

## INSTITUTE OF CURRENT WORLD AFFAIRS

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Seoul: Coping with the Fallout from Prosperity

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Dear Peter,

Many first-time visitors to Seoul, coming for the 1988 Olympics, will be in for a shock. They will have read about Korea's remarkable economic growth. They will know that the rubble-strewn, depopulated city left after the Korean War has been completely rebuilt, and that rapid growth has made it one of the largest cities in the world. They will know that the Korean people are not poor.

But for most people it will take a first-hand look to realize that Seoul is not just a developing, overbloated Third World city. Instead they will find a modern and, by world standards, affluent metropolis that is the center of a vibrant economy. They will see a gleaming new subway system, and block after block of office towers that rival the mountains surrounding Seoul for supremacy. They will see carefully-landscaped parks and athletic fields along the Han River, and the nearby apartment blocks will draw sighs of envy from many of the African and Asian delegations.

They will see a city enjoying the fruits of nearly three decades of almost miraculous economic growth.

But they will also see that while Seoul enjoys the fruits of modernity, it has not escaped the difficulties that characterize modern cities everywhere: modern pollution, traffic congestion, urban crime and crowded housing for the poor. And unless things change drastically, they will see a city locked into debate about its own past and future, trying to respond to a chorus of complaints that Seoul has grown too big for its own good and, for that matter, for the good of Korea.

The debate has a strangely academic ring to it. It was in 1964, 20 years ago, that the National Assembly first passed measures calling for restrictions on the growth of large cities. Then Seoul's population was a tame 3.4 million. Now, when it has begun to push 10 million residents, all those measures to hold down Seoul's population seem to have had precisely the opposite effect. Meanwhile, the debate has become far less academic. Economists say that the overbloated city itself has introduced serious inefficiency into the economy.

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The city has grown at a staggering pace, matching the most rapidly-growing cities anywhere in the world. Hundreds of thousands of people have poured in each year from the rest of the country, helping to push the city's population up by an average of 300,000 persons annually since 1960. The rate of increase has gradually declined to 4.4% from the 1960s, when the annual increase rate was 9%, but about the same number of people on average keep coming. In 1983 the population rose to 9.2 million, according to city records, and many experts say the population has now soared above 9.6 million.

The numbers are enough to give many city planners a steady sinking feeling in their stomachs. When they first began to complain about overconcentration in the city in the 1960s only 10% of Koreans lived in Seoul. Now nearly a quarter of all south Koreans live in the city proper, which occupies just .63% of the nation's territory. About one-third of the nation lives inside the urban sprawl that has grown to include a belt of crowded industrial satellite towns and the port of Inchon.

The city has resembled an enormous open construction pit for the past decade and a half. The population long ago spilled out of the old city walls and the four gates that ring the downtown area. The miles of high-rise apartment blocks south of the Han River went up like a field of mushrooms in the 1970s, and now accommodate over 40% of the city's residents. The greenbelt, specified as off-limits for development in 1972, put a ring around the city's expansion, but people just kept crowding in.

