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THE TERRITORIAL POLITICS OF REGULATION UNDER STATE CAPITALISM:
UNEVEN REGIONAL DEVELOPMENT, REGIONAL PARTIES, AND THE
POLITICS OF LOCAL ECONOMIC DEVELOPMENT IN SOUTH KOREA

DISSERTATION

Presented in Partial Fulfillment of the Requirements for
the Degree Doctor of Philosophy in the Graduate
School of The ohio State University

By
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The Ohio State University
2001

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Geography Graduate Program
Emphasizing the existence of diverse forms of politics of local economic development under diverse social, political, and institutional conditions, this research aims to examine the relation between the conditions and the forms of local development politics. In particular, it focuses on how the nature of party politics affects the ways in which territorial interests are materially and discursively constructed and politically mobilized in regulatory processes.

Empirically, this research addresses a distinct form of the politics of local economic development that is encountered in South Korea: a politics of regionalism. Main analytical questions in this research are: 1) under what conditions have party political cleavages been constructed around territorial interests?; 2) how has the territorialized party politics affected the ways in which territorial interests are defined and mobilized in the processes of regulation. For this analysis, this research employs qualitative methods, focusing on two case studies, which have been chosen to underline the ways in which the regionalist politics in South Korea has evolved over time.
This research suggests that the regionalist forms of local development politics in South Korea has been constituted through the following processes:

a. Due to the government's repressive labor regulation, labor movement organizations have not been strongly organized at the national level and class politics has been weak. In this context, class-based cleavages have not been important for party politics.

b. Given the fact that 1) regional economic disparities have increased due to the geographically unequal effects of government industrial and regional policies and 2) regional representation in the state (in terms of the composition of national ruling elites) has been regionally biased, political parties have constructed region-based political cleavages by utilizing the issues of uneven regional development.

c. Accordingly, political parties have tended to be very active in the politics of local economic development. As a result, different territorial interests have been mobilized in different regions with respect to the regulatory processes led by the central government.

d. Territorially fragmented working class interests and prevailing regionalist discourses have lent strength to the persistence of regionalist party politics.
Dedicated to my parents
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1.1. Problem Orientation

For the last decade there has been increasing attention given to the politics of local economic development among Anglo-American scholars. Concepts, such as urban growth machines, pro-growth or anti-growth urban regimes, public-private partnerships, and urban entrepreneurialism, have been increasingly used by geographers, sociologists, political scientists, and planners to explain the politics of local economic development (Peterson 1981; Logan and Molotch 1987; Molotch 1976; Fainstein et al. 1986; Stone 1989, 1993; Swanstrom 1993; Wolman and Spitzley 1996; Hall and Hubbard 1998; Jessop 1997).

These theories, however, tend to confine their discussions to the consideration of the sorts of highly localized and bottom-up political processes typical of the United States. As such, they provide limited purchase on diverse forms of the politics of local economic
development associated with quite different socio-political conditions. Lending impetus
to this tendency is towards context-dependent theorization, is the fact that some scholars
have recently argued that, as a result of processes of globalization, the various forms of
local development politics found in different countries will ultimately assume the
character of American-style local development politics, such as the politics of
entrepreneurial urban governance and the politics of public-private partnerships (Mayer,
1994; Stoker and Mossberger, 1995; Hall and Hubbard 1998; Jessop 1997).

Challenging this approach, I argue that the place-specific social and institutional
conditions under which political activities for local economic development are played out
produce diverse forms of local development politics. In other words, different societies
and countries have different socio-political conditions and institutions, which facilitate or
constrain political activities on behalf of local economic development in various ways.
Thus, diverse forms of local development politics can be constituted in different societies
and places. There is, therefore, no linear path in the process of local development politics.

1.2. Research Questions

With this problem orientation, this research aims to examine – both conceptually
and empirically – the relation between social, political, and institutional conditions and
particular forms of local development politics.
In conceptualizing the links between the conditions and the forms of local development politics, I rely on a critical realist approach that emphasizes the distinction between the necessary forces generating certain social relations or phenomena and the contingent conditions affecting the concrete expressions of those relations or events. This realist approach helps me avoid an over-extension of understandings that are, on closer inspection dependent on particular social and political contexts.

In this sense, this research has two major conceptual tasks. First, it attempts to conceptualize the necessary forces generating the politics of local economic development at high levels of abstraction. In doing this, I see the politics of local economic development in terms of the ways in which a politics based on territorial interests – a territorial politics – is constituted in the processes of regulation. As an abstract-level conceptualization of the politics of local economic development, this dissertation suggests: efforts for local economic development require certain regulatory processes, which are always political and contested because different social interests can be constructed with respect to particular regulatory projects; though class comes to be the major structuring force of politics of regulation, interests are often defined and mobilized around territorial cleavages; in particular, when tensions regarding particular regulatory projects are externalized so that struggles internal to particular places become struggles
between places or places at different scales, interests are constructed and represented in territorial terms and a territorial politics is constituted.

