
Foreign Direct Investment in Post-Crisis Korea deals with the central theme in contemporary discussion of the South Korean political economy, particularly in strategic policy-making discourses since the outbreak of the 1997 currency crisis—the issue of globalization—and examines how South Korea (hereafter Korea) has undergone the process over the last four decades (1962-2006). The book questions whether the neoliberal nature of globalization, where one finds an open and expanding Korean market in the late twentieth century, has brought about political, institutional, and socio-cultural transformation along with the shift in the economic development paradigm.

The author’s systematic analysis of the evolution of Korea’s inward foreign direct investment (IFDI) policies over the last four decades (1962-2006) reveals that a combination of policy failures, excessive and non-transparent/inconsistent implementation of regulations, anti-foreign capital/business sentiment and Korea’s deep-rooted anti-foreign ethos depicted in media continue to hamper Korea’s efforts to develop and integrate into the international economy. The principal task of this book is to examine the process of Korea’s “mismatched globalization” — mismatched between the speed of convergence in terms of economic globalization and the far slower pace of change in terms of cultural globalization (141). The book argues that the problems are political, socio-cultural and perceptual rather than economic. Cultural globalization or changing mindset/perception towards the broad concept of globalization is yet to arrive in Korean society.

This book is divided into three main parts. It covers the evolution of the Korean government’s IFDI policy from one of restriction and control (mercantilist attitude towards inflow of foreign capital but in favour of exports, and Korean overseas direct investment under the banner of segyehwa (globalization) (1962-1997) to one of encouragement and promotion (1998-2006), a period of stark change in policy direction towards neoliberal and MNC-led (multinational corporations), to globalization and the Korean market environment through the eyes of European investors and officials in Seoul, Korea.

The introduction and chapter 1 contain the theoretical framework of the book and examine different contexts of “globalization” including concepts of economic, cultural and hybrid globalization and their application to the case of Korea’s IFDI pattern during its rapid industrialization period (1962-1992) led by the developmental state. Chapters 2 and 3 follow with a detailed analysis of the Korean government’s segyehwa policy (liberalization of overseas direct investment policies) initiated by the Kim Young-sam administration (1993-1997), and the 1997 financial crisis which saw the birth of a new economic
development paradigm, moving away from the state-led and export-oriented developmental economic growth model (Korea Inc as state–capital collusion) embedded in a strong nationalistic and neo-mercantilistic leadership to the promotion of neoliberal and MNC-led globalization paradigm. Chapter 3 in particular focuses on discussion of the debate about the sustainability of the long-hailed Korean development model known as Korea Inc in the context of Korea’s globalization efforts today.

The second part of the book (chapters 4 and 5) attempts to answer the above question through a detailed analysis of Korea’s shift in policies and attitudes towards IFDI including trends over the period of Kim Dae-jung (1998-2002) and Roh Moo-hyun (2003-2006) administrations. The chapters also offer some insights into software issues of IFDI (barriers to investment) through the eyes of foreign investors and Korean government officials.

Part three of the book, comprising chapters 6 and 7 followed by a summary and conclusion (chapter 8), presents findings of a case study of European investors in Korea which included forty in-depth face-to-face interviews with European investors and government officials in Korea between April and September 2006. The case study highlights software issues as major deterrents in attracting IFDI and conducting business in Korea as seen through the eyes of European investors.

The book successfully examines Korea’s globalization paradox by taking into account the legacy of Korea’s rapid capitalist industrialization including political, institutional, and cultural. Throughout this book qualitative insights are provided as to how specific political, cultural and institutional relations form and affect the Korean FDI policies and their influences on foreign business activities. The book substantiates the view that there is plenty of evidence for Korea’s meandering path to globalization from more than foreign business perspectives.

My only criticism is that perhaps a more and comprehensive use of field data would offer more concrete analysis. Similarly, so would the testing of dependent and independent variables in an effort to develop new theoretical insights or the testing of existing theoretical insights.

Nevertheless, this book provides a much-needed contribution to the literature in debating the process of Korean globalization. This book will attract a large audience including source and host (Korean government), officials, the Korean business community, existing and potential foreign investors in Korea, plus a group of investors who have never considered Korea at all. Many of the anecdotal experiences reflected in the book offer valuable lessons to countries that are in a similar stage of economic development and industrialization process.

University of South Australia, Adelaide, Australia

YOU-IL LEE