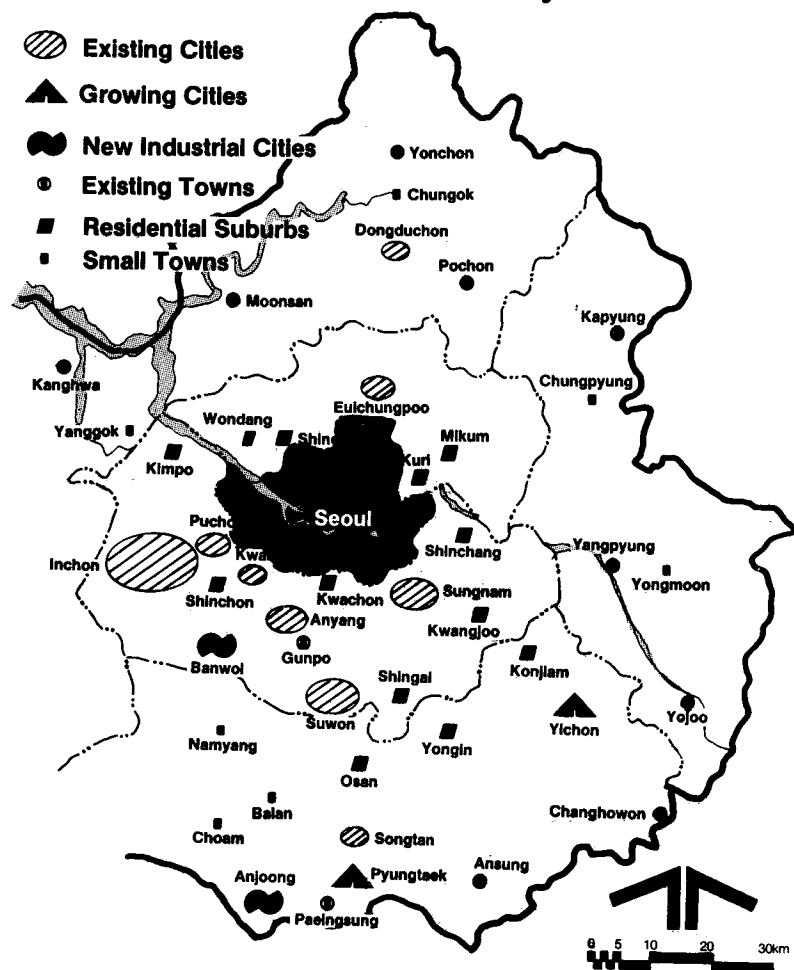
Now that the population density has passed an incredible 15,000 persons per square kilometer, more people are beginning to question whether it makes any sense to have so many people crowded into such a small area--an area within easy missile range of their North Korean enemy. And the people doing the questioning are not just college professors and professional city planners. They are people standing shoulder to shoulder on the subways and buses, spending hours trying to get to work on time, breathing in foul air while they sit piled up in traffic crossing the Han River.

And they are also people trying to find a decent place to live in the city, being forced to double and triple up in small, sometimes illegal, houses with other families because they cannot match the speculative bidding that has driven home prices out of reach for much of the population. And yet, people keep coming. The city has a lure for Koreans that goes beyond a host of practical reasons for coming.

"When I was growing up, Seoul seemed like the center of everything," says one native of the city. "It's a fascinating place," says a Korean professor who has spent many years in the United States. "There is something going on all the time and it is always changing."

Seoul is the center of Korean life, and has been for the past 500 years. Under the Yi Dynasty's tightly centralized Confucian bureaucracy, all routes to success passed through the capital. And for most Koreans today, they still do. The capital hosts all the top universities and all important cultural institutions. The government, with its vast economic as well as political power, is here. Over 80% of all Korea's corporations have their headquarters in Seoul. They have to. Here are their customers, their suppliers, and the banks they borrow money from, not to mention the international links so vital

## The Metropolitan Area Readjustment Plan



for Korea's export-oriented economy. Seoul boasts 64% of all Korean bank deposits and 58% of the nation's passenger cars.

Most people move to Seoul because it is the vital economic center of the nation. Of the city's current residents, 42.5% came to take a job or find one, or to relocate a business, according to a 1980 Korea Research Institute for Human Settlements (KRIHS) survey. Of the city's residents, 17.9% first came to attend or send their children to Seoul's schools, and they stayed. It isn't easy any more to find a native of the city.

People moved to Seoul to take advantage of the remarkable opportunities created by Korea's economic growth. In that sense, overcrowding in Seoul is a price the nation has had to pay for its export-led development strategy. In a report for the World Bank, Seoul National University professors Song Byung-Nak and Choe Sang-Chuel write that because of the need for export-manufacturing industries to locate near good international ports, "the rapid development of the Seoul-Inchon area and the Pusan region could be explained to a substantial degree by Korea's national development strategy itself."

The provision of subsidized loans to export industries further distorted the nation's pattern of growth and concentrated available capital in the Seoul and Pusan regions.

Looking strictly at economic growth rates, concentrated regional investment has paid off handsomely. Yet Seoul has begun to impose a heavy cost on the nation because when a city's size expands beyond several hundred thousand, the per-capita cost of providing urban services escalates sharply. The Korea Development Institute calculated that in 1976, when the city's population was 7.5 million, the annual per-capita cost of social services was 92,591 won. Yet in 1980, when the population stood at 8.4 million, that cost had more than doubled to 229,590 won. The increase is reflected by an explosive growth in the city budget, which went up 436% in the five years from 1977 to 1982, from 319 billion won to 1.37 trillion won (about \$1.7 billion at current exchange rates).