At the more concrete level, however, the ways in which interests are territorially defined and the degree to which the politics of regulation is territorialized, may vary depending on the particular social and institutional conditions. In this sense, my second task is to build some conceptual links between the conditions and the forms of local development politics. In particular, I focus on how the nature of party politics affects the ways in which territorial interests are materially and discursively constructed and politically mobilized in regulatory processes. In the capitalist state, and assuming democratic political systems, political parties compete for power and support; they need to build a social base and hence tend to be very active in constructing the cleavages of interests apparent in particular societies. Thus, the ways in which territorial interests are mobilized in the politics of regulation can be significantly affected by the ways in which parties construct cleavages of interests. In addition, I discuss how the construction of party political cleavages can be conditioned by other socio-political conditions. They include: 1) the state form, 2) interaction between parties, and 3) the territorial nature of interests in civil society (e.g. the territorial nature of capital and working class interests and the role of hegemonic discourses in territorializing interests).
On the basis of the conceptual discussions, this research empirically addresses a distinct form of the politics of local economic development that is encountered in South Korea: a politics of regionalism. In contrast to the US and Western European countries, the politics of local economic development in South Korea has been deeply intertwined with regionalist party politics. Major cleavages in South Korean party politics have been regional in character. Thus, parties have been actively involved in regional development issues in order to mobilize their respective support bases. In this context, and as a result of their mobilization by political parties, different territorial interests have often been constructed in different regions or localities.

A guiding analytical question in this research is: “how have regionalist forms of local development politics been constituted by the regulatory processes governing local and regional economic development in South Korea?” More particularly, this research investigates the following two questions:

a. Under what conditions have party political cleavages been constructed around territorial interests?

b. How has the territorialized party politics affected the ways in which territorial interests are materially and discursively defined and politically mobilized in the processes of regulation?
Exploring these questions, this research suggests that the regionalist forms of local development politics in South Korea have been constituted through the following processes:

a. Due to the government's repressive labor regulation, labor movement organizations have not been strongly organized at the national level and class politics has been weak. In this context, class-based cleavages have not been important for party politics.

b. Given the fact that 1) regional economic disparities have increased due to the geographically unequal effects of government industrial and regional policies and 2) regional representation in the state (in terms of the composition of national ruling elites) has been regionally biased, political parties have constructed region-based political cleavages by utilizing the issues of uneven regional development.

c. Accordingly, political parties have tended to be very active in the politics of local economic development. As a result, different territorial interests have been mobilized in different regions with respect to the regulatory processes led by the central government.

d. Territorially fragmented working class interests and prevailing regionalist discourses have lent strength to the persistence of regionalist party politics.
1.3. Methodological Concerns

This kind of analysis requires an in-depth understanding of some selected political processes. Accordingly, this research employs qualitative methods, focusing on two case studies. These have been chosen to underline the ways in which the regionalist politics in South Korea has evolved over time.

The first case study addresses the politics of regionalism that developed in relation to a divide between the southeastern and the southwestern parts of South Korea in presidential elections in the late 1960s and the early 1970s. Since the South Korean regionalist politics first emerged through the southeast-southwest electoral divide and hence we can understand the historical origin of regionalist politics in South Korea through this case study. In particular it examines how regionalist politics in South Korea was constituted in the context of state-led capitalist development in the 1960s and the 1970s. It does this through asking the following questions: 1) how did processes of state-led capitalist development in the 1960s and the 1970s provide the context in which political parties constructed social bases on the basis of territorially defined political cleavages?; 2) how did the territorialized party politics affect the ways in which the politics of local economic development was constituted in the form of politics of regionalism?
The second case study is about a politics of regionalism occurring in the context of an inter-local conflict between Taegu and Pusan, two major cities in southeastern Korea. This case is significant because it addresses a different form of regionalist politics evolving in the 1990s, in particular its construction at smaller and more local spatial scales. Through this case study, the research aims to answer two questions; 1) how have the political changes of the late 1980s and the early 1990s – characterized as political democratization and government decentralization – affected forms of the politics of local economic development in South Korea?; 2) how has a regionalist politics persisted despite these changes in the socio-political environment?

Data collection for the case studies has relied on archival research and interviews. Archival research has been mandated for the former case study since the electoral divide between the southeast and the southwest happened approximately 30 years ago and alternative forms of qualitative investigation are, therefore, pre-empted. Archival research has been also used for the analysis of the new form of regionalist politics in the 1990s. For this, I have used various sources, such as the documents of both central and local governments, chambers of commerce, political parties, civil organizations, and central and local newspapers.

In addition, interviews were a crucial means of gathering information, especially for the case study on the regionalist politics in Taegu in the 1990s. Approximately 25 in-
depth interviews were conducted with 3 local officials of Taegu City, 2 members of Taegu Municipal Council, 1 former member of the Economic Advisory Committee of Taegu City, 2 staff members of the Taegu Chamber of Commerce, 1 staff member of the Dahlsung Chamber of Commerce, 3 staff members of Local Business Organizations, 4 staff members of local labor unions, 3 staff members of local civil organizations, 2 reporters of local media, and 2 university professors in Taegu, 2 staff members of the Central Headquater of the Federation of Korean Trade Unions (FKTU) and 1 staff member of the Korean Confederation of Trade Unions (KCTU). The interviews focused on identifying the motivations behind each of the respondent’s action in the political processes with respect to the Taegu-Pusan tension.

Based on the materials and data collected through archival research and interviews, I have attempted to probe the following questions: 1) what were the material bases for the inter-regional or inter-local tension in the two case studies?; 2) under what conditions were those material bases constructed?; 3) who played a key role in defining and mobilizing interests in territorial terms and why?; 4) which conditions facilitated or constrained those actors’ territorializing political practices?
1.4. The Structure of the Thesis

My dissertation comprises four chapters. First, I present a conceptual framework for studying the territorial politics of regulation in Chapter 2. This chapter provides, in the first place, an abstract view of the territorial politics of regulation. Then, comparing the forms of local development politics in the US, the UK, and South Korea, it discusses the conditions that may contribute to the diverse expressions of territorial politics.

