

Crisis and Opportunity

Changes in Metropolitan Governance of Post-crisis Seoul

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1. Introduction

2. Socio-Economic Restructuring and the Rise of
Seoul Metropolitan Region

3. Fragmentation of Seoul Metropolitan Governance

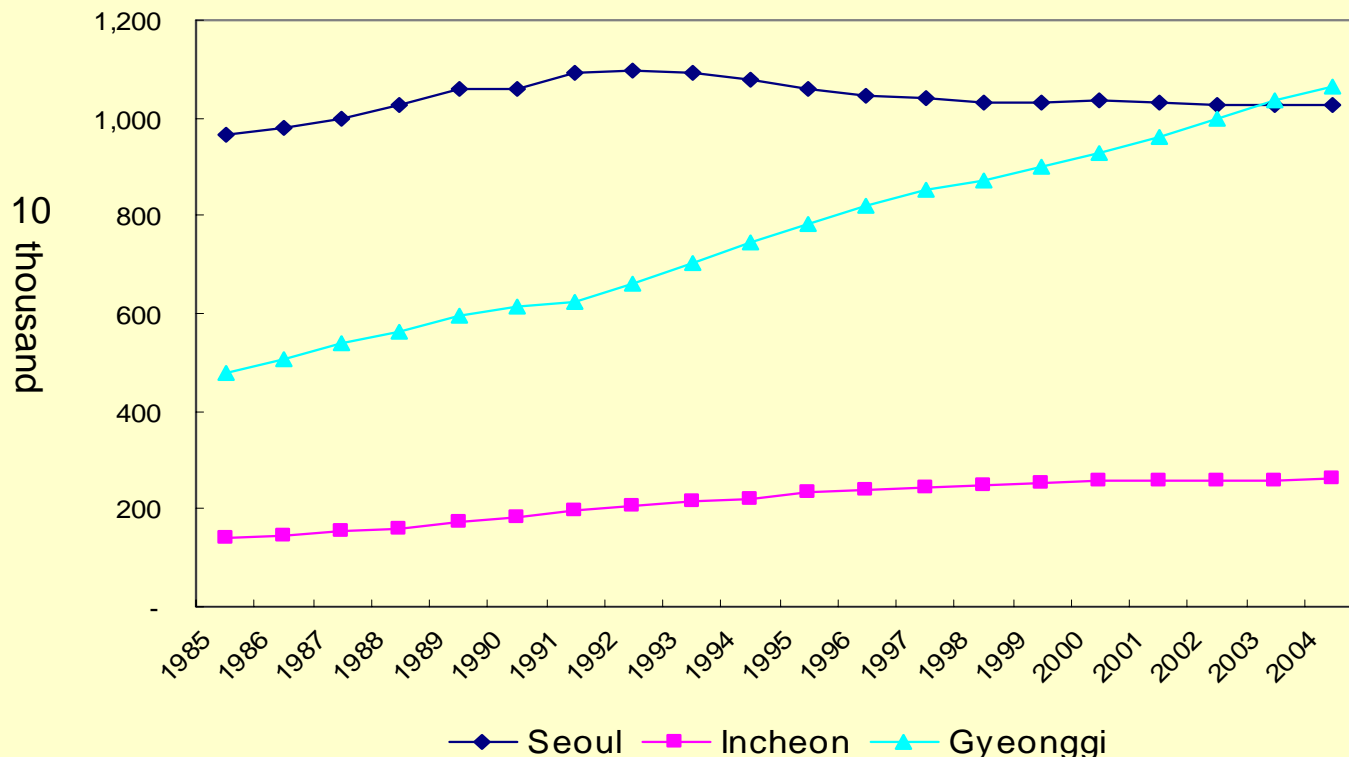
4. Recent Development and Conclusion

- Seoul Metropolitan Region (SMR) as a economic and political heart of the nation



- Comprised of three local governments: Seoul city, Gyeonggi province and Incheon city
- Overall capital region expanded to 22.76 million habitants, 47.5% of the total population of Korea
- Integrated labor market are developed within 40km with diversified commuting pattern
- SMR's share of GDP reached 49% and it is still increasing mainly due to Gyeonggi's expansion
- National government puts regulation over SMR to curb excessive concentration

