

Urbanization and Urban Policies in Korea

I .Introduction

According to the 2005 Revision of the UN World Urbanization report and the 2007 UN State of the World Population report, the population in urban area will increase from 3.2 billion in 2005 to 4.9 billion in 2030. About 93 percent of the added population will live in urban areas of developing countries. Developing countries are very concerned about how to achieve economic growth, while accommodating the rapid urbanization.

Korea has a successful experience in achieving both industrialization and urbanization simultaneously during the same time. This successful urbanization and industrialization of Korea is different from one of Western developed countries. In this respect, Korea can be the very role model which developing countries want to follow for their successful urbanization and economic growth in the future.

The World Bank, charged with assisting developing countries, showed an interest in Korea's urbanization experiences. The World Bank requested Korea Research Institute for Human Settlements (KRIHS) to review the past urbanization experience of Korea, and KRIHS conducted research on Korea's urbanization from July 2010 to December 2010. The G20 summit conference, held in November 2010, also adopted capacity building of developing countries as new agenda. Urbanization experience and urban policies of Korea so far can be shared with developing countries. The main findings of this study can be summarized in the following sections.

II . Economic Growth with Territorial Development and Urbanization

1. Economic Growth and Territorial Development Policy

Korea was a very poor country before the 1960s, whose the nominal Gross National Income (GNI) per capita was only 79 dollars in 1960. Due to development and implementation of six economic plans initiated by Korean government between 1962

and 1991, the nominal GNI per capita increased up to 6,147 dollars in 1990. The economic capacity of the private sector grew bigger and more competitive after 1990, and the GNI per capita in 2009 reached up to 17,000 dollars (Figure 1). Six economic plans developed by Korean government between 1962 and 1991 provided a guide to the private sector for their economic performance and institutionalized the surrounding system for free market economy through midterm polices. Spatial planning system was also established to support the economic policies and accommodate urbanization. The first national comprehensive territory plan adopted in 1972 was focused on growth pole development, but the following plans from 1982 promoted reshaping the existing spatial structure and forming the regional or metropolitan economic and settlement sphere.

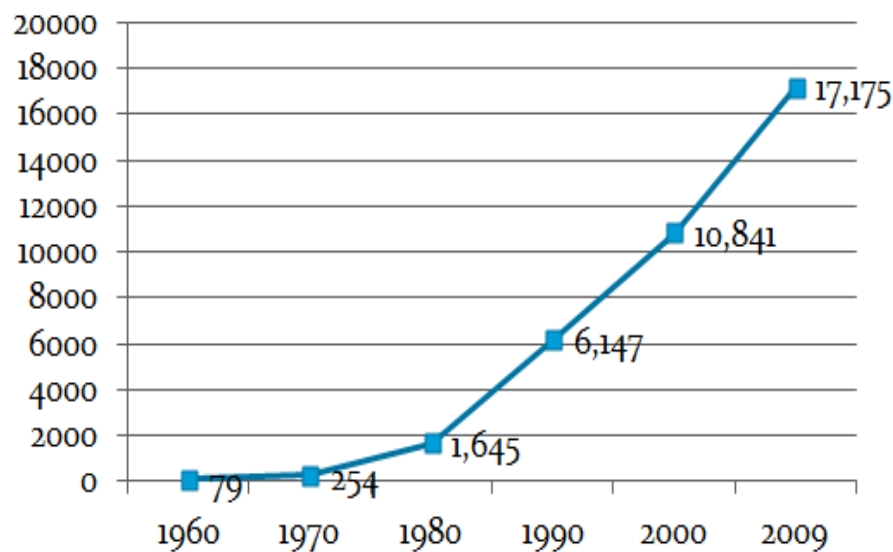


Figure 1. Nominal GNI per Capita (1960-2009, \$)