Chapter 3 contextualizes my case studies in terms of state-led capitalist industrialization in South Korea. In particular, it briefly discusses the conditions facilitating the emergence of regionalist party politics, explaining how they have been shaped in the context of state-orchestrated capitalist development and proposing causal linkages between these conditions and regionalist politics. Chapter 4 deals with the first case study, which addresses the SE-SW electoral divide in the late 1960s and the early 1970s. Chapter 5 discusses a politics of regionalism that occurred in relation to the Taegu-Pusan conflict in the mid 1990s.
CHAPTER 2

LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK:
THE TERRITORIAL POLITICS OF REGULATION –
ABSTRACT FORCES AND CONTINGENT EXPRESSIONS

For the last three decades, 'regulation' has been one of the most important key words in attempts to understand the political economy of capitalism. There have been numerous efforts to understand the reproduction of capitalism in terms of regulation. Indeed, the 'regulation' notion has provided valuable insights into diverse aspects of capitalism, including not only political economic dimensions, such as business activities, political processes, government structure, capital-labor relations, etc., but also social and cultural dimensions, such as consumerism, suburbanization, domestic life, etc. Also, geographers have widely used the 'regulation' concept to explain diverse spatial processes in capitalism, such as regional development, local politics, urban planning, and the like.

Despite these achievements and contributions, existing studies on regulation lack understanding of its territorial character. Regulatory processes can be associated with diverse forms of territorial interests, which include not only those co-extensive with a
regulatory authority's geographical jurisdiction but also with respect to those that are at smaller geographic scales within those jurisdic-tional boundaries. Existing studies, however, have rarely paid attention to this dimension of it. With this problem orientation, this research aims to explore the relationship between regulation and territorial interests. It is especially interested in the ways in which a politics based on territorial interests and cleavages is constituted in regulatory processes.

Regulatory processes are always political because diverse social interests are at stake in regulation. Since a certain regulatory strategy privileges the interests of certain social groups at the expense of others, different social groups, based on class or division of labor, have different interests with respect to particular regulatory processes. Thus, regulatory processes are always conflictual. However, the social interests often assume a territorial form. In other words, interests can be constituted in territorial terms in the context of the emergence of political tensions and conflicts around regulation. In conceptualizing the relation between regulation and territorial interests, this research focuses on the following two questions. First, how are territorial forms of politics materially and discursively constructed in the context of regulatory processes? Second, under what institutional conditions are the representation and mobilization of territorial interests facilitated or hindered in that politics?

This chapter is composed of three sections. In the first section, I will provide a critical review of the existing literature on regulation, focusing on its conceptualization of space and territoriality. Second, I will discuss the abstract forces of territorialized regulation. Focusing on the relation among regulation, institutions, and politics, this
section will provide an abstract conceptualization of the processes through which regulation becomes politicized on the bases of territorial interests and cleavages. Moving to more concrete levels, the third section will address diverse forms of territorialized regulation. Comparing the forms of territorial politics of regulation in the US, the UK, and South Korea, I will discuss the institutional conditions, which contribute to the apparent diversity in the forms of territorial politics.

2.1. Critical Literature Review

2.1.1. The Aspatial Nature of Classical Regulation Theory

When the "regulation" notion was first introduced by the so-called "regulation school", the main theoretical and analytical focus was on the wider social and institutional context of regulation by which capitalism has been able to stabilize the accumulation process, resolve tendencies towards crisis, and reproduce the system (Aglietta, 1979; Peck and Miyamachi, 1994). In regulation theory, the "regulation" idea was introduced through the concept of the "mode of regulation", which refers to a set of public and private institutional forms, social practices, habits, and norms, which induce private individuals to act in the interests of achieving overall economic stability. Rejecting the hidden hand as the organizing force of capitalism and positing regulatory intervention as the central tool for the continuity of capitalist development, this concept provides valuable insights into the understanding of the politico-economic processes of capitalism.
However, classical regulation theory was limited in understanding regulation as a spatial process. Indeed, the earlier studies of regulation theory, mostly conducted by economists, sociologists, and political scientists, were quite aspatial in nature. This was because their main concerns were the institutional contexts that ensure the reproduction of capitalism at the national scale. Thus, the socio-spatial processes at smaller geographical scales (e.g. the local, the regional) have tended to be neglected.

Furthermore, most regulationist research has tended analytically to prioritize time over space: emphasizing the distinctive historical periods of long-run economic expansion, the theory is largely one about the periodization of capitalist development (MacLeod, 1997). In particular, the analytical emphasis on the transition from Fordism to post-Fordism presumes a homogeneous regime of “national” accumulation, in which spatial diversity in the forms and processes of regulation at subnational scales is rarely visible. In this sense, classical regulation theory has been lacking in understanding issues of uneven development and the spatiality of regulation.

2.1.2. Spatializing Regulation Theory

Criticizing the aspatial nature of regulation theory, there has recently been increasing attention to spatial processes of regulation in geography and other related disciplines. One can identify three different approaches to spatializing regulation. The first one is what might be called the post-fordist approach, and the second one is what will be termed here the spatial specificity approach. The third one is what I call the local modes of social regulation approach.
2.1.2.1. Post-fordist Approach

In this approach, scholars are mainly interested in the local political and economic changes that are driven by regulatory changes at broader scales, characterized as a shift from fordism to post-fordism. In particular, they focus on how changes in production process, mainly characterized as a shift from fordist mass production to post-fordist flexible production, facilitate or require changes in the social and spatial organizations. Specifically, the emergence of new industrial spaces and entrepreneurial urban governance has been interpreted in this way.

