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**The Evaluation of a Centralized Urban Policy in Korea**

**by**

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## I. Introduction

### *Study Purpose*

With its centralized command-and-control methodology in economic development<sup>1</sup>, Korea has made marvelous economic success in the last several decades. Regardless of the problems of the centralized decision making structure, the 'economic miracle' has been envied by many developing countries. However, since the local self-rule of 1995, the conflicts between the central government and the local government are sometimes serious. In the worst case, city councils did not try to allow the national government to direct them. On the other hand, the national government is not willing to lose its traditional control power to the localities.

The purpose of this paper is to evaluate the recent national government's rural rehabilitation policy which was conducted in 1995<sup>2</sup>. That is, this report is to analyze the economic impacts of economic boundary modification policy initiated by the national government. The aim of the policy was to rehabilitate the rural area through annexation between localities. Since the Korean industrialization/urbanization process after WWII, the rural area has been rapidly dilapidated because the national governmental focused on urban

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<sup>1</sup> Eder, Norman. Poisoned Prosperity : Development, Modernization, and the Environment in South Korea. Armonk, New York : M.E. Sharpe, 1996. p. 135.

<sup>2</sup> Until then, there was no city councils in the cities and counties. A city of a county was managed by a mayor who was dispatched at the national government (Minister of Interior with permission of the president)



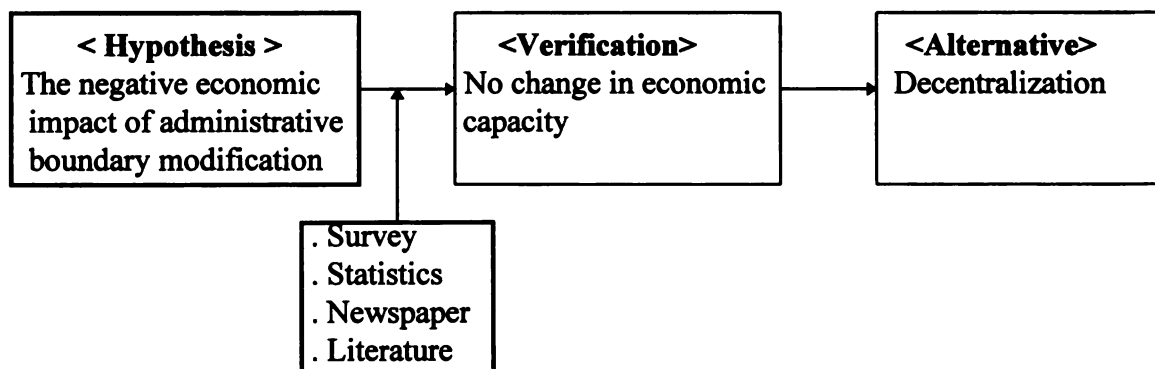
area. The policy is the second trial for the rural revitalization after the Saemaul Movement in 1974. The first is different from the last in terms of policy tools. The first uses the annexation method rather than organizational innovation that the latter did.

### ***Hypothesis and Methodology***

The hypothesis of this paper is that simple administrative boundary modification can result in negative economic impacts. The independent variable is the urban and rural unification policy (administrative district remodification). The dependent variable is the economic development which can be measured by population, quality of life, and employment opportunity, etc.

The study was mainly conducted by the statistics which were issued by the City of Kwangyang. To look at the attitudes of the residents, the survey which was performed by the city was reanalyzed for the study based on the first survey result. Other planning literature and newspapers were referred. The composition of this paper looks like Figure 1.

Figure 1. The composition of this paper



### ***The Structure of this Paper***

Out of the two parts in the second section, the first part deals with the overall background of the report. It comprises the planning setting of the national government and the local governments. Because the legal context is the fundamental factor of the policy, it will be necessary to understand the nationwide central power. National administrative organization, planning and its related laws are mentioned at the first part of the section. The contents of the policy will follow in the latter part.

Major features of the City of Kwangyang will be presented in the second part of the report. The basic reason that the city was chosen as a case is that for the last decade the national government has experimented with rehabilitation policies twice in the city. The first attempt was to build the iron and steel company in 1982. The second one was the urban and rural unification policy of 1995. The national government plans to invest more money to harbor construction as a third policy for regional development. This analysis will be useful in showing what the additional national governmental intervention should look like and in evaluating what the economic condition of the other unified cities look like after the unification policy. Demographics, major industries and urban planning are the major components of the part.