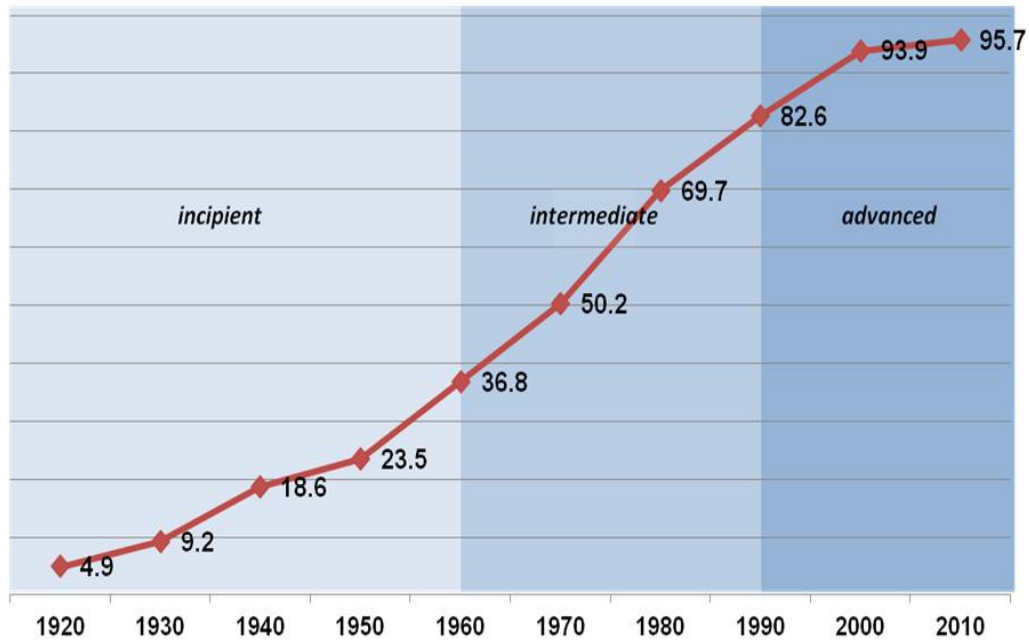


Figure 2. Urbanization Rate of Korea between 1920 and 2010
(Statistics of Korea Census)

2. Categorization of urbanization phases in Korea

Urbanization process can be generally divided into incipient, intermediate and advanced phases according to the urbanization procedure. Along with modernization, urbanization in Korea first emerged after the opening of Korean ports in 1876. Going through the colonized era and chaotic time of the Korean War in the 1950s, the incipient urbanization in Korea continues until 1960, when urbanization rate amounted to 35.8 percent.

Between 1960 and 1990, Korea experienced great structural change in territorial settlement system through the accelerating urbanization, with 82.6 percent of urbanization rate in 1990. Since 1990s, new urbanization pattern changed its focus from urban to metropolitan as mature urbanization phase, reaching almost one hundred percent of urbanization rate in 2010. As shown in Figure 2, the urbanization phase in Korea stepped from the intermediate to the advanced phase in 1990.

III. Indicator-based Diagnosis of urbanization process

The Korean urbanization profile of the accelerating urbanization since 1960s, can be analyzed through indicators representing urbanization procedure, urban development, and transportation linkage. The indicators are derived using the data on 165 cities and counties including metropolitan cities.

1. Urbanization procedure

According to Figure 3, large metropolitan cities experienced remarkable urban growth in the intermediate urbanization phase, the population of cities over one million reached the peak of 49.3% in 1990. On the other hand, the share of population living in cities between 20,000 and 50,000 have continuously decreased since 1980. In the advanced urbanization phase, the number of cities and the share of population living in cities with a population between 200,000 and 500,000 relatively increased.