By the late 1980s, geography and related disciplines were carrying out a considerable and highly influential utilization of regulation theory in order to interpret what appeared to be a rapidly transforming space economy characterized by what was defined as a post-Fordist regime of flexible accumulation (MacLeod, 1997, 538). For example, the emergence of so-called “New Industrial Spaces or Districts”, exemplified by the development of Silicon Valley, the Third Italy, and the like, has been interpreted as the spatial outcomes of the emergent post-Fordist regime of accumulation (Scott, 1988). According to Scott (1988), the emergent post-Fordist regime, characterized by flexible accumulation, is focused on the search for external economies of scale in the organization of the industrial apparatus. The desire to circumvent labor market rigidities and to exploit external economies has produced the emergence of new industrial spaces, comprehended as transactions-intensive agglomerations of human labor and social activity.
In addition to regional economic organization, local political processes have been interpreted in terms of wider scale regulatory changes. Some regulationist scholars have related the emergence of entrepreneurial local politics to the global logic of economic restructuring. It has been said that the transition from a Fordist to a post-Fordist regime of accumulation requires the reorganization of the state and subsequent changes in the nature of local governance and politics. Under the new regime of flexible accumulation, the Fordist welfare state is dismantled in favor of a more decentralized entrepreneurial state that de-emphasizes social welfare and emphasizes growth politics. In this sense, the regulation approach suggests a shift from managerialism toward entrepreneurialism in urban governance (Mayer 1994; Stoker and Mosserberger 1995; Hall and Hubbard, 1998). According to Mayer (1994), in the post-Fordist economy, local politics become more important as a focus for proactive economic development strategies. In the entrepreneurial cities, local governments give a higher priority to economic growth to make their localities attractive to mobile capital (Stoker and Mosserberger 1995).

2.1.2.2. The Local Specificity of Regulatory Processes

This approach sees spatialized regulation in terms of local specificity, which is the outcome of the conjoining of a universal regulatory process with more local, contingent conditions. In particular, regulation at the national or global scale is understood through the mediating processes of local political actions, and also local political processes are interpreted in terms of the wider regulatory contexts.
This approach is well exemplified by a recent attempt to reinterpret urban regime theory through the lens of the higher-level abstractions of regulation theory (Lauria, 1997). This attempt is based on critiques of existing studies of urban regimes. As a theorization of the politics of local economic development, urban regime theory emphasizes the capacity of local actors to determine the success of cities and localities (Stone, 1989, 1993; Judd and Parkinson, 1990). Focusing on the leadership provided by urban government in local economic development decision-making, it argues that the economic future of cities and localities may well depend on the emergence of new leadership, which is in turn conditioned by the nature of the urban regime. Furthermore, this view has been given additional salience in the context of the restructuring of the local state and the emergence of new patterns of entrepreneurial local governance in the Western countries.

However, some scholars have criticized urban regime theory for its 'localist' tendency, arguing that non-local forces can constrain or influence the direction of regimes (Stoker, 1995). Also, the regime approach has been criticized for voluntarism and ignoring the manifest political reality of economic restructuring (Quilley and Ward, 1999). In this context, it has been suggested that regime theory’s attention to local

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1 Urban regime theory has been developed in the context of criticizing growth coalition theory. According to growth coalition theory (Molotch, 1976; Logan and Molotch, 1987), local politics tends to be oriented to economic growth because the local political sphere is dominated by growth coalition, which is composed of a powerful set of community elites with a shared interest in obtaining increased rents from intensified land development. In contrast, urban regime theory emphasizes the diverse forms of urban regimes and diverse local processes regarding local economic growth (Stone, 1989; Elkin, 1987). It argues that urban regimes as governing coalitions may come together for accomplishing some
‘atmosphere’ must be reconciled with a more global awareness of structure and the macro-structures of capitalist political economy.

In this sense, scholars in this approach want to see how the regulatory processes and changes at the global scale affect politico-economic processes at the local scales and at the same time, how localities politically respond to the challenges of global regulatory processes (Leo, 1997; Quilley and Ward, 1999). Leo (1997), for example, focuses on local particularity, conditioned by the nature of urban governance, in the face of global, homogenizing pressures. Quilley and Ward (1999) try to make the link between the general conceptual framework of regulation theory and the specificities of urban politics in order to explain how the concrete political economy of the city or locality is formed through an urban politics that is structured and nested in the broader regulatory framework at the national and global levels. Likewise, this approach emphasizes how universal regulatory forces at broader geographical scales can be concretely realized in localities through local political processes or the role of local governance.

2.1.2.3 Local Modes of Social Regulation

This approach is based on the critique of the aspatial nature of regulation theory. Criticizing the lack of attention to space in the existing regulation approach, Peck and Tickell (1992, 1995) have attempted to spatialize regulation theory by suggesting the "local mode of social regulation" concept. Through this concept, they aim to identify emergent concrete-complex regulatory systems at lower levels of abstraction and to show public purpose or policy objective, and hence they do not inevitably undertake
how specific regulatory forms and mechanisms operate in and through a variety of spatial scales (MacLeod and Goodwin, 1999).

Peck and Tickell (1992) explore the possibility that there exist distinctive ‘regional couplings’ of accumulation systems and respective modes of social regulation (MSR), which give rise to particular regional or local modes of social regulation. According to them, the forms of particular accumulation system-MSR couplings are spatially variegated, and hence a distinctive set of regional couplings exists. Regional accumulation systems, embedded within a wider spatial division of labor, presumably interact with regional and national regulatory structures in different ways, producing unique regional effects. In this conceptualization, the role of space in regulation is to provide unique local historical, social, and political conditions for regulatory processes. According to Peck and Tickell (1992), the mode of social regulation at the national scale is unevenly realized within the localities because of unique local conditions. They see a local MSR as an institutional setting in which wider regulatory processes can be channeled and modified to produce unique local outcomes.

