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## THE FORMATION OF SOUTH KOREA AS AN ECONOMICALLY HIGHLY DEVELOPED COUNTRY

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South Korea is a highly developed industrial and agrarian country possessing one of the leading places in the world. The industry of Korea has been developed rapidly for the last decades and has shown a good dynamics of growth.

The state is a large-scale producer and exporter of vessels (tankers, container ships), electronics (TVs, computers and accessories, information systems, optical and electronic equipment), motor transport.

Korea was characterized by low standards of living in post-war period: absence of national resources, poor agriculture because of peculiarities of the territory and the climate, and no industry. But it managed to become one of the most highly developed and richest countries of the world for a short period of time.

GDP per capita in constant prices (excluding inflation) on the parity of purchasing capacity (PPC) has increased 25 times for 50 years (1960-2010) and it is 30,9 thousand dollars per capita nowadays. Different factors influenced such rapid development of South Korea:

- **Orientation on export.** Economic development has become the prior aspect of the country. The tariffs for export have been decreased and the main stress has been made on the export increase by stimulating and encouraging entrepreneurs-exporters. The business fulfilling established export quotas got an access to subsidized credits. It resulted in the increase of export from \$55 million in 1962 to \$1,6 billion in 1972, and the annual GDP growth was 9-10% and sometimes even 14%.

- **The most important resource – people.** The country concentrated on its only resource – people. All efforts were directed to the increase of the educational and professional levels. A great number of highly qualified engineers and workers have been trained and became the basis for the economic growth.

- **Chaebols as the main peculiarity of Korean economy.** Economic progress of South Korea can be hardly imagined without large – scale

conglomerates called “chaebol”. About thirty Korean chaebols are known all over the world; their main economic indexes are announced every year. So, in 1998 they all amounted 46% of all sales of South Korea in the field of industry. It is a group of independent companies being the property of one family with the single administrative and financial control. The traditional principle of inheriting the power guarantees stability which is considered to be an important factor of “Korean miracle”. The most famous chaebols are Samsung, LG Group, Hyundai, SK Group, Daewoo, Lotte. The most famous Korean corporation “Samsung” has been owned by one family Li from the day of its foundation in 1938.

These are just some factors that influenced the rapid economic development of South Korea greatly.

The experience of creating export oriented economy may be useful for Ukraine and its economic development. The experience of South Korea on improving the financial system of the state in 1961-1962 is very important for Ukraine. Temporary control over the prices for some goods has been introduced and customs-tariffs policy aimed at the defense of its own production. According to the program of financial stabilization the government of South Korea limited the maximum sum of bank loans and the import of foreign goods and stabilized the reserves of foreign currency in 1964.

All these goals could not be achieved without combining the model of economic development of a Western type with traditional values of people. Despite constant liberalization in the country it is difficult to state that South Korea moves to the democracy of a Western type irreversibly. Western criteria can be used very carefully. Some traditions in the country are to be improved in many ways.

So, South Korean phenomenon can be taken as an example only by a country oriented on the balanced solution of social, economic and political problems and with the confidence in the diligence of its people. Ukraine can choose this way in case of taking into account its unique potential and creating an appropriate climate in the society.

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