

Local Governments' Role to Promote Industry in Post-developmental States: The Legacy of Developmental State in the Case of South Korea

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Abstract

This study examines how local government in post-developmental East Asian states determine and implement industrial policies for their regional development. Classic scholarship on the East Asia's development argues that rapid growth since the 1960s was driven by centralized states that mobilized resources and guided industry. Since the 1990s–2000s, however, those countries decentralized authority and it raises a new question: how do provincial and municipal governments use their expanded powers for local economic development? By examining a single case study on a South Korean province's policy making on agriculture, this study argues that the local government in the post-developmental East Asia displays strong autonomy as the former developmental states showed.

Keywords: developmental state, South Korea, agriculture, decentralization, provincial government

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Introduction

This study asks how local government in post-developmental East Asian states determine and implement industrial policies for their regional development focusing on the legacy of former developmental states.

As broadly known, East Asian countries such as South Korea, Japan, Taiwan, and Singapore have achieved rapid economic growth since the 1960s. And, also broadly known, the states have played much role in promoting the miraculous growth in distributing socioeconomic resources, supporting the export of industrial products, and offering private enterprises some incentive to upgrade their productivity. From the perspective of public administration, those developmental states promoted industrialization under centralized government structure. South Korea, Taiwan, and Singapore were ruled by authoritarian regimes and local authorities were under regulation by the central one. Also in Japan, its administrative power was highly concentrated to the central government in Tokyo until the 1990s.

Since the 2000s, however, some of those Asian developmental states, particularly South Korea and Japan, have promoted decentralization of administrative power. While the states dominated the governmental power in the development age of the previous Century, provincial, prefectural, and municipal governments also hold the power in those countries today. In such post-developmental age, then, how do the local governments mobilize the granted administrative power in promoting regional industry? Do they behave similarly in the promotion as the states formerly did? Or do they act differently from the states? As an initial step to answer to those questions, the sections below review previous studies in related theme, set the hypothesis to be verified, and attempt a case study on a South Korea's province.

Previous Studies on East Asia's Developmental State

Since the 1980s, the rapid economic growth in East Asia has been one of the major topics in political economy study. Most previous studies on this topic commonly point out that the states have played major role in promoting industrialization of the region. Johnson (1986) described the growth of Japanese economy since the 1960s as "miracle" and argued that the Ministry of International Trade and Industry (The Ministry of Economy, Trade, and Industry since 2001) played the crucial role to mobilize socioeconomic resources to boost the nation's export. Amsden (1989) called South Korea "Asia's next giant," which meant the second industrialized country in Asia following Japan, and argued that the governmental organizations such as the Economic Planning Board (The Ministry of Economy and Finance since 2008) acted as the commander on the conglomerates such as Hyundai and Samsung to drive the export. Both two studies emphasized that the states played "developmental" role in promoting the nations' industrialization.

Since the 1990s, however, the two developmental states in Asia have experienced decentralization of administrative power from the central governments to the provincial, prefectural, and municipal ones. In the case of Japan, the central government transferred much part of its administrative control over prefectural and municipal governments by the Decentralization Promotion Act of 1999. In addition, the Ministry of Home Affairs, the symbol of the nation's centralized public administration, was reorganized to the Ministry of Internal Affairs and Communications in 2001 because of the nation's structural reform.

Also in South Korea, the central government has promoted administrative decentralization as Japan did. Local Government Act was fully revised under the Roh Moo-hyun government in 2004 and much administrative power such as road construction and education management was transferred to local governments. This means that the states are no longer the dominant players to mobilize public resources for the purpose of development.

Previous studies on local governance in post-developmental phase have mostly focused on the role of municipalities in social security, public health, and education in both Korea and Japan. Those studies argued that the provincial governments in South Korea tend to increase their budget for regional development in fiscal years just before gubernatorial elections every four years. Choi (2025), for example, described a clear pattern of provincial budget that the expenditure for social welfare, one of the major policy issues for South Korea's local governments, increases on fiscal years around the local elections and decreases after the ones. Also on Japan, some studies including Nawakura et al. (2025) argued that the prefectural and municipal governments have grown their own policy networks with business federations, agricultural cooperatives, and some other private actors to promote their local industry.

The previous studies, on the other hand, have pointed out that the local governments in the two post-developmental Asian countries have fiscally depended on grants by the central governments and have seen that the fiscal dependence has deterred the capacity of industrial policies by the local governments. Jeong et al. (2025), for example, pointed out that the grants and subsidies by South Korea's central government are an influential factor on the expenditure by local governments.