## II. The Planning Setting

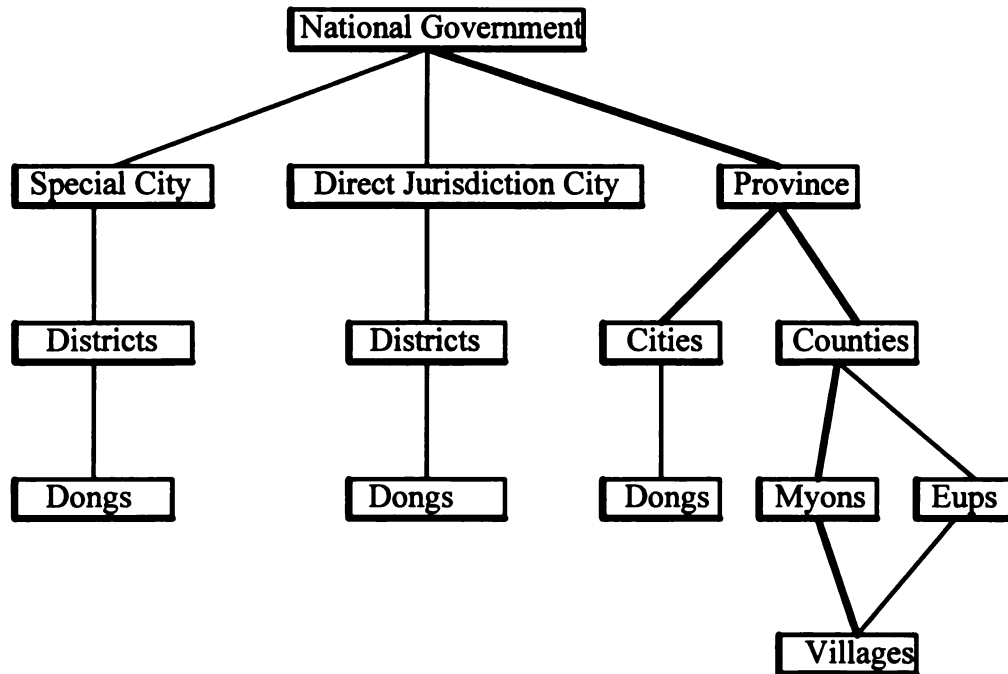
### 1. The National Planning Policy Setting

#### ***Organizational Setting***

Major urban and rural development policy has been made by the national government. An understanding of Korean government structure is the first step in examining the policy setting. As illustrated in Figure 2, the basic rural community is the 'Village'. 'Front organizations', which are responsible to implement the governmental policy directly to the citizen, are 'Dongs', 'Eups' and 'Myons'. The City or County controls these administrative organizations. Korea has two levels of government : one is the national government and the other is the local government. In the national government, there are two boards, 13 ministries and 22 offices. There are two levels in local government structure: one is major cities, including one special city and five direct jurisdiction cities, and the other is provinces. Every province controls its cities (including districts) and counties. Almost all counties are rural, and counties are closely dependent on neighboring cities in the economic, cultural and educational contexts.



Figure 2 Structure of Korean Government



note : Thick lines are administrative paths connecting the central government and rural communities.

The basic characteristic of Korean government is its centralization. The Ministry of Construction and Transportation (MOCT) plays a key role in national development, and the Ministry of Home Affairs (MOHA) has important and strong functions for urban and regional development including general guidance and control on local administration. MOHA has jurisdiction over law legislation, management and supervision over organization, personnel administration and finance of local governments. Therefore, MOHA is directly or indirectly related to urban and regional development and planning. Each locality holds the primary function to plan and develop its area. MOHA has

substantial power over the local governments as it directs their upper level organization. The Unification policy, which will be explained in the next part, can be adopted without local resistance in the administrative context.

There are 234 cities and counties below nine provinces in Figure 1. Almost all the cities have about 150,000 people or less. All these cities were rural areas before 1970s without regard to the name. In the industrialization process of Korea of the last decades, lots of rural youth have migrated to the urban area to seek better economic and educational opportunities. As a consequence, the rural area has suffered a labor force deficit in farming.

### ***Legal Setting for Land Planning***

The main land planning law in Korea is the National Land Use and Management Act (NLUMA). According to the act, the whole land of the nation is being divided into 5 divisions: urban, quasi-urban, rural, quasi-rural and national environmental/conservation area<sup>3</sup>. Except for the Seoul metropolitan area, which is being ruled by the Metropolitan Planning Act, the rest of the land is regulated or utilized by the NLUMA. Under NLUMA, each area is regulated by lots of acts such as in urban area by Urban Planning Act, in rural area by Farming Act and Forest Act, natural environment by Natural Environment Conservation Act, and in military protected areas by Military Facilities Protection Act.

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<sup>3</sup> As of June of 1994, the land division was divided as a proportion of urban (13.7%), quasi-urban (1.9%), quasi-rural (26.1%), rural (51.3%), natural environmental/conservation (7.0%).

The fundamental control of the land is zoning control. Current land use is regulated by 43 administrative acts and the Constitution. As of 1994, there are 137 divisions. Relating acts regulate land utilization of the divisions so that the land owner will use the land according to the guidelines by the acts. For instance, in Quasi-Rural Area, nobody can engage in pollution activated activities. The major characteristics of this kind of regulation is superimposition of regulation so that a person who wants to get a permit to build a factory in city has to get several sub-permits to satisfy relating acts such as Urban Planning Act, Building Act, and various environmental regulation acts.

In addition to these kinds of planning acts, local governments are controlled by the Local Self-Rule Act and have the responsibility to implement almost all administrative acts. These acts allow the national government to control the local governments through the financial incentive and the appointment power of the local government officials. The unification policy was possible because the national government can control the localities with the laws and the centrality and the administrative culture.

### ***Unification of Urban and Rural Areas (UUR)***

UUR is a policy to annex a county and a city into a city to expedite development of rural area<sup>4</sup>. The national government tried to revitalize the rural community through,

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<sup>4</sup> Ministry of Home Affairs (Republic of Korea). *The First Conference of the Assistance for Local Self Rule*. April, 1994.



Saemaul Undong (New Village Movement) since the early 1970s. The movement 'sought above all to foster development of agriculture and self-sufficiency in food production, to increase farmers' income, and to improve rural living conditions'<sup>5</sup>. The movement started to wither after the 1980s because of political instability.

