

# ECONOMICS MODULE



DAY 3:  
ASSESSMENT —  
SHORT ANSWER WRITING

# ECONOMICS MODULE OVERVIEW

## SKILL FOCUS

Analyze Data and Support Arguments with Evidence

## CONTENT

Comparative Advantage and Factors of Economic Production

### Why do Countries Specialize?

DAY 1

#### CLASS ACTIVITY

#### Understanding the Concepts of Opportunity Cost, Absolute Advantage, and Comparative Advantage

This module leads students through the costs and benefits of economic decision making as students work through four activities and complete an exit ticket demonstrating their knowledge. They will examine decision making and opportunity costs through an individual lens and then be introduced to the concepts of opportunity cost, absolute advantage, and comparative advantage at different scales as well as determining how these factors lead to specialization.

#### CHECK FOR UNDERSTANDING

**Student Discussion:** How do the concepts of opportunity costs and comparative advantage explain why countries specialize in what they produce?

### What Factors of Production Have Influenced the Rapid Growth and Success of South Korea's Economy?

DAY 2

#### CLASS ACTIVITY

#### Identifying the Importance of Different Factors of Production in the South Korean Economy

In this activity, students will explore the factors of production and will apply their understanding by categorizing different examples. Students will use their knowledge of factors of production to identify which factor of production they believe to be most important to South Korea's economy.

#### CHECK FOR UNDERSTANDING

**Exit Ticket:** Which factor of production do you believe is most important to South Korea's economy?

### Assessment

DAY 3

#### CLASS ACTIVITY

#### Short Answer Writing

Students will review Day 1 and Day 2 activities and read about opportunity costs, comparative advantage, and factors of production to evaluate how these elements have led to the South Korean economic miracle.

#### The Influence of Factors of Production and Comparative Advantages on Korea's Economic Development

**Short Answer Prompt:** Evaluate which factors of production and comparative advantages have influenced the rapid growth and success of South Korea's economy.

# ECONOMICS MODULE SOURCES

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	Graph	Vehicle Production in South Korea, 2010-2019	164
	Graph	Yearly Number of Cars Produced in the United Kingdom, 2013-2019	164

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	Photo	Hyundai Santa Fe	187
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	Photo	Hyundai Car Assembly Line in Ulsan, South Korea	190
	Map	Topography of South Korea	190
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	Photo	Pohang Iron and Steel Company, South Korea	192
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	Article	The South Korean Economic Miracle	214
	Graph	South Korean GDP per capita, 1960-2021	214
	Graph	South Korean Exports, 1960-2019	214
	Graph	The Share of the Population with No Formal Education in Different Countries	214

# DAY 3

BASED ON A 60-MINUTE CLASS

## Which Factors of Production and Comparative Advantages have Influenced the Rapid Growth and Success of South Korea's Economy?

### OVERVIEW

Students will use information from the previous two lessons to explain how South Korea's economy was able to grow so dramatically in a short period of time using the concepts of opportunity cost, comparative advantage, and factors of production.

### MATERIALS NEEDED:

#### IN-CLASS ACTIVITIES

Materials from Economics Day 1 and Day 2 for review activity:

- ▶ Day 1 Activity 4 Handout: Comparative Advantage (p. 170)
- ▶ Day 2 Homework Handout: What are Factors of Production? (p. 187)
- ▶ Day 2 Activity 2 Handout: Factors of Production/Card Sort Analysis (p. 194)

Materials for Day 3:

- ▶ Activity 1 Handout: The South Korean Economic Miracle (pp. 212–213)
- ▶ Activity 2 Reading: Article on the South Korean Economic Miracle (pp. 214–215)
- ▶ Activity 3 Handout: The South Korean Economic Miracle Writing Rubric and Prompt (pp. 216–217)

#### TEACHER ANSWER KEYS

- ▶ Day 1 Activity 4 Handout: Comparative Advantage (Day 1, p. 177)
- ▶ Day 2 Homework Handout: What are Factors of Production? (Day 2, p. 198)
- ▶ Day 2 Activity 2 Handout: Factors of Production/Card Sort Analysis (Day 2, p. 200)
- ▶ Activity 1 Handout: The South Korean Economic Miracle (pp. 218–219)
- ▶ Activity 3 Handout: Sample Proficient Answer to the South Korean Economic Miracle Writing Prompt (p. 220)