- Population growth trend in SMR
 - Still robust growth in Gyeonggi and Incheon
 - Suburbanization in Seoul



- In term of territorial governance, South Korea have had **centralized governance system during the modernization period**
 - Central government controls local governments by means of regional planning, land regulation, financial allocation, industrial policies, etc.
 - Local government had been functioned as central government's administrative arms without their own voices
- **The system had been dismantled** from 1990's by
 - Globalization and city-competition felt increasingly in 1990's
 - Introducing local autonomy in 1995
 - Financial crisis and recovery process in 1997-2000

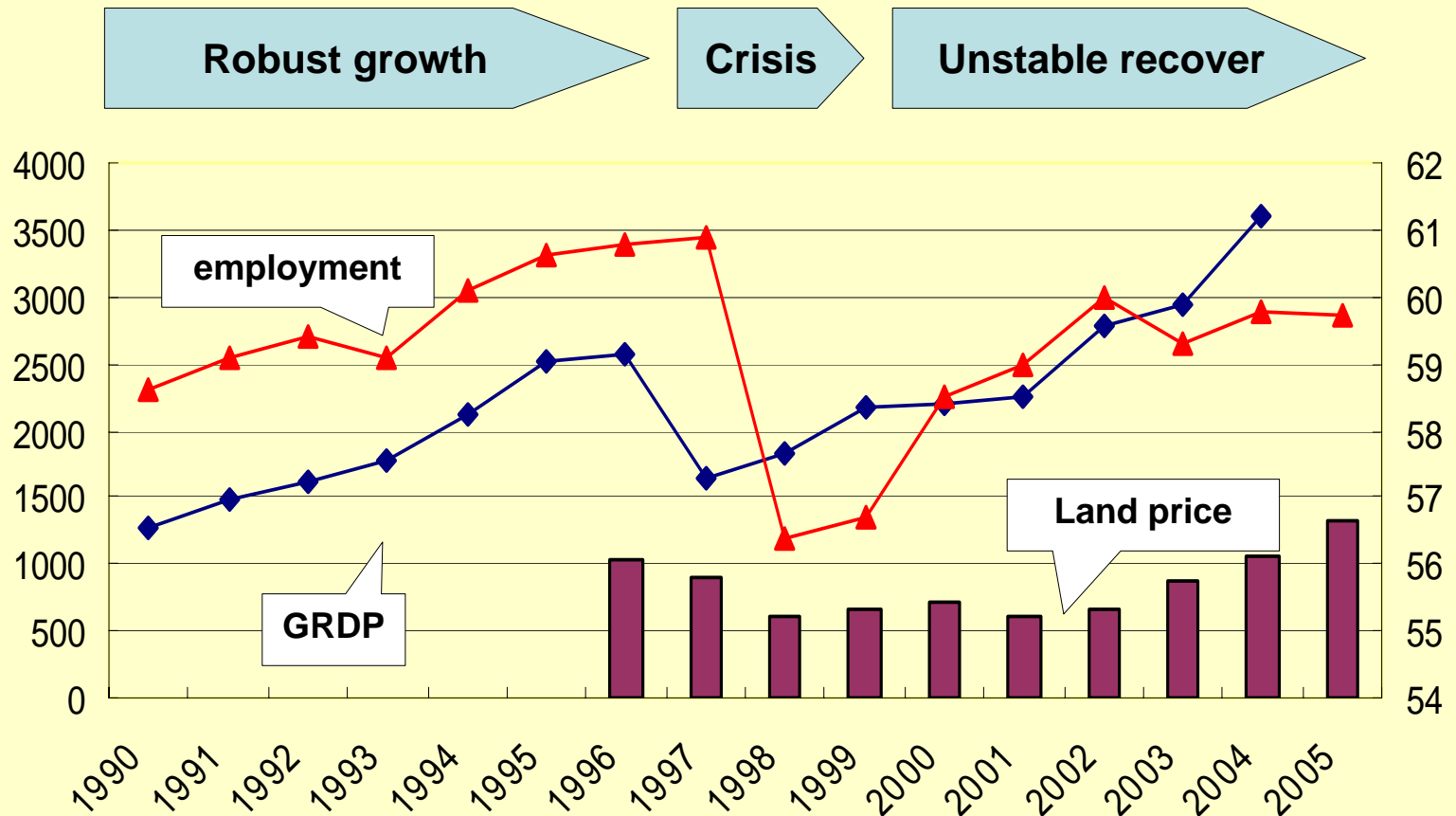
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- Economic meltdown in 1997 financial crisis in Seoul