Uruguay Round, which tried to lift the import and export barriers in regard to farming products, made the matter worse in rural development policy because the national government can not protect the local farm products market from being penetrated by outside economic forces. As a result, many young rural people flooded into the urban area. 'South Korea had an annual population increase rate of 2.4 percent in 1967, which has tapered off in the 1980s to an average rate of 1.57 percent. Yet, over the same period, the average urban population increase rate was 7 percent, of which 5 percent was directly due to migration.'<sup>6</sup> Everyone can now see vacant farming houses, barren land and rusty farming machine here and there. UUR is a trial to resolve the problem through administrative impetus.

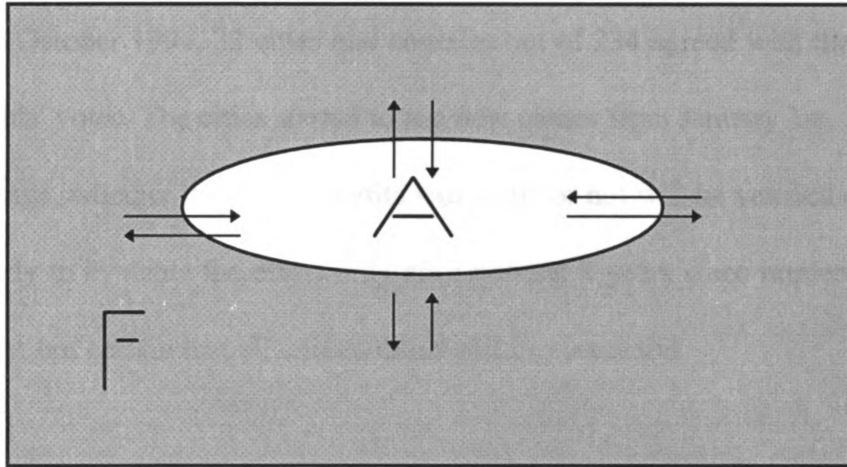
The explanation of this policy can be associated with the 'trickle down' effect. As illustrated in Figure 3, human resources and socio-economic benefits concentrated on the core city area ('A' area) before the implementation of UUR. After beginning the policy, development will be extended to the 'F' area.

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<sup>5</sup> Boyer, William W. & Byeong Man Ahn. Rural Development in South Korea: a socio-political analysis. London : Associated University Press. p. 33.

<sup>6</sup> Ro, Chung-hyun. Public Administration & the Korean Transformation : Concepts, Policies and Value Conflicts. West Hartford : Kumarian Press. 1993. p. 66.

Figure 3 Conceptual graph of UUR



A more specific conceptual explanation can be provided. Region 'A' represents a city, and region 'F' represents rural areas. After unification between area 'A' and area 'F', the land use type may be changed because the whole area including the rural area will be the objects of the comprehensive plan. Infrastructure may follow the new urban planning. The rural people will be able to articulate their interests through the political path such as the city council and elections.

UUR is more than 'annexation' of administrative districts in that UUR orients rural development in the special circumstances of Korea. Unification planning was made by the national government to rehabilitate the rural areas. The original plan called for all cities (excluding special city and 5 direct control cities) and counties to be unified into cities. There are many obstacles to be crossed, however, because of political, social and economic contexts. Some politicians who did not want to lose their political superior boundary

opposed the plan. Some residents in a region dislike the other people who live in the place to be unified. Some people worried about economic loss entailed to the unification plan.

In October 1994, 33 cities and counties out of 234 agreed with the unification plan by residents' votes. The cities started to use new names from January 1st, 1995. Beside this name change, whether the other benefits will come or not will be verified over time. It may be too early to evaluate the effect only after passing 2 years since implementing the UUR policy. It is not certain that all unified cities will be successful.

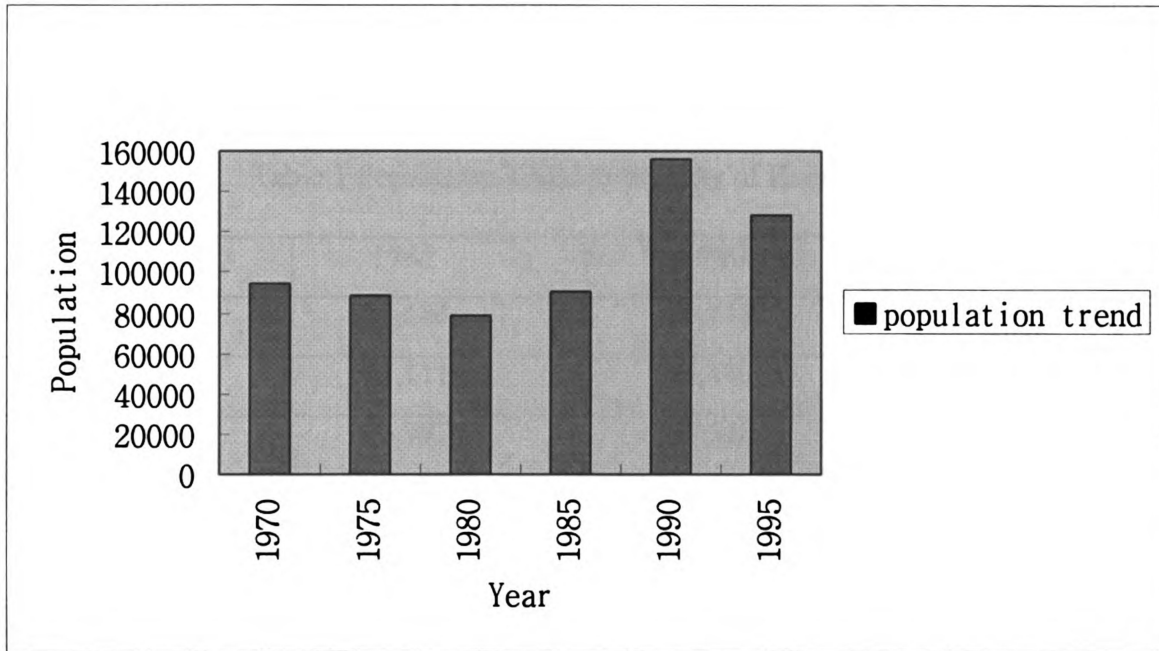
## 2. A Local City Setting : The City of Kwangyang

