, Poland, Singapore, Slovakia, Slovenia, Turkey

ADME (23 countries) – Original OECD members (1961–1973), excluding Turkey:
Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, United States