- knowledge based economy leads recovery process
 - Share of knowledge based economy is increasing, in the field of IT, multi-media, semi-conductor and finance
 - In particular, **Seoul enjoys high growth of knowledge based service** from 14.1% in 1993 to 22.5% in 2004

< Share of knowledge based industries in Seoul and Korea >

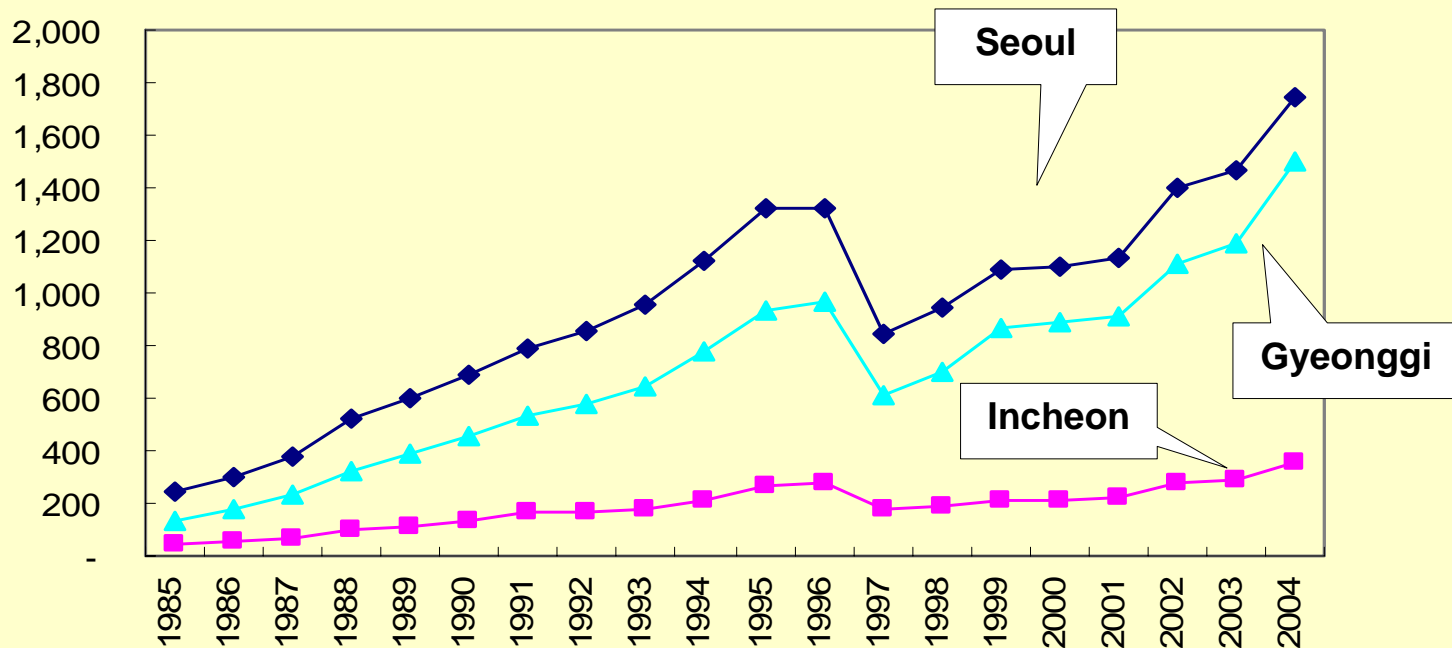
		1993	1999	2004
knowledge based manufacturing	National	11.9	10.4	10.5
	Greater Seoul	13.7	10.8	10.1
	Seoul	9.8	5.2	3.4
knowledge based service	National	10.3	11.4	13.4
	Greater Seoul	11.5	13.3	16.7
	Seoul	14.1	16.4	22.5

- Emerged industrial clusters
 - innovative, globally-oriented and well-linked industrial clusters