### ***Demographics***

As of 1993, the population of the City of Kwangyang was 126,849. Like the other rural areas, Kwanyang suffered a decrease in population in the early 1980s as seen in Figure 4. The iron and steel companies brought new people and jobs to Kwangyang and the population in the city sharply increased through the late 1980s and early the 1990s.



Figure 4. The Population Trend in the City of Kwangyang



The population trends has different patterns in the urban and rural areas. As seen in Table 1, the statistics show the Demographic characteristics of the transitional period in the city. There is no conspicuous change in the population of the rural area between 1985 and 1995. On the other hand, that of the urbanized area sharply increased between 1985 and 1990. The survey, conducted in 1995, reveals another characteristic of the population trend. The farmers who have lived in the current urban area lost their traditional occupation of farming and some of them were employed in the iron and steel company. The rest of them stayed at home or departed from the city. Most of people who departed from the city tried to seek better educational opportunity for their children, even though the city had better

economic opportunity. By the survey which was performed by the city, 69% of respondents replied that they want to live next to cities such as Suncheon, Kwangju and the other big cities.

Table 1 Population Trend of the City of Kwangyang

	1985	1990	1995
Urban	23,686	70,118	59,175
Rural	67,111	85,440	68,608
Total	90,797	155,558	127,783

### ***Major Industries***

The major industries in the area are manufacturing (almost all in the iron company), service (more in the urban area) and farming (almost all in the rural area). There were no big modern retail service in Kwangyang area in the 1970s and 1980s. Upon arrival of the new iron factory, the retail centers to serve the employees and their families located to the iron factory. With all the modern retail centers, most of the rural people who live in the area are still using the traditional barter market rather than the modernized ones because they can still have as much social activities throughout the five day market as in the rural center.

**Manufacturing :** The major industry contributing to the local economy is iron and steel company and is located in urban area. The industry employs 8,150 as of 1995. The population difference between 1985 and 1995 in urban area is 35,489. Those numbers reflect the employees who work for the steel company and their family members.

The iron company was constructed over the Kwangyang Gulf. The traditional seashore farming died and area farming was affiliated into urban areas as residential, commercial and industrial areas. So there is little space for farming in urban area. The central government, however, has a plan to complete a big harbor facility construction in the rural area till 2010.

Based on only the economic base theory<sup>7</sup>, the iron and steel company, contributes to the local economy by bringing money into the city. In spite of these contribution, the geographic boundary of the iron and steel company is immune from local urban planning because the big company project was decided by the national government. Because there are big difference between the urban and rural residents in culture, income level and geographical distance, it is not easy to combine them altogether through the policy.

**Service :** The major characteristic of service industry is its small size. As seen in Table 2, average numbers of employees are at least 2.1 and at most 33.7. Business activities tend to concentrate in the urban hub (Kwangyoung Dong district).

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<sup>7</sup> Blakely, Edward J. Planning Local Economic Development; Theory and Practice. Thousand Oaks : SAGE. 1994. pp. 54~55.

Excluding retail service, all other service industries are located in the urban area. Considering its size, the rural area has suffered from the inconvenience in the daily life. In effect, rural areas are now dependent on the urban area.

Table 2 Number of Employees in the Service Industry of the City of Kwangyang (1995)

	( Employees)					
	Electric	Construction	Retail	Transit	Bank	social
Rural	50	656	3,795	483	800	1,979
Urban	50	1,686	2,761	2,045	2,144	2,241
Total	100	2,342	6,556	2,528	2,934	4,210
	(5)	(174)	(3,123)	(75)	(228)	(992)
	[20]	[13.5]	[2.1]	[33.7]	[12.9]	[4.2]

\* ( ) denotes the numbers of businesses and [ ] does the average employees.

A bigger service industry has not grown in Kwangyang but in neighboring cities such as Suncheon. Suncheon, the neighboring city, 30 km distant from the City of Kwangyang has lots of economic opportunity with its 170,000 population, better economic facilities than those of Kwangyang and convenient transportation<sup>8</sup>. As a result, more people use the service industry in Suncheon than in urban Kwangyang.

**Farming and Forestry :** As of 1993, farming population reached 32,312 in the current Kwangyang city boundary, which is 25.4% of the total population. Comparing with that of 1988 (28.9%), it decreased 3.8%. This phenomenon was from the construction of the

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<sup>8</sup> The City of Suncheon is the provincial train transportation hub with the regional train office.

