

# Economic security of south korea economics essay

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## **Vance Conyers**

The Republic of South Korea has the fiftieth largest economy in the world. In terms of international trade, it is the United States seventh largest trade partner. South Korea is well known for the soaring level of growth in economic displayed primarily due to the success of companies such as Samsung, LG, Hyundai and Kia. Prior to 1960, South Korea was classified as a third world country and was recognized as a thriving nation. Its economic booming has elevated South Korea in the eyes of international cooperation especially the Organization for Cooperation and Development (OECD). In this paper I will go over several different factors affecting the economic security of South Korea.

Life span Primary health care has improved tremendously for past decades. Consequently, good quality of life has contributed to longer life span among the population of South Korea citizens. Therefore the median of age of working population has shifted towards older generation. The aging population seems to be of major concern among the economic community because they might affect the economic growth of the nation. In order to sustain rapid economic growth South Korea would require constant support from the young and dynamic generations.

Education The economy needs continuous supply of skill labors to sustain growth. Even though the government preaches for the need of educated society, the financial allocation is low compare to the needs of parents in educating their children. Hence, the parents end up paying high price for additional classes in school as well as high tuition cost in tertiary education for securing good career. The cost of education is so high that each family restricted the number of

children in order to provide excellent education for the child. Even then, the competition is stiff and demands for the need of furthering studies to a higher degree.

### North and South Relation

The relationship between North and South Korea remains an enigma in the sense that their economic status is wide apart where the south enjoys the booming of industry while the north deteriorating. Without the humanitarian aid, the people of North Korea would continue to suffer from food shortage. Having considered the hunger situation of people of North Korea, there is always a military threat towards South Korea. However, South Korea remains hopeful that its volatile neighbor would open its barrier to economic aids thus playing the role of good neighbor. Even though North and South Korea still under conflict, the economic relationship between the countries remains strong. Being a communist country, China is the largest trading partner for North Korea. However, South Korea has risen to be the second largest partner in terms of economic trade with North Korea. These economic ties are constantly under pressure due to the high possibility of incidences under volatile North Korea foreign policy as well as influences from the communist bloc. For instance, in March 2010, North Korea had torpedoed South Korean warship resulted in 46 soldiers were killed. Despite all the evidence pointing towards her, North Korea denies the responsibility. However, South Korea suspended its trade relationship with North Korea. In another incidence, North Korea fired artillery shell onto Yeonpyeong Island killing two civilians and wounding another 13. These incidences even though had not escalated to full blown war project serious economic security for the South Korea.

### Globalization

Another factor which affects the economic security of a nation is globalization. By virtue of globalization, it increases the interconnectedness

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of nation and people of the world as the communication and transportation becomes cheaper, faster and readily available. Globalization reduces the artificial barrier of national border, hence allowing the flow of goods, capitals, services, people and knowledge across the world faster than before. Rapid globalization allows nation to trade with other nation thereby creating mutual economic interdependence. Economic interdependence is recognized as a positive factor which promotes security. South Korea adopted the strategies in using the economic interdependence in order to advance its security goals. Their strategy can be clearly seen in the diplomatic relations towards neighboring military threat i. e. China. The similar strategy is also adopted towards large powerful nations such as Soviet Union. South Korea's strategy towards his immediate neighbor North Korea was based partly on the economic interdependence. In the long run, the economic integration might serve as a check and balance on the head of government policies towards each other. Hence the economic integration serves as to avoid any disruption for those links by the use of military threat. Financial Crisis By the same token, globalization also fosters a threat to the security of a nation via economic conflict. The economic crisis of 1990 which struck the markets in Asia shocked the nations and many financial institutions. The globalization leads to economic openness which in turn causes susceptible economic security since it allows for foreign investors to gain ownership on domestic enterprises. The crisis had caused major implication on South Korea economy as well as a few other countries in South East Asia including Malaysia, Thailand and Indonesia. At the beginning of the crisis the assets had deflated down to the new record low, forcing economic panic in South Korea. In order to sustain economic stability, South Korea succumbed to the <https://assignbuster.com/economic-security-of-south-korea-economics-essay/>

adjustment programs after bank lending was suddenly stopped. Fortunately, the economy of South Korea returned to rapid recovery. In the world of globalization, information technology becomes the trend of the decade. Hence, South Korea is able to enjoy economic growth because of the high demand in consumer spending for electronic gadgets. The growth will continue to flourish as long as South Korea able to stimulate consumer spending through innovation of technology. The big question is how long can South Korea sustain new innovation to keep the demand pour in and continue to expound economic expansion. On the other hand, globalization reduces vulnerability through diversity of suppliers and markets. Therefore, economic pressure as well as unilateral sanction becomes less effective because the multi trade relations would able to absorb the pressure. For example, even though China is a major trading partner for South Korea, it cannot act unilaterally on South Korea because of its relation with other super power such as the United States. By the same token, North Korea may pressure South Korea to some extent but would apply cautious because of its relation with China and the United States. Transnational Organized Crimes

Another factor that may affect the economic security of South Korea is the infamous transnational organized crime i. e. the terrorist attack. The September 11, 2001 shocked the whole world when the World Trade Center building in the United States of America was brought down. The terror caused the world to rethink of the new dimension brought about by the terrorist activities. Even though the tragedy was halfway across the globe, South Korea was also affected because the US was its major trading partner economically. Since the economy of South Korea is widely known for its growth, many have overlooked the threat it creates among the people of

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South Korea. According to the report, South Korea has one of the highest suicide rates in the world where it has doubled over the last decade. The flourishing economy has increase the standard of living hence putting a lot of strain on household income. Moreover, the success story of economic turnover had masked the financial constraint among small and medium businesses as well as the people who were indebted. The reforms had causes high unemployment as well as unstable employment. In other words, the economy has created insecurity among certain group of population which ended up with suicide notes. Epidemic attack

The economy of a country is susceptible to any sporadic of epidemic or pandemic attack of viruses. The Severe Acute Respiratory Syndrome (SARS) is a type of Atypical Pneumonia which can kill. It was identified in 2003. Due to its ability to spread quietly within the travelling group, and later created killer pneumonia, the whole world population was discouraged to travel. South Korea was not spared of the economic consequences of SARS. Tourism industry was the most affected. Domestically, some public places such as school were closed and shopping mall suffered a declined number of customers because of fear of SARS. Community restricted the movement for necessary requirement causing reduction in consumer expenditures and consumer services. However, the effect on economy was minimal compare to other South East Asia countries such as Hong Kong and China. The economic security fluctuates according to the demands of the international arena. When the prices of chips increase and the oil price reduces, South Korea gain positive trade advantages and pocketed tremendous profit because it was the second major supplier of chips to the United States. On the other hand, any sign of price weakening of electronic markets or a hike in oil prices could severely

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punish the South Korea economy because its export is based on electronics. Undeniably, economic security is not a new dimension in international relations. It has always been part of the security plan of the governing body of the nation. It is being exploited so as to avoid any security breach of one government on another government as well as its policy. Each government would consider economic interdependence with cautious and wariness because it can create both security as well as vulnerability.