IT cluster	<ul style="list-style-type: none">- 55.8% of firms are located in Seoul- nation's main growth engine after the crisis- clustered in southern east area of Seoul
Digital contents	<ul style="list-style-type: none">- Recently emerged in the field of digital publication, music, movies, games etc.- 26.6% firms are located in Seoul- Clustered in southern east area of Seoul
Finance and business service	<ul style="list-style-type: none">- Clustered in southern east area and center of Seoul- Including finance, insurance, business service
Knowledge-based manufacturing	<ul style="list-style-type: none">- IT, semi-conductor, bio, chemicals etc.- Gyeonggi area accounted for 40% of works and 50% R&D in this industry

- Different recovery paths in SMR government
 - Seoul takes a lead with advanced industries, Gyeonggi is following powered by Seoul's industrial suburbanization, while Incheon lags behind with out-dated industrial structure

< Trend of GRDP in SMR >

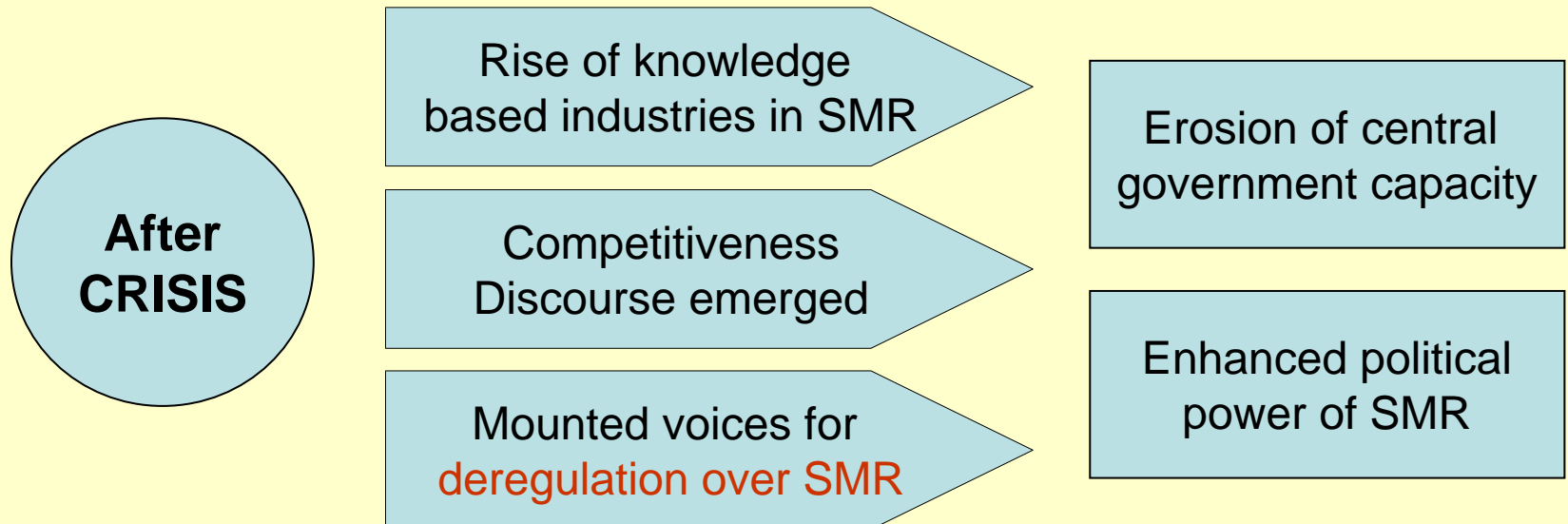


- After the crisis, SMR governments armed with competitiveness discourse, start to criticize central government's 'balance regional development policy'
 - Seoul mayor said,

“the capital region is the only region in Korea able to compete with other major city-regions in the world, so that **impairing its competitiveness by regulations would be detrimental to the growth of Korea**”
 - Gyeonggi government said,

“The neighboring nations are in a move to knowledge based economies at a rapid pace and getting rid of obstacles in order to provide better business environment. But Korea still have the land use regulations that hampers business activities in the capital region. That is the reason why **Korea's national competitiveness** is still sticking around 28th in the world”

- Enhanced relative political power of SMR governments and erosion of central government initiative
 - After the crisis, neo-liberal mood offers SMR governments a chance to **voice against the central government's regional policy**, which focused on balanced regional development
 - **undermined the central government** capacity to coordinate local issue