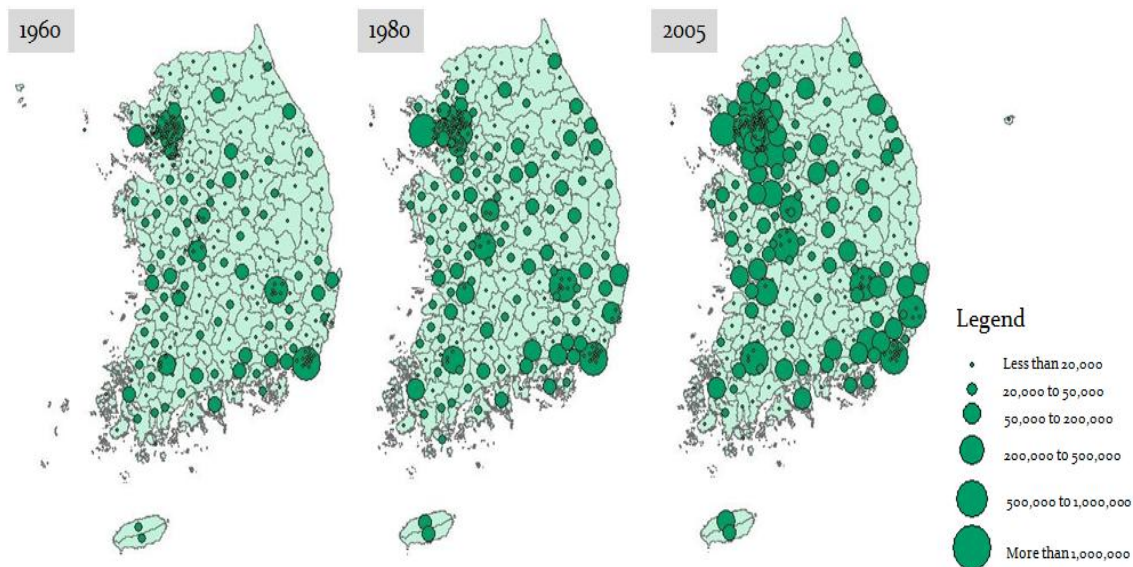


Figure 3. Change in Distribution of Cities by Size (1960-2005)

In 1960, the proportion of the employees working in the manufacturing sector was very small, and evenly across the country, but in 1985 the employees in the manufacturing sector concentrated in the Capital region and Youngnam region (South-Eastern part of Korea). The concentration of the manufacturing sector in both regions is reduced in 2005 (Figure 4.).

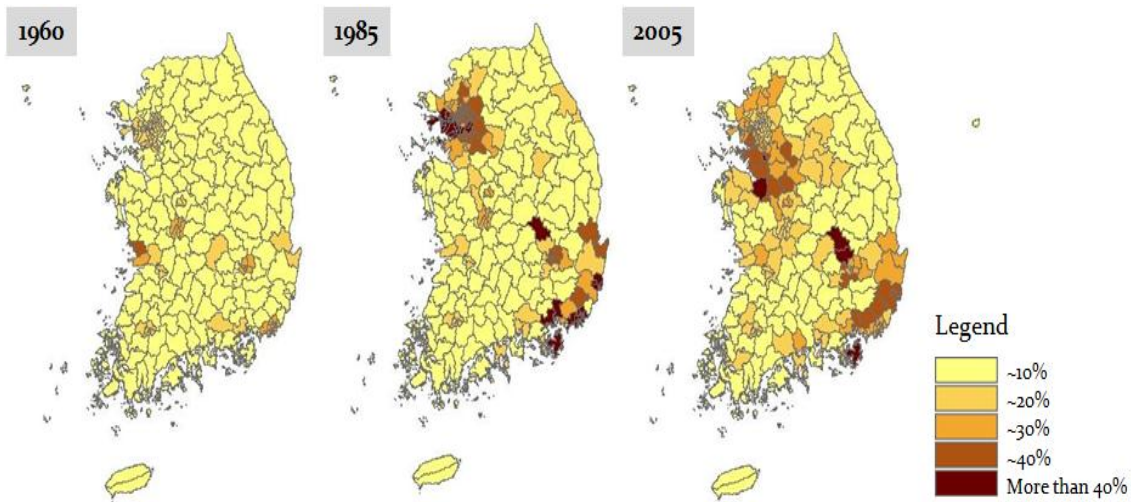


Figure 4. Change in the Share of Manufacturing Employees at the City-County Level(1960, 1985, and 2005)

2. Urban Development

Urban development can be analyzed using urban land expansion and housing supply. In average, 113 km² of urban land has been developed every year from 1975 to 2009, which was not concentrated in specific region but evenly distributed across the nation. The supply of urban land decreased between 1995 and 2000 due to the financial crisis in 1997 in Korea, but the large amount of urban land became available between 2000 and 2005 to compensate for the temporary decrease(Table 1).