# SEQUENCE OF INSTRUCTION

## CLASS ACTIVITY 1 OF 3: REVIEW OF KEY CONCEPTS FROM DAYS 1 AND 2

REVIEW OF KEY CONCEPTS (10 MINUTES)

### REVIEW OF OPPORTUNITY COST, COMPARATIVE ADVANTAGE, AND FACTORS OF PRODUCTION

#### ACTIVITY PROCEDURE

- ▶ Group students in groups of 3-4.
- ▶ Explain to students that they are preparing evidence to address the prompt for Day 3: Evaluate which factors of production and comparative advantages have influenced the rapid growth and success of South Korea's economy.
- ▶ As a group, students will use the Handout on the South Korean Economic Miracle (pp. 212–213) to complete the review of evidence from the activities of Economics Day 1 and Economics Day 2.
  - ▷ Students will use the following Day 1 and Day 2 handouts to help explain comparative advantage and to identify evidence from Day 2 of factors of economic production that are important to South Korea's economic growth.
    - Day 1 Handouts
      - » *Activity 4: Comparative Advantage*
    - Day 2 Handouts
      - » *What are Factors of Production?*
      - » *Factors of Production/Card Sort Analysis*
- ▶ If time permits, have groups share out some of the evidence they collected.

For suggested answers, see the Teacher Key to the Handout on The South Korean Economic Miracle (pp. 218–219).

#### TEACHER NOTES

Students should have all of their handouts available to help with the Day 3 activities. If students seem to be struggling with the concepts, you should guide them to appropriate activities from Day 1 and Day 2.

The Factors of Production Cards from Day 2 will provide students with specific evidence that can be used to prepare to answer the prompt.



#### TEACHING TIP

Using online platforms like Kami can allow students to be able to annotate and highlight readings, saving the numbers of copies needed for students and providing a tool to complete activities such as this one in a virtual setting.

## CLASS ACTIVITY 2 OF 3: THE SOUTH KOREAN ECONOMIC MIRACLE READING

CLASS ACTIVITY (15 MINUTES)

### CLOSE READING

#### ACTIVITY PROCEDURE

- ▶ Hand out the Reading on The South Korean Economic Miracle (pp. 214–215) to each student.
- ▶ Students will read the article individually and will write down evidence of opportunity costs, comparative advantage, and factors of production in their Handout on The South Korean Economic Miracle.
- ▶ Refer students back to the prompt and remind them they are collecting evidence to answer the prompt.

For suggested answers, see the Teacher Key to the Handout on The South Korean Economic Miracle (pp. 218–219).

#### TEACHER NOTES

Students could read the article in groups. Students would stay in groups of four with each member reading only for evidence of one of the factors of land, labor, capital, or entrepreneurship. As they read about their particular factor of production, students would also identify how comparative advantage is affected by their factor of production.



#### TEACHING TIP

Using online platforms like Kami can allow students to be able to annotate and highlight readings, saving the numbers of copies needed for students and providing a tool to complete activities such as this one in a virtual setting.

## CLASS ACTIVITY 3 OF 3: EVALUATING WHICH FACTORS OF PRODUCTION AND COMPARATIVE ADVANTAGE HAVE INFLUENCED THE RAPID GROWTH AND SUCCESS OF SOUTH KOREA'S ECONOMY.

WARM UP/INTRODUCTION (40 MINUTES)

### SHORT ANSWER RESPONSE

#### ACTIVITY PROCEDURE

- ▶ Give a copy of the Handout on The South Korean Economic Miracle Writing Rubric and Prompt (p. 216) to each student.
- ▶ Explain the prompt and the rubric to students so that they understand how their writing will be evaluated.
- ▶ Make sure students know that the expectation is that they should identify at least two factors of production and their related comparative advantage that have been influential to South Korea's economic growth.
- ▶ Before writing, have students complete the graphic organizer. The teacher can check the graphic organizer to make sure students have adequate information to begin to write.
- ▶ Allow students to answer the prompt on the Handout on The South Korean Economic Miracle Writing Prompt and Rubric.

For suggested answers, see the Teacher Key to the Sample Proficient Answer to the South Korean Economic Miracle Rubric and Writing Prompt (p. 220).

#### TEACHER NOTES

Students could work in small groups to brainstorm before they individually write. Teachers can also provide feedback and have students write an improved draft if time is available. The number of points has been intentionally left off the rubric so that you can provide feedback before students see the actual grade. Teachers can determine how the rubric correlates to a number or letter grade. A good rule of thumb is that the proficient category equals grade-level expectations and thus should be no lower than a 90%.