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4. Recent Development and the Future of SMR
Governance

- Innovative independent policies by SMR governments
 - Powered by enhanced economic power, the local governments in SMR started to seek **innovative industrial and regional policies**

Seoul	Cheonggyecheon restoration, Bus system reform
Gyeonggi	FDI attraction project, English village development
Incheon	Free Economic Zone, Hosting 2014 Asian game

- Flagship project of Seoul : Cheonggyecheon Restoration Project (CRP)

- Originally a stream flowing through northern Seoul, the river disappeared entirely under the expressway and covering road to accommodate the city's dramatic industrial development in the 1960's

- In 2002, Seoul government adopt a plan to dismantle the motorway to restore original stream's ecology, historical and cultural relics, and the project was finalized in 2005

- Huge debates over historical preservation, environment, street vendors in the area



- Flagship project of Gyeonggi government : Attracting foreign capital in the region
 - Nevertheless central government policy to curb establishment of new firm in SMR, Son, Hak-kyu, governor of the province, pushed ahead with a policy to attract foreign firms
 - Setting up a special task force in charge of attracting foreign capital and pushing central government to lift regulation in the area of knowledge based industries
 - Attracting LG-Phillips plant in Paju is regarded biggest success and the largest direct investment ever in Korea
 - the region is reported to attract 14,000 million USD in more than 140 places

Locals take initiatives against central government in the field of industrial policy?

- Flagship project of Incheon government : Building Free economic zone in reclaimed land
 - Huge national development project which cover 51,739 acres, all most half of Seoul, in a bid to create globally competitive business hub in the Northeast Asian region
 - The project consists of three different Incheon City districts : Songdo, Yeongjong and Cheongna
 - It need huge central government's financial support and deregulation measures as well as aggressive drive for foreign investment attraction



- Different attitude towards central government
 - Noh Mu-Hyun government introduced **ambitious ‘balanced regional development policy’ package** in 2003
 - **Building ‘new administrative city’** at *Yeongi*, a rural town in the center of peninsula, and placing major administrative functions
 - Relocating major state-run companies and research institute to newly built 10 **‘innovation city’** which sit in every corner of nation
 - Building **‘enterprise cities’** in the non-capital region to attract private investment
 - SMR governments expressed stern disapproval first but their attitude changed slightly
 - **Seoul** : “Capital relocation is nothing more than capital division”
 - **Gyeonggi** : disapproval → approval
 - **Incheon** : tacit approval

- Different industrial base and different developmental strategies
 - Seoul, **the post-industrial and/or post-developmental city**
 - pursuing ‘cultural/creative city’ or ‘world design capital’ staying away from developmental sentiments which are still pervasive in the other area of the nation
 - Gyeonggi, **the developmental city with powerful economic engine, knowledge based manufacturing industries**
 - thanks to flourishing industrial network with Seoul, the city is well positioned to seek a industrial hub for high-tech and knowledge based industries
 - Incheon, **the developmental city with weak industrial base but locational edge**
 - Mega developmental projects are ongoing with central government support to become a logistic and business hub in the Northeast Asia.

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- President Lee Myeong Bak, former major of Seoul, recently put forward neo-liberal regional policies such as
 - Partial deregulation of SMR : allowing location of new firm in SMR to a certain degree
 - Easing land use regulation : abolition of development fee and easing
- But basic structure has been remained untouched, since mounting objection from rest of the region
 - Seoul : **looked uninterested** in recent development
 - Gyeonggi : **fiercely criticized** 'central government's political compromise'
 - Incheon : **silenced** in hope to receive continued support from central government

- **Strong tendency towards local entrepreneurialism** after the crisis
 - Neo-liberalism and city competition discourse
 - Widened disparity between SMR and rest of the nation in terms of economic and political resource
- Central government in a pinch
 - **Losing coordination and distributional power**
 - Voices for devolution from locals, but still have a lot to do
- Emerging coordinated governance in SMR?
 - Understanding SMR as a unitary economic and life space
 - **Overcoming local developmentalism as well as ‘Seoul vs rest of the nation’ confrontation**
 - Rearranging administrative boundary?

Thank You

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