Table . Urban Land Area Change by Land Use Categories

		1975	1980	1985	1990	1995	2000	2005	2009
Urban Land	km ²	2,792	3,327	3,708	4,216	4,850	5,030	6,101	6,638
	Increment (Rate,%)	-	535 (16.1)	381 (10.3)	507 (12.0)	634 (13.1)	179 (3.6)	1,071 (17.6)	536 (8.1)
Agricultural land		21,338	21,661	21,696	21,822	21,989	21,600	21,216	20,845
Mountains		63,776	63,203	64,249	64,346	65,506	65,143	64,805	64,472
Others		4,846	5,793	6,046	6,434	6,942	7,689	7,524	7,943
Total		92,752	93,983	95,700	96,817	99,286	99,461	99,646	99,897

Until 1985, housing supply ratio had continuously decreased because the production of housing units did not keep up with the increasing number of households. However, housing supply ratios have steadily increased since 1990, as a result of the construction of housing units proposed by the 2-Million Housing Construction Plan (1988-1992).

Although housing supply ratios for all regions have increased since 1990, the capital region is still showing a lower housing supply ratio than the national average by 5%(Figure 5).

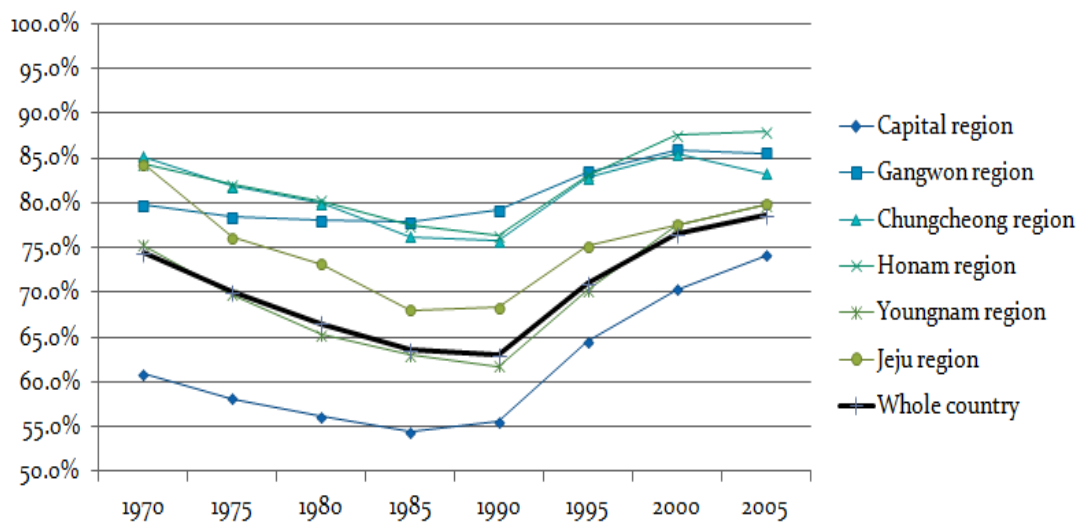


Figure 5. Change of Housing Supply Ratios by Regions

3. Transportation linkage

Rail roads have been continuously extended, but the number of registered vehicles has “skyrocketed” since 1990. Recently the increasing trend of the registered vehicles has been gradually slowing down since 2000(Figure 6). The proportion of areas accessible to the closest expressway within 30 minutes (or 30 km) increased from 14.7% in 1970 to 55.4% in 2010, which means that people are able to go to many places (other than mountain regions) within 30 minutes(Figure 7).