Yet even though the costs have skyrocketed, five or six specialized administrative organs, a series of 28 approved plans, and 15 legal enactments to slow the city's growth have failed to make any noticeable impact, even when they have been consistently implemented. The most apparently successful measure was the push during the 1970s to restrict the expansion of universities in the capital and make many of the top schools open branches in the provinces.

As a result of these policies, Seoul's share of the nation's student population has steadily declined from 66% in 1970 to 43.9% in 1980 and 34% today. Yet much of the gain on paper has been offset by the greatly increased load on the transportation system. Many of those schools set up branches within commuting distance of Seoul, and few people were willing to give up their Seoul addresses.

Reshuffling the universities did not ease Seoul's problems; it complicated them. Some university faculty, unwilling to let their children attend schools outside of Seoul, commute each week to places as far away as Kyongju, five hours by bus. In any case, the impact on Seoul's population is only short term. "When students graduate from schools in the provinces, they can't find jobs there anyway, and eventually they all come to Seoul," says one urban planner.

Seoul National University, the nation's most prestigious institute of higher learning, moved its campus out of the central districts of the city to Kwanak, which in the early 1970s, before the massive development of areas south of the Han River, seemed like a remote, pastoral location. Yet as the city expanded south, the university found itself once again integrated into the city, and the university's location has complicated transportation problems. As one city planner put it, "Moving Seoul National University to Kwanak was a complete failure. It should have been pushed out to Taejon or even farther to the south."

Since 1977, the government has been fairly consistent about prohibiting new factories and workshops from setting up in the city. Many of the dirty, polluting industries have also been pushed out of the downtown and residential areas, and have been forced into satellite towns like Sunghnam or Banwol, designed to relocate Seoul-based factories.

But even when the factories go, the workers do not always follow. No one really wants to leave Seoul, and many of the new industrial towns did not plan for adequate housing or other city services. Workers also could not afford to pay the price of new apartments. According to one housing specialist, however, in Banwol, the newest of the industrial towns, new housing and shopping facilities are being completed. With help from the government, workers are now able to afford to live there.

Yet as manufacturing has found another home, out of the city proper, if still within the region, service industries have moved in to more than take its place, a shift well attested to by the adolescent growth spurts of Seoul's skyline.

The government periodically brings up plans to build an "administrative" capital in Taejon, 153 kilometers to the south, and move down many of the government bureaucracies. But few people seem to take the plans seriously any more. Urban planners have suggested the move would do little except raise the government's phone bill and send legions of government officials shuttling back and forth between Seoul and Taejon, putting further strains on the crowded highway system and loading up the trains. Says one urban planner, "Taejon would just become another suburb of Seoul."

Last June, after 2½ years of being shuffled back and forth between the ministries, the cabinet finally approved a Seoul metropolitan region re-adjustment and development plan. The plan now is before the National Assembly, which must pass enabling legislation. The plan's main goal: reduce the concentration of urban activities in central Seoul and spread urban development across a broad belt to the west and south of the city by creating multiple poles for concentrated growth within the region.

The plan offers a grand vision of Seoul's future. Schools and factories near the downtown areas would be pushed out, to be replaced by neighborhood parks. New sub-centers of business and industry would be spread around the metropolitan area to relieve pressure on the central business district. New roads and railroads would link the satellite towns to each other and to the central city, eliminating the disadvantages of locating away from the center of the hub. A new harbor would be built at Asan Bay to the southwest and the capacity of the port of Inchon would be doubled. A new Seoul-Inchon highway would go in, as well as a fuel pipeline directly linking the port to Seoul. To the east of the city, and throughout the Han River Basin, strict regulations would protect the environment. New parks would provide Seoul's residents with places to relax and enjoy themselves on weekends. To the city's north, development would be restricted at least for the time being for security reasons.

But a lot of people doubt whether this grand vision will ever come to fruition. Says one urban planner, "Ninety-five percent of all development plans are shelved as soon as they are adopted." Another says, "Only 20% of the plan will ever be implemented." Yet another, "It is less of a plan than a collection of projects requested by the different ministries."

The plan envisions the creation of a metropolitan regional authority directly under the prime minister that would be responsible for coordinating all the ministries concerned in order to achieve the plan's primary goal: dispersing Seoul's overconcentration.