However, fiscal capacity does not fully determine the role of governmental authority in promoting industrialization. As Johnson (1986) and Amsden (1989) pointed out, governmental industrialization measures include not the distribution of financial resources but also (de)regulation, education and job training, and administrative guidance on private enterprises. It means that the local governments in post-developmental East Asian countries such as Korea and Japan can play some role in promoting industrialization in their regions.

Hypothesis and Case Selection: Path-Dependent Behavior of Local Government

As pointed out in the previous section, the role of local governments in the post-developmental Asian countries in terms of local/regional industrialization since the decentralization has been a research gap in political science and development studies. As seen in the guidance by the UNDP (2004), on the other hand, empowerment of local authorities by decentralization for socioeconomic development is today a consensus among researchers and donors. Reflecting the performance of official development assistance by the West, the achievement of development in Asian and African countries, and sociopolitical transparency in developing countries, local authorities including prefectural, provincial, and municipal governments are expected to play active role in terms of public policy than ever before. Therefore, it is an emerging task for political science and development studies to ask whether and how prefectural, provincial, and municipal governments act for local development.

This study sets a hypothesis that the local governments in the post-developmental Asian countries, particularly South Korea and Japan, have played the role of commanders for their own regional development for decades since the decentralization as the states previously did in the 20th Century. The hypothesis is based on the findings by previous studies which emphasize strong path dependence of developmental state in post-developmental stage. As Hellmann

(2020) points out, the East Asia's national governments such as South Korea and Japan are often influenced by the legacy of former developmental states in policy making and implementation. In South Korea's rural development, for example, the state's autonomy in policy making observed in the Saemaul Undong (the New Village Movement) in the 1970s has been sustained for decades and kept the Korean state away from farmers' lobbying in promoting internal urban-to-rural migration to secure human resources in agricultural sector in the age of aging and population decrease. Because the decentralization structural reform was planned, promoted, and implemented under the initiative of national governments in both two former developmental states, the policy know-how of the developmental states is expected to be shared among not only national bureaucrats but also local officers.

To verify the hypothesis above, this study selects agricultural human resource policies by South Korea's provincial governments in the 2020s. There are some reasons for this case selection. First, agriculture is an industrial sector which has common policy subjects in both developmental phase in the 20th Century and post-developmental one in the 21st Century. Since the beginning of the rapid industrialization in the mid-20th Century, agricultural sector in South Korea and Japan have continuously faced the subject of labor shortage due to rural-to-urban migration.

Second, South Korea has held relatively clear and simple policy structure in terms of agriculture compared with the other former Asian developmental state, Japan. As Yoshida (2012) described, Japanese agricultural policies since the 1950s have formed under highly complicated actor relations. While the Ministry of Agriculture, Forestry and Fishery oversees agricultural policies in the central government level, the legislative members of the ruling Liberal Democratic Party, particularly those are elected in rural constituencies, have frequently intervened to the Ministry's policy making. In addition, the Japanese Agricultural Cooperative has been politically active to increase subsidy for farmers, to raise the price of agricultural products, and prevent trade liberalization. Also, the Chamber of Agriculture, the organization by farmland holders have been a major actor. Compared with the Japanese policy making processes, on the other hand, the features of South Korea's agricultural policy making has been clearer and easy to be observed. The National Association of Agricultural Cooperative in Korea has been politically neutral. Though there are some nationwide farmers' associations in South Korea, they are private actors and have no legal prerogative in policy making processes.

Third, case study on province can cover the interaction with both central government and municipality. While provincial government is influenced by central government in determining and implementing regional industrial policy, it also influences on local one of municipal government. Therefore, the analysis on provincial government can cover not only its transaction with a larger authority, central government, but also that with smaller ones, municipality.

This study selects South Gyeongsang Province, a province located in the southeast part of the Korean Peninsula, as a case to be observed. Agriculture in the Province has similar features with the nation's agriculture both in terms of average farmland size per household (1.7ha), and most major agricultural product (rice). Differently from some other rural provinces such as Jeju, North Jeolla, and Gangwon, South Gyeongsang Province is not a special administrative province, which the central government transfers broader administrative power and fiscal resources.

The section below focuses on the policies on agricultural human resources by the government of South Gyeongsang Province since in the 2020s. In aging and decrease of rural population, the governmental authorities in South Korea, both central and local, promoted internal migration of urban dwellers to the nation's rural areas to secure workforces in agricultural sector in the 2010s. At the end of the 2010s, however, the scholars and officers recognized the problems of urban-to-rural migration: Though the newcomers in rural areas are active to produce high-value products such as orange, apple, watermelon, and honey, they show less interest in building relations with conventional farmers and producing traditional agricultural products such as rice (Yoon & Takayanagi, 2018; You & Lee, 2014). The governmental authorities in South Korea, therefore, shifted their agricultural human resource policies to secure workforces to be engaged in conventional farming in the latter half of the 2010s. The next section sees how the South Gyeongsang Province government launched and implemented agricultural human resource policies by reviewing literature such as newspaper articles and governmental press releases and interprets them based on narrative analysis.