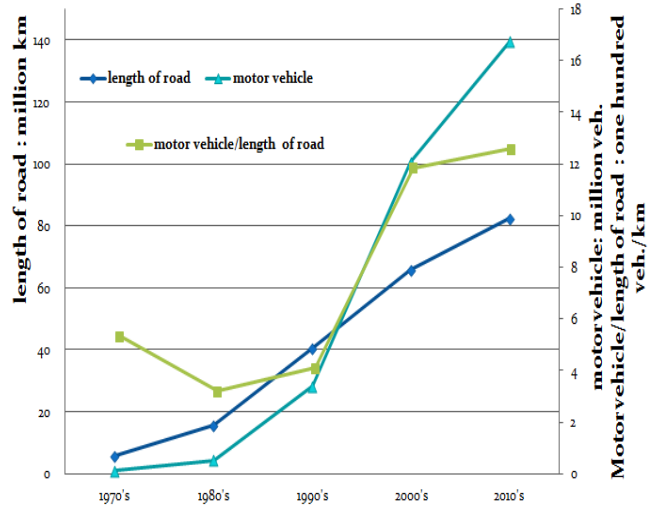


Figure 6. Change in the Number of Registered Vehicles per Road Length

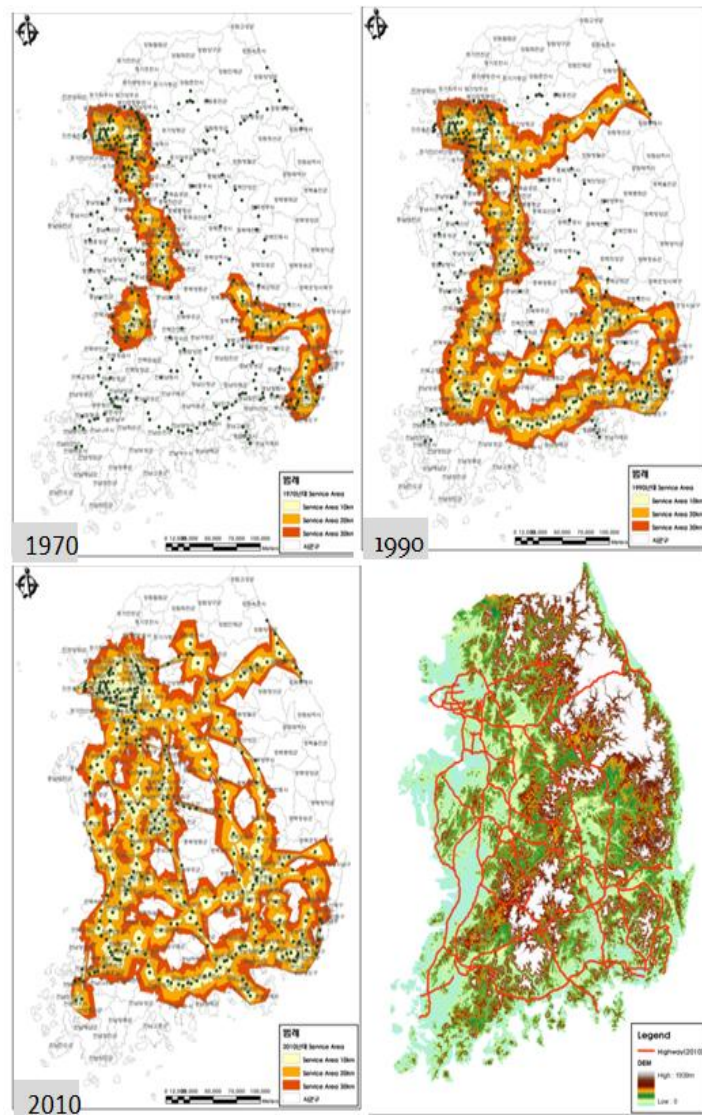


Figure 7. Change of Area by Arrival Time to the Closest Expressway Interchange(1970-2010) and Topographical Map (Bottom Right)