Yet special authority is often equivalent to no authority, as it has been so often in the past. And inter-ministry rivalry can easily get in the way. Says one government official, "All governments have problems coordinating work among many ministries and bureaus. Korea has more problems than most."

According to Kwon Tai-Joon, dean of Seoul National University's School of Environmental Planning, of all the ministries involved, only the Ministry of Construction, which drew up the plan, has expressed strong interest in restricting the population of Seoul. Yet the ministry lacks the implementing authority.

The Economic Planning Board is more interested in investment priorities; the Ministry of Trade and Industry is concerned about the plan's cost to industry, which could be substantial; and the Seoul City government is more concerned with making Seoul into a beautiful city, an expensive proposition that makes it worry about keeping its tax base intact. That is not helped much by pushing businesses out of the city or restricting construction in the downtown area. The Home Ministry too will have to get involved in implementing the plan outside the city proper. But observers say it is unenthusiastic about the plan, in part because it had no role in drafting it.

Other considerations too keep intervening to upset plans to slow down the pull that Seoul has on the rest of the nation. The most obvious is all the construction associated with the 1988 Seoul Olympics. Hwang Yong-Ju, an urban planner at KRIHS for many years, has calculated the cost of constructing all the facilities at over 320 billion won (nearly \$400 million). Not only does the construction draw more people to the city with the increased job opportunities, but it also takes money from the pool of funds that might be used elsewhere in the nation to spur regional development and create opportunities so that people do not have to leave home for the capital.

Whether it be economic growth, national security or the Olympics, something is always more important than restricting the growth of Seoul. Limiting the size of Seoul has no strong constituency. In principle, it would benefit many people, but no one wants to be the one to go.

Many planners, when they look at what has become of their beautifully-formulated blueprints, complain bitterly about the lack of will power in the government. But some of them turn the blame on their own colleagues. Many city planners have a professional background in architecture and engineering, and have conceived of their job as drawing up elaborate maps and physical plans. Says one planner, "They don't realize that city planning is principally a political problem." As a result, plans are often sweeping but unrealistic.

"The plans have called for businesses to move out of the city and locate elsewhere," says one planner, "but there has never been a good study of what would make locating outside of the city more attractive." Kim Jeong-Ho, a senior research fellow at KRIHS, suggests that the plans should be smaller in scale and drawn up in direct consultation with the people affected, using indirect economic levers, such as taxation, instead of heavy-handed administrative regulations. "Planners should offer alternatives to the politicians and let them choose, not develop a grand master plan and try to shove it down their throats."

Professor Kwon of SNU takes a more relaxed approach: "Planning is not really much of a force in the development process," he says, "but planners have not realized it yet. Because they think of the plan as a physical blue-print, it is doomed to be changed every year." Professor Kwon does not think that planning can, in the long run, do much to restrict the growth of Seoul if it relies only on restrictive measures such as making students study elsewhere or pushing businesses out. But, he says, "Seoul is not Mexico City." Unlike Mexico City, Seoul is not a city that is being overwhelmed by the poverty that surrounds it.

A time will come, Kwon predicts when Korea's domestic market throughout the nation will develop and begin to balance the pull of exports. When that happens, secondary cities like Taejon, Kwangju and Taegu will begin to draw resources and people on their own strength, and the absolute advantages of being in Seoul will begin to erode.

Many planners also believe that won't happen until local administrative and political autonomy becomes a reality in Korea. As it is, local business leaders lack the means to get involved in and push for measures that benefit the development of their own communities. According to Kwon, the government has in effect told the localities, "'You stay there and wait, and we'll do something for you.' But that will not stimulate local initiative." Kwon says that cities have to stop waiting for the central government and must develop their own means for growth. But to do that, they may need stronger local political institutions.

The huge amounts of money being spent in Seoul on the subway and the Olympics will delay the time when other cities can take off on their own. And just how long it takes will have a big impact on Seoul's population. If it takes longer than five to ten years, the crush on Seoul may become unbearable. It will determine whether the population will swell to 12 million by the 1990s, and to 15 million by the end of the century, as demographers now predict.

Perhaps city officials can take some comfort that their city's immense difficulties are the problems of success, not the results of economic failure. It may be their only solace, because if the past is any guide to the future, there is little they can realistically do except to watch and wait, and make the best of a situation that is fundamentally out of their control.

Best,



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