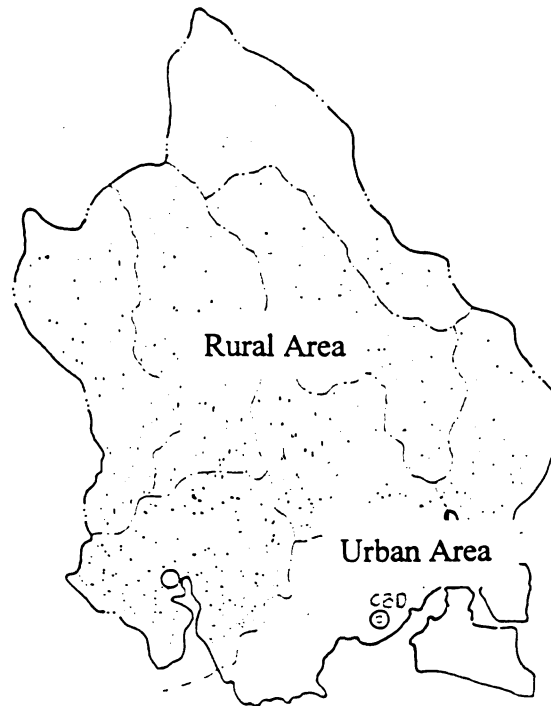
iron and steel company. More employment opportunity was made by the expansion of manufacturing and service industries as well.

The total forest area reached 30,623 ha which is the 69.4% of total area. The forest produces chestnuts in the fall. Twenty eight percent of the forest was owned by the nation (Seoul National University), so economic activities are being restricted to some extent there. The forest owned by the university composed a variety of trees in which students can study the ecosystem of the area.

### ***Urban Planning***

The current Urban Planning Act, which is controlled by mainly the Ministry of Construction and Transportation, regulates the planning activities of each city. The act is mainly in effect in cities rather than counties. According to the act, the rural area of a unified city can become the object of consideration of planning. It is not obligatory to apply urban planning to the rural area by the latest Local Self-rule Act, which controls administratively the unified city. As illustrated in Figure 5, it is natural that the 'dotted' rural area is not the object of urban planning. By the current Urban Planning Act, the 'vacant' urban area should make a comprehensive planning. The reason why the new Local Self-rule Act designed the reunified city in this way is to decrease the construction regulation burden. In the non-urban area, construction regulation such as density, height, bulk and use is not applied.

Figure 5 The Unified City of Kwangyang



Even though manufacturing became the major industry in the city, the industry did not contribute the quality of life of all residents. The major responsibility of the central oriented policy is to make the factory immune from the city planning. The national government tried to annex the administrative boundary because they might expect to boost the economic development on the basis of the good company.

### III. The Impacts of the Urban and Rural Area Unification

Even though the national government allowed local self-rule after 1995, the real self-reliance is far from realization because the national government still has lots of power

to control the localities through law-making and financial assistance, etc. After adoption of the UUR, the national government can control the localities in a number of ways.

Like the other policies, the national government is responsible for planning, implementing and evaluating the national policies. Central oriented government structure becomes a basic obstacle for the success of the policy in terms of restricting local initiative. Community participation is imperative for effective local management because it can increase democracy and economic/technological efficiency<sup>9</sup>.

#### ***A Survey on Economic Activities after UUR (The City of Kwangyang)***

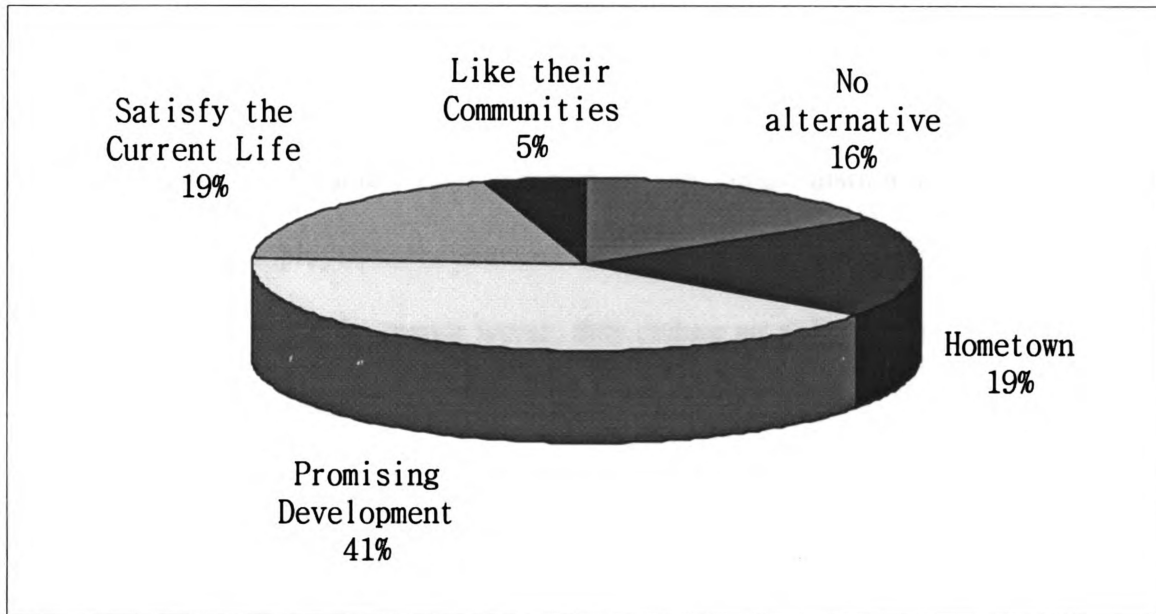
A survey, which was done by the City of Kwangyang on the occasion of the unification of the urban and the rural area, shows the economic activities and attitudes of the residents who live in the new unified city.