2.1.2.4. Limitations in Existing Approaches to Spatializing Regulation Theory

These approaches to spatializing regulation theory have significantly contributed to the understanding of the role of space in regulation. They also, however, have several limitations.
First, they are lacking with respect to the territorial dimension of regulation. This is related to their limited understanding of the role of space in regulation. In the post-fordist approach, space is considered as being passive in the context of wider regulatory changes. A more active role in the sense of the constitutive role of spatial arrangement is given to space in the local specificity approach and the local modes of social regulation approach. However, still space is considered only in terms of local uniqueness and the role given to it is a mediating one: local contingent conditions mediate the effects of wider regulatory processes. The fact that certain spatialized relations and organizations have specific causal powers of their own with respect to regulation has been rarely considered in the existing approaches. The territorial dimension of regulation, on the other hand, is related specifically to these causal powers.

Even though a very detailed discussion of the territorial dimension of regulation will be provided in the next section, here I want to briefly introduce what I mean by the territorial dimension of regulation in order to explain why existing approaches are deficient. The territorial dimension of regulation is related to actors' dependence on localized social relations for their reproduction. For a whole variety of reasons agents are in their economic relations embedded in particular places. Workers, for example, may be embedded in a place because they are dependent on local labor markets there. Also, firms may be dependent on the localized suppliers' network in a place.

These actors have strong interests in preserving these place-dependent social relations. This is because for these actors, reproducing themselves depends on channeling wider flows of value through their respective localized social relations in the place. In
order to do this, appropriate regulatory institutions and practices need to be constructed. The regulatory processes may result in particular forms of class compromise, landuse regulations, inter-firm relations, etc. in a place at a certain spatial scale. In other words, what Harvey (1989) termed a "structured coherence" needs to be constructed in a locality through spatialized – in the sense of localized – regulation.

However, there will be contestation over these regulatory processes because what is an appropriate regulatory mechanism for some will not be so for all. This contestation can sometimes be externalized so that struggles internal to particular places become struggles between places or places at different scales. In other words, as diverse interests are politically mobilized in response to regulatory processes and some of them are defined and represented territorially, a territorial politics can emerge. Thus, some regulatory projects can generate or emerge in response to, inter-local conflicts, central-local tensions, regionalist movements, and other kinds of territorial politics. These processes, however, have been rarely considered in existing efforts to spatialize regulation.

Second, existing approaches are deficient because of their limited understanding of scale and relations between scales in the regulatory process. In particular, they have rarely considered the conflictual relations between scales. Regulation goes on concurrently at diverse spatial scales. Those scales are not necessarily nested, but are often juxtaposing and overlapping. Also, the relations between different regulatory

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2 The "structured coherence" concept refers to the situation in which social, political, and economic processes in localities and cities are structurally conditioned by the coherence
processes at different scales are not necessarily harmonious. Different regulatory processes at different spatial scales may be related to territorial interests of a mutually antagonistic nature. In this sense, regulatory processes may be deeply influenced by the tensions between agents with scale-specific interests.

In the post-fordist approach, scales of regulation tend to be considered as being determined by wider regulatory processes. As suggested by the "glocalization" and the "hollowing-out" theses (Swyngedouw, 1997; Jessop, 1997), the transition from Fordism to post-Fordism and the globalized economy results in the decline of national-scale regulatory processes and the increasing significance of more globalized or more localized regulatory processes. In other words, this approach pursues a general theory that explains universal patterns of scale construction. However, it is problematic because in reality, the ways in which the scales are constructed are too diverse to be explained thus. Indeed, the evidence for the "hollowing-out" of the nation state is very partial and mixed. Globalization is not necessarily related to the powerless nation state; in some contexts, the nation state can be a facilitator or a regulator of the globalizing economy (Weiss, 1997). Furthermore, there is a good deal of evidence countering the "hollowing-out" thesis. While it may be true that national governments are evincing more interest in the development of self-propelling growth regions, regional development projects in many countries are orchestrated from the top-down and with a minimum of local consultation; for example, Britain's Urban Development Corporations and enterprise zones.

that is based on the links between a particular technological mix and a particular set of organizations and social relations (Harvey, 1989).
The local specificity approach also tends toward a conflation of dualisms in conceptualizing scales. It tends to wrongly relate on the one hand larger geographical scales to the more abstract and the more structural and on the other hand smaller spatial scales to the more concrete and the agency-related. As a result, the relation between scales tends to be reduced to the relations between different levels of abstraction or between structure and agency. However, this approach ignores the fact that different geographical scales are the focus of different territorial interests, which in turn derive from the socio-spatial relations specific to places at different spatial scales. In other words, the relation between scales needs to be understood in terms of the relation between the different territorial interests at corresponding to them. For instance, the relation between the local and the global should be understood in terms not of the relation between the global economic force and the local political response, but the relation between the interests deriving from the globalized social relations and the interests deriving from the localized social relations.

The “local mode of social regulation” concept, however, does provide a better understanding of scalar relations, admitting that different regulatory functions may be sited at different spatial scales. According to Peck and Tickell (1992), local MSRs should not be understood as the domains of exclusively local regulatory practices. Rather local systems are defined largely by their mode of integration into wider structures, and these wider structures are at the same time partly constituted of, and by, local systems (Peck and Tickell, 1995). However, this conceptualization can often give an impression of an already existing stability, coherence, and functionality (MacLeod and Goodwin, 1999). In
other words, it seems to assume that the regulatory processes at different scales are integrated with each other in a friction-less manner. Thus, it may be difficult to conceptualize diverse tensions and conflicts between scales in this approach.