Students who struggle with writing may identify one factor of production and its related comparative advantage. These students may need multiple sentence stems to help guide them through the writing.



#### TEACHING TIP

It is important to give students the opportunity to understand and deconstruct a writing rubric before they write. The rubric will give students a strong road map to help guide their answers, leading to better quality writing. The better students know the rubric, the easier it is for teachers to give feedback to help students improve their writing skills.

When giving feedback, it is important to not show students the grade they have earned. Often when students are satisfied with their grade, they will not want to improve the first draft.

# HANDOUT: THE SOUTH KOREAN ECONOMIC MIRACLE

Name: \_\_\_\_\_ Period: \_\_\_\_\_

**Your job:** Evaluate which factors of production and comparative advantages have influenced the rapid growth and success of South Korea’s economy.

1. Complete the “Evidence from Day 1” and “Evidence from Day 2” Activities in the chart below using the following Handouts that you received on Day 1 and Day 2: Comparative Advantage; What are Factors of Production?; and Factors of Production/Card Sort Analysis to answer the following prompt:

**Read the article on the South Korean Economic Miracle. Record any evidence that relates to the concepts of opportunity cost and comparative advantage, as well as the four factors of production.**

	<b>Evidence from Day 1 Activity</b>	<b>Evidence from the article on the South Korean Economic Miracle</b>
<b>Comparative Advantage</b>	From the Day 1 Comparative Advantage Handout, explain the concept of comparative advantage:	Provide three specific examples of comparative advantage from the article:



From the Day 2 Handouts on Factors of Production and Factors of Production/Card Sort Analysis, provide specific South Korean examples of the four factors of production below.

	Evidence from Day 2 Activity	Evidence from the article on the South Korean Economic Miracle
<b>Land</b>		Provide two specific examples of land as a factor from the article:
<b>Labor</b>		Provide three specific examples of labor as a factor from the article:
<b>Capital</b>		Provide three specific examples of capital as a factor from the article:
<b>Entrepreneurship</b>		Provide three specific examples of entrepreneurship as a factor from the article:

# HANDOUT

## ARTICLE

### The South Korean Economic Miracle

World History Digital Education Foundation

Looking at South Korea today, it is hard to believe that directly after the Korean War, South Korea was an underdeveloped country focused on agricultural production. Intentional changes were undertaken to recreate the South Korean economy by taking advantage of the factors of production in which South Korea had a comparative advantage. These comparative advantages have led to South Korea today becoming a global powerhouse in the production of chemicals, ship building, automobiles, and consumer technologies such as smartphones.

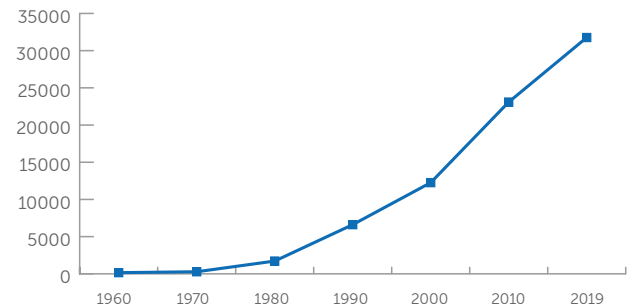
To understand how South Korea leveraged its comparative advantage, first we need to understand how different the economy of South Korea looks today. The two graphs on the right show the economic growth of the South Korean economy from 1960 to 2019. The tremendous growth illustrates how radical the economic changes in South Korea were during this time period. The economic change depicted in the graphs was not the result of chance and came from a concerted effort of the South Korean government to leverage the factors of production and the country's comparative advantage.

As South Korea emerged from the Korean War, the economy was focused on subsistence agricultural production. For a country in which only 30% of the land is cultivable, this reliance on agriculture hindered economic growth. For South Korea to see economic growth, a new focus was necessary.

Labor was a factor of production that South Korea began to leverage to start its meteoric economic growth. Not only did South Korea have a large labor force, but the labor force was relatively well educated. This focus on education came from cultural traditions that valued education and led to a very well-developed education system. This focus can be seen when comparing the percentage of the South Korean population that had no formal education in 1970 with similar levels in other countries. Almost 75% of the adult population of South Korea had received formal education. Even though this number seems low when one thinks of South Korea today, this relatively large number provided a comparative advantage over countries that had the same level of development at the time. With this labor force, the economy began to focus on the manufacturing of light goods, such as garments.