The first important result of the survey answers the question of why the residents keep living in the city. As seen in Figure 6, 41% of the respondents responded that they want to live there because they perceive the city is promising enough to live in. But still 16% of the respondents claim that they don't have better alternatives.

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<sup>9</sup> Saunier, Richard E. & Richard A. Meganck. ed. Conservation of Biodiversity and the New Regional Planning. Washington, D.C. : Department of Regional Development and Environment Executive Secretariat for Economic and Social Affairs General Secretariat, Organizations of American States. p. 76.

Figure 6 The reason why people live in the City



The second issue is the reason why the residents want to depart from the city. The main reason why he or she wants to leave the city is the quality of their children's education (69% of the reply). Even though the city has good middle and high schools, better schools are being operated by the iron and steel company. The residents who reside in the rural area can hardly access the educational facilities because of the distance.

The third attitude survey is the question about 'whether this city is livable or not'. 31.67% of the respondents replied 'inconvenient' and similar to the other places (29.3%), good (27.89%), very inconvenient (5.9%), and very good (5.2%). Approximately, 37.57% of the residents feel uncomfortable living there. Urban residents show more pessimistic responses than rural people. For instance, in case of CBD of the city area, 66.7% of the



respondents said living in the CBD was 'inconvenient' and 'very inconvenient'. Those residents have lived in the area long before the iron and steel company was built. The result shows that those residents seemed to be underprivileged from the new industry. They have already lost their traditional farm because of the condemnation and they have little opportunity to be employed in the iron and steel company because they don't have the skills to work there. To make the matter worse, they endure air pollution and noise that the big monster emits year round.

The fourth question which is helpful to evaluate the UUR is that 'which area is your frequent drop-bys in the city?' Around 6% of the respondents said that he or she visits frequently the new city area. To sell their farm products, they don't go to the city (only 5.78% go to the CBD area to sell farm products) rather than the City of Suncheon (22.33% of the respondents). The reasons to visit the new downtown are 'to visit the city hall for getting permits and licenses' (22.67%) and 'to purchase things'(11.22%). Otherwise 'vegetable purchase (31.67%)' and 'go to banks' (29.33%) showed higher scores in the traditional rural hub rather than the new downtown.

All in all, the survey shows some phenomenal points. First, the new downtown is not an economic attraction other than in an official visit. Second, the traditional rural hub has remained the economic attraction although the neighboring city has more economic power. Third, many people who live in the downtown don't want to live there because they don't believe in the promising future of the city and low educational opportunity for their children.

### ***Some Positive Effects***

As the national policy intended, the previous Kwangyang City before unification had more financial potential than the rural area with the great contribution of the iron and steel company. As illustrated in Table 3, the total tax revenue collected in the urban area in 1993 reached 2.7 times that of rural area. Considering only reallocation effect, the rural area has benefited from the unification.

Table 3 Difference in tax revenue between urban and rural area

(million won)

	General Revenue	Rent & Fees	Total
Urban	14,195	277	14,472
Rural	4,747	539	5,286

The city has more land to expand its boundary without administrative conflicts between different localities. Because of the industrialization and high land price, the urban area has not enough land to use for cemeteries and parks, etc. Water conduits will also extend to the rural area. Garbage collecting and immunization service will be given to the rural area.

The new city can absorb the non-basic sector into basic sector. For example, the residents in the rural area pay bus tokens to the bus company operated by the urban area. The new city now has 'economy of scale' and larger system capacity.

### ***Negative Effects***

The survey result which was done in the city was not as positive as the national government had expected in this city. A newspaper<sup>10</sup> reads:

The traditional rural hub suffers economic deterioration with population decrease and commercial decay. Fifty four households for the public officers who worked in the county hall remain vacant long before. Restaurants and bars neighboring the old county hall are come closer to closing with no additional demand. After the unification, the other public offices like the electric supply company and national insurance cooperation left there with the new city hall.

Urbanization can bring NIMBYism in urban area. The urban area doesn't have enough space for garbage disposal and cemeteries. The rural area may provide the non-aesthetic facilities on behalf of the scenic rural atmosphere. In a sense, urbanization can be

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<sup>10</sup> The Joongang Daily (Korean Newspaper). Seoul. Oct. 27, 1996.

accompanied with alienation in that the traditional rural community with cooperation and intimacy can be destroyed.

In economic sense, the traditional 'trickle down' effect has a serious fault in this case. This is structural unemployment. The rural people can't work for the advanced technical jobs because they have worked for the farm for such a long time. Latent unemployed in the rural area are being employed in simple jobs such as garbage collection. Did welfare improve through use of the UUR, with all the increase of income?

### ***Evaluation***

Based on the survey and the yearly statistics of the City of Kwangyang, some evaluation on the dependent variables can be inferred. The problems of the UUR policy can be exposed through the analysis. The temporary conclusion looks as following :

*First, there is no change in economic capacity after the unification policy in the city.*

*Second, there is no change in the economic dependency to the City of Suncheon.*

*Third, the economic dependency is not dependent upon big retail centers and job opportunities but educational opportunity for their children.*

*Fourth, iron and steel company is separate from the urban planning and economic development of the city geographically, even though the city and the national government think about it as economic engine of the region.*

Simple administrative boundary unification has the means nothing more than the annexation between two or more administrative entities.

The economic boundary can hardly be modified artificially. More people go to the downtown than before the unification but the purpose to visit there is mainly because there is the city hall. Little or nothing related to economic activities has been changed. Still most of the people go to the City of Suncheon to sell farm products and to buy necessities. It can hardly be expected to promote the local economic activity without understanding the economic boundary.