2.2. The Territorial Politics of Regulation: An Abstract View

In this section, I provide an abstract conceptual framework to explain the relation between regulation and territorial interests. In so doing, I focus on identifying the ways in which territorial interests are constructed and mobilized in the politics of regulation. But before talking about the territorialization of regulation, I want to discuss how regulation is understood in my conceptualization. First of all, I want to clarify that it is different from that of regulation theory. Unlike regulation theory, it abstracts from the periodization of regulatory regimes, such as the sequence Fordism / post-Fordism. Instead, I focus on the notion of regulation itself. In particular, I am interested in more general issues regarding the relations between regulation and institutions and between regulation and politics. In my conceptualization, regulation is related to the activities of coordinating various individualized political and economic activities into an institutional ensemble or configuration in order to facilitate the continuity of capital accumulation. Also, I want to highlight how regulation is necessarily involved in political processes because imposing rules and constraints on individual activities through regulation always causes conflicts of interest. Territorial politics can occur when regulation is politicized in terms of territorial interests and cleavages.
2.2.1. The Conditions for Territorialized Regulation: Local Dependence

Regulation is essentially related to the process of capital accumulation. For the continuity of accumulation, capitalists need to create surplus value and appropriate it in the competition with other capitalists. In order to do so, they need to coordinate economic activities into a configuration of socio-spatial relations and organizations. For example, certain forms of class compromise between capital and labor need to be established in order to stabilize the supply of labor with certain skill and quality, as well as the extraction of surplus labor. For a stable acquisition of parts, a firm may need to build networks of suppliers. In addition, a factory needs a certain amount of housing for workers in order to ensure the reproduction of labor forces. It also needs a whole set of transportation systems, including roads, ports, stations, and the like. In contrast, deficiencies in these socio-spatial relations or organizations may result in a variety of effects impeding and threatening the continuity of accumulation, such as bottlenecks, labor shortages, the dissolution of particular capital-labor compromises, lack of inter-firm cooperation, and so on. In other words, in order for capital accumulation to continue, economic activities and transactions need to be organized and coordinated into certain forms of socio-spatial organization.

However, capitalists often face problems in constructing or preserving these forms of socio-spatial organizations due to the defects of markets. For various reasons markets can fail to satisfy social needs and individual rational choices may discourage the collective action necessary to build – or rebuild – the socio-spatial organizations in question. For example, there may be so-called “free rider problems” in the process of
gentrifying a neighborhood near downtown: a process which may be necessary for satisfying the housing demands for professionals working in the newly emerging production service industries in a city.\(^3\) As Davis and Whinston (1961) nicely demonstrated, however, even though the owners of residential properties in that neighborhood are aware of the considerably higher rents they will be able to obtain if redevelopment comes about, their own individual efforts are unlikely to make urban redevelopment happen. For gentrification, individual owners need to invest in their properties in order to make them more attractive. However, it is unlikely that the landlords will be able to obtain a return on their investment that exceeds what they were previously getting on the basis of the lower rent being charged on their unrehabilitated property. This is due to the presence of free riders. Those landlords who did not invest for rehabilitation can gain because the district became more attractive due to the investment of other landlords and hence they can increase their rents even though their investment had not changed. The logic of this situation is that no rational landlord would want to invest in his/her property with the result that the necessary gentrification would not be forthcoming. Accordingly, the local housing needs would not be satisfied and hence the

\(^3\) This kind of problem is generally called the “collective action problem”. There may be other kinds of collective action problem in constructing the socio-spatial organizations necessary for capital accumulation. For example, a project of constructing a road passing through several jurisdictions may face the “problem of transaction costs”. Since diverse local governments may be involved in the project, certain agreements need to be made among them with respect to the project. However, this process may need costs for exchange, which may harm the project itself if the costs are so high that the local governments cannot make deals. If the government system is more fragmented and more diverse local governments are involved in the project with more autonomous powers, the transaction costs will increase and hence constructing the road may be more difficult.
local production service industries would face problems in bringing new professionals to that area, which would adversely affect the competitiveness of those industries.

In this sense, constructing or preserving appropriate incentive frameworks so as to overcome market failure needs certain forms of regulatory activities. In other words, capital accumulation needs certain rules or regulation of individual economic activities and transactions in order to secure that framework. For example, a certain labor law is necessary for securing a certain form of class compromise. Also, in order to secure the provision of housing in a region, the central or local governments may play a regulatory role in channeling public or private investment or resources into the local housing market there.

However, the need for regulatory activities as supplement to the market is often local in nature because it emerges in response to certain local interests; indeed, this is exemplified in the gentrification example above. This is related to what Cox and Mair (1988) called 'local dependence'. According to them, local dependence refers to a relation to locality that results from the relative spatial immobility of social relations. Since actors can be dependent on place-specific social relations or organizations for their activities, they are attached to a locality. For example, some capitalist firms may be locally dependent at some scale or other when they have large sums of money invested in certain social and physical infrastructures that are amortized only over a long period of time (Cox and Mair 1988). In addition firms can be dependent on certain localized social relations. For example, in recruiting workers or engineers, firms can be dependent on local labor markets constructed at a certain spatial scale. In addition, firms can rely on
certain localized business networks in making economic transactions. These localized social relations (e.g. local labor markets, localized inter-firm networks, etc.) are often constructed out of historically and geographically contingent social processes and hence are non-substitutable elsewhere. Accordingly, when firms depend on these relations, they are attached to a place at a certain geographical scale.

Workers also can depend on place-specific socio-spatial relations or organizations for their reproduction. They rely on local labor markets to get jobs. Also, the localized supply of housing is important for them. Furthermore, when they own immobile properties like housing, their local dependence will be intensified. Some other actors can be locally dependent. Locally elected mayors may depend on these place-specific socio-spatial organizations in order to ensure capital accumulation and hence bring money into their jurisdictions because they need to increase their tax bases or they need to gain political support from local residents by promoting local economic growth (Cox and Mair, 1988).

