

**UNDERGRADUATE THESIS**

**THE ROLE OF INTERNATIONAL AID FOR NATION DEVELOPMENT :  
ECONOMIC RECOVERY PROGRAM UNDER KIM DAE JUNG ADMINISTRATION  
IN POST- ASIAN FINANCIAL CRISIS 1997**



**Written by :  
Pramaditya Dewi Sekartaji  
20110510012**

**INTERNATIONAL PROGRAM  
INTERNATIONAL RELATIONS DEPARTMENT  
FACULTY OF SOCIAL AND POLITICAL SCIENCE  
UNIVERSITAS MUHAMMADIYAH YOGYAKARTA  
2014**

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Name : Pramaditya Dewi Sekartaji  
Student Number : 20110510012

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**This Undergraduate Thesis inspired by**

**God,  
Allah SWT and Prophet Muhammad PBUH  
Thank God for give me a time to experience life**

**My Super Parent,  
Wisnu Broto & Dewi Untari  
Thanks for your sincere prayer and supports**

**My Brother,  
Andika Wisnu Wardhana  
Thanks for your motivation and transportation support  
The best brother I ever had**

**My Saviour  
Jonathan Wong Ben  
Thanks for our meeting and saving my life  
This undergraduate thesis is a part of a 6 months test**

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- 7.

## **MOTIVATION SENTENCES**

**I ALWAYS WONDER WHY BIRDS CHOOSE TO STAY IN THE SAME PLACE WHEN THEY CAN FLY ANYWHERE ON THE EARTH, THEN I ASK MYSELF THE SAME QUESTION  
- HARUN YAHYA**

**LOGIC WILL GET YOU FROM A TO B. IMAGINATION WILL TAKE YOU EVERYWHERE  
- ALBERT EINSTEIN**

**BE PRODUCTIVE WHILE YOU WERE YOUNG  
BEFORE YOUR LONGEST SLEEP IN ETERNITY  
WHILE YOU WERE DIE  
- PRAMADITYA DEWI SEKARTAJI '94**

## ABSTRACT

In social science research, there is a vast research related with International Monetary Funds (IMF) in the beginning of 1990s. The emerging world market, at the time demanded more capital flows in Asian countries. IMF as international financial institutions offered loans in various types. The loans were also followed by high interest and structural programs. Most of researchers believe that the source of the trap is the development by loans. While in some Asian countries, IMF aid created an addictive interaction between the lender and borrower countries. The borrower countries became more dependent and increased their loans amount. It was different with South Korea which used it as its moment to learn and imitate the developed countries nation development programs.

South Korea is one of country which had a good performance during financial crisis in 1997. Even after the post financial crisis, South Korea could manage an international aid from IMF. There are two objectives of this undergraduate thesis. First, the writer want to prove IMF programs in giving a big contribution in South Korean Nation Development program Under Kim Dae Jung Administration. Second, the writer wants to show the international aid's role in giving a framework of nation development and helping financial crisis from less-developed country. The problem began when one of the biggest *chaebols* in South Korea was failing because of foreign debt used for expansion steel mills. This phenomenon was getting worse after several troubled *chaebol* stated bankruptcy in the mid of 1997. An economy instability in East Asian countries also influenced South Korean economy which was ended in the end of 1997 by asking IMF assistance.

Furthermore, this research is a qualitative research which used library research as the main material for its analysis. The theories applied in this research are World System Theory and Rational Actor Model Concept.

This research result shows that the success of South Korea overwhelmed financial crisis in 1997 was supported by IMF program and Kim Dae Jung administration which collaborated *chaebols* policy, structured nation development and equalized the distribution of social welfare into one vision to save South Korea in escaping from financial crisis. Therefore, this undergraduate thesis could be a lesson for some countries in managing their international aid.

Keywords : IMF, the role of international development, nation development, Kim Dae Jung administration, Post-Asian Financial Crisis

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