A Case Study: Agricultural Policies by a South Korea's Provincial Government

As well as other provinces in South Korea, South Gyeongsang Province has promoted to accept urban-to-rural migration since the 2010s to secure human resources in rural areas. For that purpose, the provincial government spent more than KRW six billion from F/Y 2013 to F/Y 2019 for agricultural infrastructure, public facilities such as road and irrigation in rural areas, and financial assistance for new farmers migrated from urban areas (Kim, 2020). Because of the measures above and increasing expenditure in other policy fields, the provincial government deepened its dependence on the grants and subsidies by the central government. In the promotion of urban-to-rural migration, the provincial government, as well as municipal ones, also expended for advertisement events.

In addition to the reasons above, the pandemic crisis in the early 2020s decisively worsened the finance of the provincial government. As of 2023, local tax covered less than 30% of the annual revenue of the provincial government while the left 70% was covered by the grants by the central government (Gyeongnam Ilbo, 2025).

As a result of the 2022 local election, governor of the province changed. Kim Gyung-soo, incumbent governor belonging to a progressive party, lost and Park Wan-soo, former officer of the provincial government and a member of the National Assembly, won. Park has the experience of serving as the director of the Agriculture Bureau when he was an officer of the provincial government. He emphasized the necessity to revitalize rural industry including agriculture in the election campaign (Geoje Times, 2022).

After inaugurated to the governor, however, Park faced the subject to decrease the province's fiscal dependence on the central government. Yoon Seok-yeol, who won the presidential election in spring 2022, put his priority to decrease the fiscal deficit of the central government, which increased under former President Moon Jae-in. This indicated that the central government required the provincial government to raise the share of local tax in its fiscal revenue. Under these circumstances, Park Wan-soo sought the way to save the expenditure of the provincial budget, including that for agriculture, in F/Y 2023. In fall 2022, Park submitted the budget bill for F/Y 2023 to the provincial council. In the bill, the provincial government planned to expend KRW 520 billion for agricultural sector, only 70% level compared to other provinces.

While cutting the expenditure, the provincial government under Park put its priority of agricultural policy on promoting smart farming. While the promotion of urban-to-rural migration achieved the inflow of tens of thousands of urban dwellers to the province's rural areas, as seen above, the migrated farmers are concentrated in producing high-valued agricultural products. In order to secure the supply of conventional agricultural products such as rice in future, the provincial government promoted smart farming. In the F/Y 2024 budget, the provincial government raised its expenditure on training programs for smart farming by 25% compared to the previous year (Gyeongnam Ilbo, 2023).

The provincial government showed high autonomy in determining to cut expenditure and to shift to smart farming. While agricultural policy making is often influenced by farm lobby in the Western democracies such as the United States and the European Union (Hansen, 1995), the policy making process in the South Gyeongsang Province's case dominated by the governor and the provincial bureaucrats. The Busan and South Gyeongsang Province Branch of the Korea Peasant League (KPL), one of the major progressive farm lobby groups in South Korea, resisted on the provincial government to increase agricultural budget repeatedly from fall 2022 to summer 2025 pointing out that the provincial government's expenditure on agriculture was too little and more active response by the provincial government was required (Busan and South Gyeongsang Province Branch of the Korea Peasant League, 2025).

The protest by the farm lobby organization can be interpreted as complaint by incumbent farmers because the public support in agriculture concentrated on newcomers. In the promotion of smart farming, in other words, the provincial government increased the expenditure on training for farmers who tried to begin highly modernized agriculture based on artificial intelligence, drones, and scientific control on farmlands (Korea Eagle News, 2025). Though the training programs do not exclude incumbent farmers, it is hard for middle-aged farm operators to learn that new technology.

The KPL demanded the provincial government to increase agricultural budget not only for extension programs but also for farmers' allowance (Park, 2023). The KPL emphasizes public function of agriculture such as food supply, irrigation, and the protection of natural environment and insists that the farmers, both newcomers and incumbent, have the right to receive the allowance in exchange for the contribution to the public value. As of the end of 2023, however, the provincial government rejected the demand for the scarce finance and the KPL expressed "Serious disappointment" on the provincial government's response (Park, 2023). This indicates that the provincial government determined the restructuring of its agricultural expenditure without the pressure from farm lobby.