Under capitalism, however, these localized socio-spatial organizations and concomitant locally dependent interests are unlikely to remain unchallenged. The need for continuing accumulation not only creates the sets of socio-spatial relations and organizations on which capitalists depend, but also promotes a restless search for new, more profitable ways of producing and circulating exchange values (Cox and Mair, 1988; Harvey, 1989). As a result, the capitalist space economy is always changing and restructuring, which constantly threatens to undermine the localized socio-spatial relations or organizations on which some agents are dependent.
Under this condition, locally dependent actors may have strong interests in the reproduction and enhancement of those localized socio-spatial relations or organizations, on which they are dependent and hence in channeling wider flows of value through their respective place-specific socio-spatial relations. However, as previously discussed, markets will not suffice in order to bring about the provision of these place-specific needs at certain spatial scales. In this case, the need for regulation as supplement to market can emerge at very local levels. In other words, certain regulatory activities are needed if certain local interests are to be realized (e.g. the need to stabilize the local housing market as a way of securing the continuous supply of engineers in the local labor market, the need to provide industrial estates to businesses in a locality, the need to increase local tax base by attracting more businesses to a locality, etc.).

As a result of these localized regulatory activities, certain regulatory fixes – what Harvey termed “structured coherence” – may emerge in a place at a particular geographic scale. Moreover, once certain forms of structured coherence are built in a locality, they may intensify local dependence because they will provide firms, workers, and other actors with place-specific advantages that may be difficult to replicate or are unavailable elsewhere. And by the same token, an effective regulatory fix in a particular place can encourage firms to increase their fixed investments in the place and encourage people to sink roots there. Accordingly, the need for preserving the place-specific social relations or organization will increase and hence localized regulatory activities will be more strongly pursued.
2.2.2. Regulatory Institutions and Practices

Central to the creation of a place-specific regulatory fix are institutions. Regulation can be only realized through certain (regulatory) institutions and practices, which coordinate and regulate economic activities and transactions. Institutions are rules that constrain and facilitate human interaction (North, 1990). Rules include not only formal rules, such as rules, laws, contracts, and the like, but also informal rules, which include conventions, codes of behavior, relations of trust, administrative fiat within the firm or by the state and the like.

By setting up certain formal or informal rules or institutions, which constrain, facilitate, and empower human interaction and activities, regulation aims to coordinate and guide individual economic activities and transactions among actors in certain ways. For example, regulatory processes for local economic expansion include urban and regional planning processes, which establish rules governing the location of economic activities. Also, firms in a locality may build business networks through establishing formal institutions, such as a business organization or contracts among them. At the same time, however, some informal institutions — for example, relations of trust — may be very important in securing the business network.

Another example can be provided. Pursuing a project of constructing an inter-local highway may be difficult when local governments cannot come to an agreement with respect to the distribution of responsibilities among them due to the so-called "transaction cost problem". One can solve this problem by setting up a new regulatory institution that shifts the power and authority to more central branches of the state. Since
rules may be imposed from above, the inter-local conflict can be reduced and hence the highway project can proceed. However, it is one solution but not the only one. Informal institutions also can help solve this problem. For example, when local governments can build relations of trust with each other, it may be easier for them to make a deal with respect to the highway project.

What determines the establishment of particular regulatory institutions and practices? Certain forms of regulation may be needed for the construction of certain forms of socio-spatial relations and organizations. However, this necessity does not determine the nature of the institutions constituting a regulatory regime. Regulatory institutions and practices are historically and socially constructed. Regarding this, I emphasize the path dependent nature of regulation. In other words, the construction of regulatory institutions and practices may be constrained and affected by the existing institutions and discourses, created in the context of previous regulatory processes. Due to the embeddedness of institutional rules in societies, the existing institutional frameworks and hegemonic discourses affect the ways in which actors perceive, interpret, and understand the political economic realities and establish their regulatory strategies. For example, the ways in which the state controls the activities of businesses can be heavily influenced by the pre-existing nature of the state bureaucracy and the existing relationship between the state and businesses. In other words, regulatory institutions and practices are constructed in their connection to the past. Due to this path dependent nature, institutions change incrementally rather than in discontinuous fashion (North, 1990).
Another important point that we need to bear in mind regarding regulatory institutions and practices is their diversity. Recently, some have suggested that globalization processes tend to homogenize regulatory institutions across world. However, there is no linear path in the development of institutions. This is because the concrete and place-specific contexts in which institutions emerge are very diverse. Regarding concrete contexts, I highlight the accidental juxtapositions of several different institutional settings in places. Due to historical and geographical contingencies, different sets of institutions accidentally coexist in different places. For example, in a region or a country, capitalism can encounter a dominantly Christian culture, a highly complicated ethnic mosaic, and a strong tradition of decentralized government, while in another region or country, it develops under a dominantly Confucian tradition, ethnic homogeneity, and a highly centralized state. These diverse institutions collectively form the conditions for emergent powers that will structure institutional change in a certain direction. Due to different settings and different juxtapositions of institutions, these two different places may be the sites of different emergent powers, and hence the ways in which regulatory institutions and practices are constructed may vary between them. Likewise, the ways in which forms of regulation are constituted can be quite diverse according to the social, political and historical conditions.
2.2.3. The Territorial Politics of Regulation

2.2.3.1. Conflicting Social Interests and Territorial Politics of Regulation

Regulatory processes are always associated with diverse and often conflicting social interests because the benefits of regulation are not evenly distributed across agents. Some will gain from certain regulatory projects at the expense of others. Thus, regulation necessarily entails conflicts and contestations. Some may oppose the establishment of certain regulatory institutions when their interests are adversely affected by the ways in which their economic activities are coordinated and controlled by them. Also, discursive practices may come into conflict around regulatory forms. Different social interests can provide contested interpretations of society and economy in order to legitimate their regulatory projects and strategies.