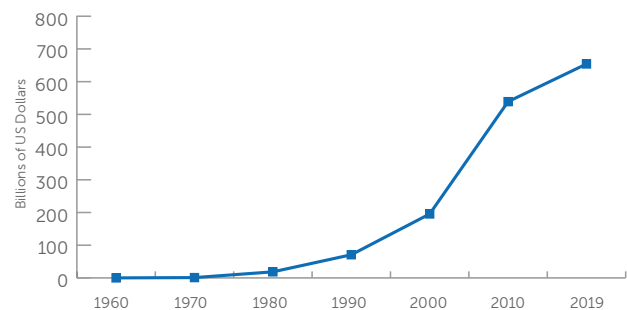
#### GRAPH

### South Korean GDP per capita, 1960-2021



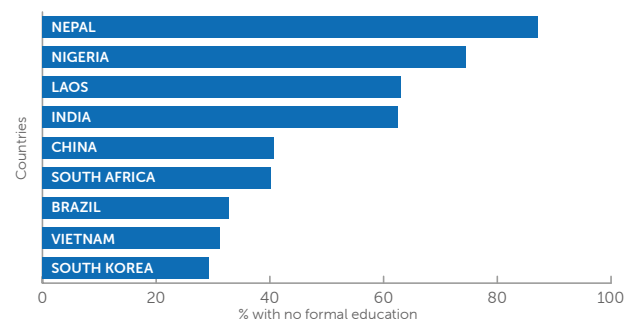
#### GRAPH

### South Korean Exports, 1960-2019



#### GRAPH

### The Share of the Population with No Formal Education in Different Countries



In 1961, a regime change occurred with the installation of Park Chung-hee as President. New economic policies focused on controlling the allocation of factors of production by targeting sectors of the economy that were considered the foundation of an industrial economy such as petrochemicals, non-ferrous metals, and refined oil. Under Park's government, large capital investments, tax incentives, and cheap government-backed loans provided target industries the funds to build large capital products such as factories and big steel complexes. The Korean government's role in the economy and its symbiotic relationship with businesses have been referred to as "Korea Inc". This allowed for a more efficient allocation of resources as a result of the government's focus on strategic industries. The government role gave South Korea's economy a comparative advantage over other countries in Asia and the world because of the focus on what would benefit the country's economy as a whole.

With this capital development, by the 1980s South Korea was not only able to produce enough steel to meet domestic needs but also to develop new sectors of the economy, such as shipbuilding. As target industries changed, incentives were extended that led to the growth of other industries such as automobile and consumer electronics production. These incentives gave South Korean industries a comparative advantage over industries in other countries that were forced to pay much more for access to land, labor, and capital.

Another factor of production that was influenced by the South Korean government was the use of large business conglomerates, called Chaebols, to be the driving entrepreneurial forces in the economy. Chaebols were considered large enough to compete with large foreign multinational corporations. In addition, the chaebols and the government worked together to target strategic industries that would benefit the development of the entire South Korean economy. Today, chaebols such as Samsung, LG, and Hyundai are dominant parts of the South Korean economy, accounting for 84% of the country's GDP in 2019 due to access to government subsidies, loans and tax incentives. The continued dominance of the chaebols drives employment in both Korea and the world. For example, Samsung Electronics, one of the largest components of Samsung, employs more people globally than Apple and Google combined.

Hyundai is an example of the partnerships between the South Korean government and chaebols that have continued to give South Korea a comparative advantage in the global economy.

Hyundai had begun developing fuel cell vehicles in 1998, and introduced its first prototype fuel cell car, the Santa Fe Fuel Cell Electric Vehicle concept, in 2000. At

the 2004 Geneva Motor Show, Hyundai announced its second-generation fuel cell concept, the Tucson FCEV, which was equipped with a new lithium polymer battery. Hyundai celebrated a key milestone in eco-mobility in 2013 as the ix35 Fuel Cell became the first commercially mass-produced hydrogen fuel cell vehicle in the world. The vehicle's quick refueling time and 600-kilometre driving range, combined with its lack of CO2 emissions, provided benefits for both customers and society as a whole. In 2018, Hyundai's advantage in the development of alternative fueled automobiles grew with the launch of NEXO, the only fuel cell SUV in the world. Hyundai continues today to be the industry leader in alternative fuel vehicles and has set the goal through "Fuel Cell Vision 2030" of boosting its ability to produce fuel cell vehicles up to 700,000 vehicles by 2030. This focus is well placed, as the market and demand for alternative fuel vehicles continues to grow. With this focus on the future, Hyundai and similar corporations can target strategic industries as well as allocate finances and technology to give them a comparative advantage in their markets.