The Province Council members' objection to increase the expenditure for agriculture indicates that even local council members were not the inner-circle ones of the policy making by the provincial government. Differently from policy making processes in the Western democracies, the South Gyeongsang Province's decision making on agricultural policies can be seen as a top down one.

Also in implementing smart farm training programs, the provincial government showed high autonomy. In F/Y 2025 budget, the provincial government increased the expenditure by 20% than previous year on training programs for smart farming in the Provincial Institute of Agricultural Technology, the agricultural training organization operated by the provincial government (General Affairs Division of the Gyeongsangnam-do Agricultural Research and Extension Services, 2025). While the provincial government also supported the training

programs in private organizations such as universities and agricultural cooperatives, the Provincial Institute launched the programs not only for farmers but also for the officers of municipal governments (General Affairs Division of the Gyeongsangnam-do Agricultural Research and Extension Services, 2025). In those programs, the municipal government officers as the trainees are expected to learn the know-how of smart farming and to act as trainers on farmers in their local training organizations. It means that the governmental sector, provincial and municipal governments, holds autonomous system to train farmers.

The farmers' associations such as the KPL were critical of the provincial government's policies to concentrate financial resources on smart farming and continued their lobbying on the provincial officers. In sessions of the Provincial Council, several council members elected from rural constituencies asked the executive officials whether the provincial government increased amount agricultural budget as the farm lobby requested (Gyeongnam Domin Ilbo, 2025). The directors of the Agricultural Bureau of the provincial government, however, emphasized how the financial resources of the provincial government was scarce and substantially rejected to accept the farmers' demand.

In September 2025, Park declared that the provincial government would increase its agricultural budget in F/Y 2026 (E-News Today, 2025). In a financial document released prior to the Park's speech, the provincial government showed the plan to increase its expenditure not only on training programs for smart farming but also on the allowance on individual farmers, which the KPL demanded. Finally, the provincial government's agricultural budget in F/Y 2026 recorded more than KRW one thousand billion which increased by over 4% from the previous year (Korea Eagle News, 2025).

Though the provincial government accepted some parts of the request by the farm lobby, it should be seen as a result of the change in the national politics rather than as a fruit of the lobby. Following a coup plot in December 2024, President Yoon Suk-yeol was impeached by the Constitutional Court. Lee Jae-myung, a candidate nominated by the progressive Democratic Party, won the presidential election June 2025. After his inauguration as the President, Lee revised the central government's financial policies to increase the expenditure on socioeconomic fields drastically (Ministry of Finance, 2025). Agriculture was not exceptional. The central government's F/Y 2026 budget increased its expenditure on agriculture by 7% compared to the one of the previous year, including the raising of the farmers allowance from KRW300,000 to KRW 600,000 per household annually (E-News Today, 2025). Though the provincial governments depend on the subsidies and grants by the central one financially, in other words, it can be seen to encourage the local authorities' autonomy in policy making.

Conclusion, Its Meaning, and Future Subjects

This study asked how local governments in post developmental East Asian countries determine and implement their regional development policies. The developed East Asian countries such as South Korea and Japan have promoted decentralization in their post-development phase since the 1990s. As the legacy of developmental states' methods such as governmental autonomy in policy making is often observed in their central governments, however, the local authorities of those countries are expected to follow the way of the former developmental states in their regional development policies today. Based on this recognition, this study select South Gyeongsang Province's policy making style in agricultural sector as a case and reviewed how the provincial government determine its agricultural policies in the 2020s.

The case study indicates that the provincial government showed high autonomy in agricultural policy making. Though the farm lobbying group KPL has demanded to increase agricultural budget and raise the allowance for incumbent farmers since 2022, the provincial government promoted smart farming as a core of its agricultural policies. Also in the process of its implementation, the provincial government increased its expenditure on smart farming training in the public training organization rather than collaborating with various private actors. While the provincial government depends on the central government in terms of finance, it shows autonomy and leadership to promote agriculture in the age of aging and population decrease.

This study, however, is just a single case study on agricultural policies. Also in terms of research method, this paper employed only narrative analysis based on literature review. Quantitative analysis on broader policy fields, qualitative analysis employing interview on officials, and the analysis on the other decentralizes post developmental state, Japan, remained as future subjects.

Declaration of Generative AI and AI-Assisted Technologies in the Writing Process

The author declares that M365 Copilot, an AI-assisted software, was used only in correcting grammatical and spelling errors. The author also declares that no other AI technologies have been used in the writing process of this paper.

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