IV. Urban policies for accommodating urbanization

1. Urban Planning and Land Management

In the incipient urbanization phase, laws were enacted to implement urban development projects (1934), but in the intermediate and advanced urbanization phases, land use laws and regulations- such as floor area ratio regulations(1970) and land use conversion permits(1972) - and planning system such as long-term urban comprehensive planning (1981) were adopted chronically. In the intermediate urbanization phase, urban development regulations added ‘land acquisition by complete purchase’ together with existing ‘land readjustment’(1980). In the advanced urbanization phase, various kinds of urban development institutions and land use regulations began to be integrated respectively (2002), and regional planning was used(2000).

2. Housing Supply Policies

Housing supply policies were not a major concern in the incipient urbanization phase. In the intermediate urbanization phase, housing shortages became serious social issues and gradually got worse due to rapid urbanization. Recognizing this problem, the government endeavored to find a solution to the housing shortage and constructed a lot of housing units, mainly, apartments. The government’s housing construction policies such as the Housing Construction Promotion Act(1973) and the 2 million housing construction plan(1988) led to large-scale residential development focused on apartment construction. Due to these policy efforts, the most serious housing problems were greatly solved when entering the advanced urbanization phase.

3. Transport Policies

As the Kyoungbu (Seoul-Busan) railroad was opened at the end of Chosun dynasty(1904) and a railroad network had already been formed in the early Japanese colonial period, Korea was able to prepare for the formation of a more modern urban

structure in the incipient urbanization phase. In the intermediate urbanization phase, road network based on expressways such as Kyungbu(1970) was also constructed and contributed to the development of nationwide transportation systems. In the latter half of the intermediate urbanization phase, urban highways and subway lines were built. In the advanced urbanization phase, the Korea Train Express (KTX) line was constructed(2004) and reduced the entire nation into a half-day life zone.

4. Residential Policies in Low-income Neighborhoods

In the incipient urbanization phase, land ownership by a few landlords or the ruling class forced farmers to lose their land and move to urban areas. And also the Korean War caused enormous migrants to cities. In the intermediate urbanization phase, industrialization made rural people move to cities in order to take advantage of their job opportunities. While this concentration of rural population in urban areas was in progress, numerous low-income deteriorated neighborhoods such as shanty towns and deprived areas on the hillside were formed within urban areas. Later, in the intermediate urbanization phase, these poor neighborhoods were removed to create more efficient land use, and a great number of apartments replaced the poor-quality houses. Due to these efforts, dense low-income deteriorated residential areas were greatly reduced in the advanced urbanization phase. However, the residents from the low-income neighborhoods were scattered over outlying metropolitan areas or satellite cities, and lived in sub-standard housing units such as building attics or basements.

V. Implications of urban policies for the developing countries

From the Korean experiences, rail road infrastructure invested in the incipient phase played an important role in population concentration to the cities all over the country. Since the railroad network had already been constructed in the incipient urbanization phase, modern cities were able to be built around railroad stations.

Urban planning regulations during the incipient urbanization phase was focused on implementing land development projects. However, as urbanization progressed, efforts to institutionalize land use control system were made in the intermediate phase of the 1970s, and in the advanced phase, the planning system for long-term plans was established.

But along these urbanization process, the housing shortage problem had been worse until the large scale housing construction policy was developed and implemented within rapidly developing metropolitan areas. From 1990s the Korea urbanization and urban policies has been going towards metropolitan focus with a goal of solving the housing shortage problems. These policy issues were different from the preceding issues, mainly related to the large city growth. This whole process could be characterized as a process of accommodating the urbanization to the spatial characteristics of economic growth, which is different from the Western experiences. In the future, the new urban policies are expected to focus on environmental quality and regional cooperation, as Western developed countries experienced.

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