South Korea's economic growth, starting in the 1960s and continuing today, has been dramatic. The country has leveraged its land, labor, capital and entrepreneurship to maximize its comparative advantages, propelling it into the ranks of the leading global economic powers.

## REFERENCES

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# HANDOUT: THE SOUTH KOREAN ECONOMIC MIRACLE WRITING RUBRIC AND PROMPT

Name: \_\_\_\_\_ Period: \_\_\_\_\_

**Your job:** Use your knowledge from the Day 1 and Day 2 Handouts and your Student Handout on The South Korean Economic Miracle to help you develop an answer to the prompt below.

**Prompt:** Evaluate which factors of production and comparative advantages have influenced the rapid growth and success of South Korea’s economy by identifying two factors and their associated comparative advantage that has led to South Korea’s economic success. Use the rubric and the graphic organizer to help you plan your answer.

	Advanced	Proficient	Emerging	Not Yet
<b>Topic Sentence</b>	All of the proficiency elements are present and the student makes connections to the economic growth of other countries and/or explains the opportunity costs and trade-offs related to South Korea’s economy.	The topic sentence clearly identifies at least two factors of production and their associated comparative advantage that have led to South Korea’s economic success.	The topic sentences may identify factors but it is unclear how those factors gave South Korea a comparative advantage and led to its economic growth.	Factors of production and comparative advantage are not present or incorrect.
<b>Factor 1</b>	Includes all of the proficient elements (see the next column) and includes an explanation of the trade-off and or opportunity costs related to the factor of production that gave South Korea a comparative advantage.	<ul style="list-style-type: none"> <li>▷ Clearly identifies one factor of production that has led to South Korea’s economic success.</li> <li>▷ The comparative advantage related to the factor of production is clearly evident.</li> <li>▷ Provides adequate evidence to support the claim that the factor gave South Korea a comparative advantage.</li> </ul>	Identifies one factor but the explanation of comparative advantage does not adequately show how the factor of production has led to South Korea’s economic growth.	The factor of production and its associated comparative advantage are not present or incorrect
<b>Factor 2</b>	Same as Factor 1	Same as Factor 1	Same as Factor 1	Same as Factor 1

Use the graphic organizer on the next page to guide your answer before you write.

Complete the Factor boxes first, and then develop your topic sentence. You can use the sentence stem or develop your own sentence.

**Write your topic sentence here.**

*Sentence Stem: (Factor 1) and (Factor 2) have influenced the South Korean economic miracle, by giving South Korea a comparative advantage in (Factor 1's comparative advantage) and (Factor2's comparative advantage).*

<b>Factor 1</b>	<b>Factor 2</b>
What factor do I believe was important to South Korea's economic growth?	What factor do I believe was important to South Korea's economic growth?
How did this give South Korea a comparative advantage?	How did this give South Korea a comparative advantage?
What evidence do I have to support this?	What evidence do I have to support this?

**Start your answer here.**

# TEACHER KEY: HANDOUT ON THE SOUTH KOREAN ECONOMIC MIRACLE

**our job:** Evaluate which factors of production and comparative advantages have influenced the rapid growth and success of South Korea’s economy.

1. Complete the “Evidence from Day 1” and “Evidence from Day 2” Activities in the chart below using the following Handouts that you received on Day 1 and Day 2: Comparative Advantage; What are Factors of Production?; and Factors of Production/Card Sort Analysis to answer the following prompt:

**Read the article on the South Korean Economic Miracle. Record any evidence that relates to the concepts of opportunity cost and comparative advantage, as well as the four factors of production.**

	Evidence from Day 1 Activity	Evidence from the article on the South Korean Economic Miracle
<b>Comparative Advantage</b>	<p>From the Day 1 Comparative Advantage Handout, explain the concept of comparative advantage:</p> <p><b>Comparative advantage is the ability of a producer to produce goods and services at a lower opportunity cost than another producer. With the same scenario as before, we can now quantify the advantage each country has for producing goods.</b></p>	<p>Provide three specific examples of comparative advantage from the article:</p> <p><b>South Korea did not have a comparative advantage in agriculture.</b></p> <ul style="list-style-type: none"> <li>▷ An educated workforce gave South Korea a comparative advantage.</li> <li>▷ Government incentives gave South Korean businesses a comparative advantage over businesses that did not have similar support.</li> <li>▷ Chaebols are able to use factors of production effectively to compete with multinational corporations.</li> </ul>