The goals of the national government and the local government concerning the UUR are different. The national government wanted to promote rural economic development with the policy. The national government thought that UUR does not allow any additional money to implement the policy and, instead, the policy would bring organizational efficiency.<sup>11</sup> Even though the unification was decided by the residents' votes, the political leaders and opinion leaders initiated the unification in the city. Local residents have no opinions in the unification policy. With or without the unification, they had expected there wouldn't be a significant change in the city. The unification, in the case of the City of Kwangyang, was initiated by the local opinion makers for their political purpose. This results in the low economic relationship between the rural area and the urban area excepting the public affairs.

A policy does not exist of itself, which means that a policy should be supported by the other contextual factors. Legal contexts are the basic for the successful and effective

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<sup>11</sup> Two different administration will be one unified administration. Accordingly, the operational budget will be lessened and the administrative officers also be curtailed down.

implementation of a policy. The Urban Planning Act should have been revised to give more power to the unified cities. The other acts to regulate the local initiative should be revised with the implementation of the policy. The localities can be more efficient through contracts and partnerships for economic development but the policy overemphasized the national government's capacity.

#### IV. Policy Implications

For the sustainable development of the city, it may be more important to provide economic opportunities for people who live outside the iron and steel company boundary. The new industries and city planning should be focused on those points.

##### 1. National Setting

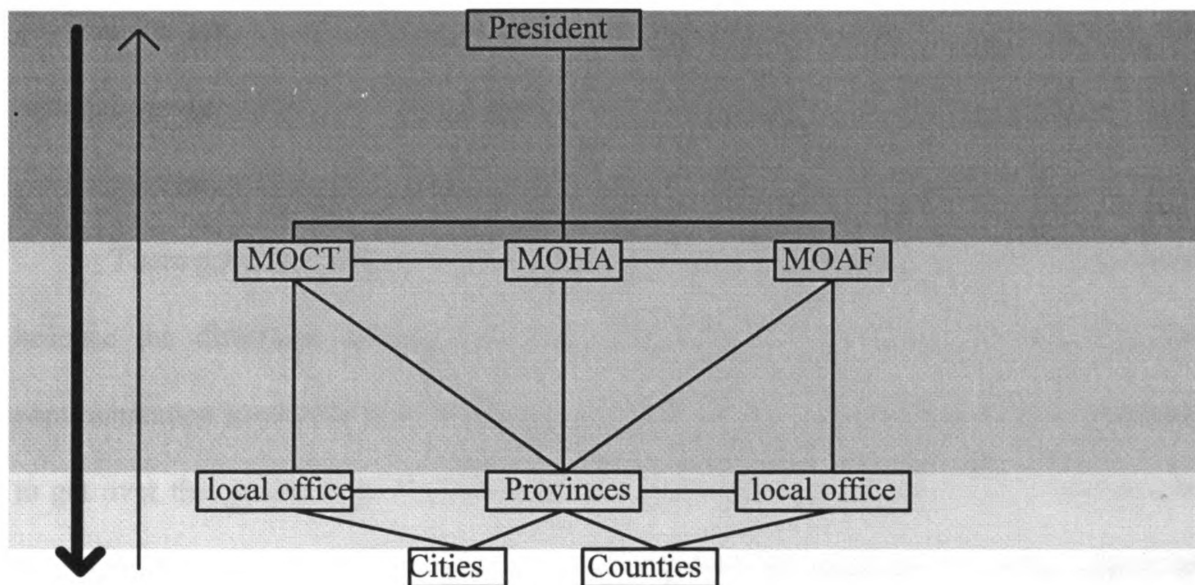
##### ***Decentralization of Planning***

The first mistake was the urban planning for the iron and steel company area initiated by the national government, which tried to seclude the company precinct from the indigenous residential and commercial area. The next one was that the national government tried to revitalize the city on the basis of the big iron and steel company. And the last fault could be followed by the big harbor facility construction.

The major fault of the reunification policy, as seen in the City of Kwangyang case, is that national government didn't consider respective local circumstance that each local government confronts. Some unified cities can be successful, and on the other hand, other cities can have more faults than those of the city of Kwangyang.

Like the other policies, UUR should be renovated or implemented 'in ways that are both consistent with the basic principles of participation and equitable and sustainable' in terms of 'people-centered development' when many policies disregard people and environment rather than quantitative growth<sup>12</sup>.

Figure 7 Planning Process



noe1 : MOAF is responsible for rural farming development farming development.

noe2 : Left arrows are the extent and direction of power, and the more shaded the part, the stronger the power is.

<sup>12</sup> Korten, D.C. & R. George Carner. Planning Frameworks for People-Centered Development. West Hartford:Kumarian Press. 1984. p. 201.

With all the contribution of the iron and steel company to the local finance and employment, the planning failed as seen in the survey. The urban dwelling people wanted to depart from the city because they can not be employed at the company. In a centralized government like Korea, efficiency can suppress the democracy.

As illustrated in Figure 7, a 'top-down' or 'top-oriented' decision making process is general in Korea. Planning is made mainly by the national government. UUR is a policy related to MOHA, MOCT and Ministry of Agro-forestry and Fishery (MOAF). The UUR was initiated by the national government. Little public participation can be a factor for 'policy failure'. Who then can stimulate the retarded rural area?

