

INNOVATION-DRIVEN GROWTH IN KOREA: POLICIES AND TASKS

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ABSTRACT

The Korean economy is facing a critical moment of transition. While the economic growth rate has been falling in recent years, there have also been growing concerns about the continued deterioration of income distribution and the emergence of future challenges, such as the fourth industrial revolution. In response to these problems, the Korean government has sought to promote growth and distribution through three economic policies: income-led growth, innovation-driven growth and fair economy.

This presentation introduces and gives an overview of the latest development in the Korean economic policies with a focus on the policies relating to the income-led growth and innovation-driven growth. The income-led growth, best exemplified by the recent raise in the minimum wages, is intended to boost household income to stimulate consumption and promote corporate production. However, this has been criticized as a cause of reduced employment. This leads to a need for us to consider the innovation-driven growth as an alternative solution to this contradiction.

The innovation-driven growth is an attempt to promote new technological innovation that would meet the challenges of the fourth industrial revolution and to secure key technologies that would play as the mainstay of the fourth industrial revolution. The Korean government has explored various areas, such as big data, artificial intelligence, block chains, shared economy, hydrogen economy, and cultivation of innovative talents in the younger population, in order to create new sources of economic growth. But it can be anticipated that any implementation of such policies would entail reconfiguration of the main interest groups in the Korean economy that may lead to social and political unrest. Therefore, it is the challenge for the Korean politics and government to make compromises and concessions between individuals, businesses and other organizations in order to maintain social integration in an era of technological disruption.