**From the Day 2 Handouts on Factors of Production and Factors of Production/Card Sort Analysis, provide specific South Korean examples of the four factors of production below.**

	Evidence from Day 2 Activity	Evidence from the article on the South Korean Economic Miracle
<b>Land</b>	<p><b>South Korea has limited amounts of arable land and few areas with large numbers of farm families. Only 18.1% of its land is used for agriculture; 63.9% of the country is forest.</b></p>	<p>Provide two specific examples of land as a factor from the article:</p> <ul style="list-style-type: none"> <li>▷ After World War II, labor was focused on subsistence agriculture.</li> <li>▷ Too little land and subsistence agriculture meant that agriculture limited economic growth.</li> <li>▷ The country had to focus away from subsistence agriculture.</li> </ul>

Continued on page 219

<p><b>Labor</b></p>	<p>Most South Koreans work in Industry (25%) or in Services (70%). South Korean workers attend school for many years and are more productive per hour than similar workers in China.</p>	<p>Provide three specific examples of labor as a factor from the article:</p> <ul style="list-style-type: none"> <li>▷ South Korea has a large workforce.</li> <li>▷ The workforce is relatively well educated.</li> <li>▷ South Korea had a higher level of education than similarly developed countries in the 1970s.</li> <li>▷ The focus on education came from a cultural tradition that valued education.</li> </ul>
<p><b>Capital</b></p>	<p>South Korea has many large manufacturing facilities that use state of the art technology to produce goods. South Korea first focused capital improvements on steel production.</p>	<p>Provide three specific examples of capital as a factor from the article:</p> <ul style="list-style-type: none"> <li>▷ The government focused resources on developing an industrial economy (petrochemicals, non-ferrous metals, refined oil).</li> <li>▷ The government gave tax incentives, and cheap government-backed loans to targeted industries.</li> <li>▷ As target industries changed, loans and tax incentives were used for new industries such as automobiles and consumer electronics.</li> </ul>
<p><b>Entrepreneurship</b></p>	<p>South Korea has several large companies such as Hyundai, LG, and Samsung, which effectively combine the other factors of production and have become important in global economics.</p>	<p>Provide three specific examples of entrepreneurship as a factor from the article:</p> <ul style="list-style-type: none"> <li>▷ The government acted as an entrepreneur.</li> <li>▷ Chaebols were large businesses that were the entrepreneurial forces in the economy.</li> <li>▷ Chaebols such as Samsung, LG, and Hyundai were considered big enough to compete against large multinational corporations.</li> <li>▷ In 2019, chaebols controlled 84% of the country's GDP.</li> <li>▷ Samsung is able to employ more people than Apple and Google combined.</li> </ul>

## TEACHER KEY: SAMPLE PROFICIENT ANSWER TO THE SOUTH KOREAN ECONOMIC MIRACLE WRITING PROMPT

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Start your answer here.

Labor and Entrepreneurship have influenced the South Korean economic miracle by giving South Korea a comparative advantage in the size and education of its work force and in the ability of Chaebols to use the other factors of production.

South Korea has an advantage in labor because of its educated workforce. When compared to countries like China, South Koreans attend school longer. The cultural value of education has also led to South Korea's workforce being highly educated, making it much more productive per hour than countries such as China. Because of this comparative advantage in labor, South Korea was able to industrialize and to develop and adapt better and more efficient ways to produce goods allowing for rapid economic growth.

South Korea also has an advantage in entrepreneurship. South Korea's economic growth mirrored the growth of Chaebols, or large conglomerate businesses. Businesses such as Hyundai, LG, and Samsung were large enough to give them a comparative advantage when competing with large multinational corporations. The power of these Chaebols is evident in the fact that in 2019, they made up 84% of South Korea's GDP. Due to the government-business partnerships, companies like Hyundai have been at the forefront of new technologies, such as the development of alternative fuel automobiles. Because of the Chaebols, South Korea was able to turn its entrepreneurship into a global comparative advantage leading to rapid economic growth and continued global economic power.

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