In the planning process, without understanding local circumstances, the central government can fail to understand the achievement of the policy. In many cases, the national government can misunderstand the achievement and, in some cases, local government has a tendency to hide information.

There are other communication limitations between national and local government because the difference of capability and knowledge. It is difficult to get over the communication limitation even in a short run. Even though there are institutional problems to get over this problem, as Antholt suggested, 'farmers organizations, NGOs and private firms can be expected to take on greater responsibility for the direction as well as support of



those institutions involved with agricultural technology identification generation, and dissemination',<sup>13</sup> .

### ***National-Local Partnership***

The economic capacity expansion policy like UUR can be useful in the Korean situation as mentioned above (positive effects). In a sense, however, it can be useless as far as the national government did not consider the respective condition of localities. Partnership policy is from vertical way of thinking rather than the traditional centrality of the Korean government.

More effective policy can be made by the local initiative, sometimes national-local partnership. But the whole current law system is a command and control oriented one because of the conventional centrality plus the national tax superiority. Weak local finances make the localities dependent upon the national government even though the local self rule system was secured in 1994. The innovation of a legal system in regard to the urban and regional planning should be followed for the local financial self-reliance.

The major obstacles for the efficient land use in the city is the nation owned forest. The forest, located in the rural area, has been owned by Seoul National University for the forests experiment. Considering its beauty and diversity, the area can be designated as

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<sup>13</sup> Antholt, Charles H. Getting Ready for the Twenty-First Century-Technical Change and Institutional Modernization in Agriculture, World Bank Technical Paper Number 217, Asia Technical Department Series. Washington, D.C.:The World Bank. 1994.

national forest or eco-park. The development of the forest can be made by the partnership among the City of Kwangyang, Seoul National University and MOHA, which is responsible for national park, or Forest Administration, which is responsible for national forest.

The partnership with the participation of the local people will bring economic benefits. The new tourist industry, a basic sector of the economy, will directly contribute to the local people not associated with the iron and steel company. For example, the local people can sell peanuts and chestnuts to the tourists without transportation costs. The new industry will increase more tax base, employment rate, and the land price<sup>14</sup>.

To conclude, unlike the centralized and the unilateral policy like UUR, the partnership will be more local oriented and have more potential to be successful.

## 2. Local Setting

### ***Rural Area Planning***

Urban Planning is made in urban area only. In some sense, political power can decide the future use of the non-planned area. Who shall be the target of the city council members' influence the rural area development?

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<sup>14</sup>Lyons Thomas S. & Roger E. Hamlin. Creating and Economic Development Action Plan; A Guide for Development Professionals. New York : PRAEGER. 1991. pp. 8~14.

Traditional zoning has been criticized because of its static, parochial, low-quality development and administrative problems<sup>15</sup>. If the rural land is used relentlessly, then it is even more difficult to recover it because lots of the legal conflicts that may turn up.

To back up this idea, overall urban planning should be made locally. The current urban planning boundary should be divided to be fit for the long term development purpose.

### ***Sector Plan is necessary***

'The planning of urban land uses in each municipality utilizes 4 basic zones (residential, commercial, industrial, and open space-further divided into 12 subzones as of present) and identical restrictions regardless of the size or character of each individual municipality'<sup>16</sup>.

Four functions of a land use planning program, Intelligence, Advance Plan-making, Problem Solving and Managing Development, are being suggested<sup>17</sup>. These functions comprise the planning process comprehensively. It is important to understand that each sub stage of the planning process needs participation. The participation can alleviate, even though it needs lots of time and conflicts, the possibility of policy failure and can guarantee

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<sup>15</sup> Porter, Douglas R & Patrick L. Phillips & Terry J. Lassar. Flexible Zoning : How it works. Washington, D.C.:the Urban Land Institute.1988. pp. 8-10.

<sup>16</sup> Koppel, Bruce & D. Young Kim. ed. Land Policy Problems in East Asia; Toward New Choices. Honolulu : East West Center. 1993. p. 220.

<sup>17</sup> Chapin, F.Stuart, Jr. & Edward Kaiser. Urban Land Use Planning. Urbana:University of Illinois Press. 1995. CH3.

effective implementation because policies are based on the citizen and for the citizen in this democratic society.

The City of Kwangyang needs sector planning, which can be developed according to the characteristics of each sector. The current urban planning does not include open space including harbor parks even though the city has very good opportunity for the seashore. Later, it may be difficult for the city to secure harbor parks because once the seashore is sold to the private developer, it will be difficult to require.

### ***Other Economic Incentives***

Free trade zones can be suggested as a development alternative. The harbor will bring value added to the city. Considering that the downtown area has little good affordable housing, the rural area should be developed for residential use backing up to the connecting road. New organizations like the Downtown Development Authority and regional planning commission which can promote economic development A formation of Downtown Development Authority can be suggested.

A large tax-exempt retail center can be provided in the rural area rather than in the urban core to avoid the traffic congestion and to not lose the customers going the Suncheon area. Unlike the manufacturing industry, service can be more helpful for the current residents who are not involved in the iron and steel company.

## V. Conclusion

UUR can not be found to be totally unsuccessful, but this study tried to find better policy tools than the central oriented planning policies. Under the society in which politics dominates the economic sector and the public controls the private sector, the equilibrium of the power is necessary for the better allocation of resources.

As the iron and steel company hurt the local sustainability, UUR can be harmful to the localities. A community is delicately woven culturally and economically. Arbitrary reorganization of the administrative structure and economic boundary can be detrimental to the sustainable development of localities.

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