An important cleavage around which regulation is contested, is that of class. This is due ultimately to the fact that regulation is driven by the needs for the continuity of accumulation. Because capital accumulation is fundamentally based on the extraction of surplus value from a labor force, regulatory projects will differentially affect the interests of capitalists and workers and hence it is likely that regulatory processes will be contested along class lines. In the process of economic restructuring, for example, the government along with capitalists may want to establish new labor policies aimed at increasing flexibility in labor market. But workers may oppose this regulatory process because the new labor policies may threaten their interests. Thus, class conflicts may emerge around the regulatory process.
However, social interests are not always expressed in class forms, but often constructed in diverse other forms, such as the racial, the sexual, the territorial, etc. The tensions attendant on the accumulation process can generate certain practices of exclusion and inclusion around these differences. This is possible because people—regardless of their classes—can be differentiated in terms of their sense of identity, and this sense of identity is socially constructed through the processes of inclusion or exclusion. In a world where status insecurity is pervasive, people want to feel good about themselves by including certain people into their group, while excluding others through practices of defining them as different, as lacking, and so disparaging them. Differences based on race, ethnicity, gender, or territory, often provide a ground on which people conduct the practices of inclusion or exclusion and build their sense of identity.

The practices of inclusion or exclusion, however, are not only driven by the desire of people to feel good about themselves, but can be related to the project of reproducing or achieving material advantage (Cox, 2001). In this world of inequality, those who benefit from the rules that produce inequality need to justify the inequality from which they so clearly benefit by defining others as somehow lacking or less deserving in some way. Diverse forms of social differentiation (e.g. racial, gender, ethnic, territorial differences) can be utilized in this way.

In the politics of regulation, social interests are often defined and mobilized around territorial cleavages. Thus, social groups can utilize the issues of territorially defined interests and construct structures of territorially based political cleavages as a way of attempting to pursue certain regulatory projects on behalf of their interests by
mobilizing a territorially defined social base. For example, given that firms, workers, and communities, where firms are located, may have conflicting views on an industrial restructuring project that has different effects on firms or industrial sectors, cleavages of interests can be constructed in diverse ways. However, when firms or industrial sectors, which are adversely affected by the project, build political alliances with other actors in the localities, where they are sited, and mobilize unities of interest in terms of locality or region, then clearly political cleavages can be territorially constructed and hence a territorial politics of regulation formed.

2.2.3.2. The Relation between Class Cleavages and Territorial Cleavages

In the territorial politics of regulation, territorial interests and class interests are in fact inseparable. In particular, class interests are always territorially constructed at certain spatial scales due to the local dependence of workers and capitalists. Since both capitalists and workers depend on localized socio-spatial relations for their reproduction and hence have interests in preserving or reproducing those relations in a place at a certain scale, class-based social groups are always sensitive to the place-dependent character of their interests at some scale or other. In other words, territorial and class interests are deeply intertwined in regulation. However, the ways in which these interests are defined and politically mobilized and the ways in which they are intertwined with each other may be diverse depending on socio-political conditions. In particular, the ways in which territory has achieved an independent role and has been constructed as a dominant cleavage in politics over class cleavages varies.
In order to schematically demonstrate diverse configurations of class and territorial relations, I present a diagram in figure 2.1. The diagram shows a basic form of social differentiation based on class and territory, presuming a very simplified world, which is composed of two regions and two different classes in each region. Also, in order to simplify our discussion, this diagram assumes that a class in a region is homogenous in its nature though in reality, it is quite heterogeneous in terms of race, gender, and other social differences. From this diagram, we can think about diverse possible ways in which class and territorial cleavages are intertwined with each other.
Figure 2.2: Configurations of Class and Territorial Relations
Table 2.2: Continued.

Arrows:

\[ \rightarrow \text{ Positive (Integrative)} \]
\[ \longrightarrow \text{ Negative (Conflicting)} \]
\[ \rightarrow \rightarrow \text{ Dependent Relations} \]
Type 1-1.

First, we can think about a situation where there are conflicting relations along the vertical axis, but positive relations along the horizontal axis (see Figure 2.2a). In other words, classes organize across regions and against each other. In this case, the politics of regulation is mainly constituted along the class line, while the territorial cleavage does not matter. Accordingly, a territorial politics is not constituted.

Type 1-2.

Second, we can imagine an opposite case where there are conflicting relations along the horizontal axis, but positive relations along the vertical axis (see Figure 2.2b). In other words, cross-class alliances are formed in two regions and the two alliances compete and enter into conflict with each other. In this type of situation, the politics of regulation assumes a highly territorialized form, while it may appear that class cleavage does not matter.

Obviously there is a close relation between these two cleavages, almost a dialectical one, so that the construction of territorial cleavages by ruling elites is often a response to the assertion of working class interests which they find threatening. The formation of cross-class alliances provides an example.\(^4\) Capital in a locality can pursue

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\(^4\) Another example can be political regionalism. Political regionalism often serves as a means by which certain local elites maintain their political and social power (Alford, 1963, 48). Calls for the defense of the regional economy, cultural integrity, or political sovereignty may be discursive strategies of elites with a view to maintaining their special privileges in the locality. The local elites aim to maintain their position of power and
a localized regulatory project, but the project can be contested by other classes, especially labor, because it works contrary to their interests. In this context, and as a way of harmonizing conflicting interests and building a unity of interests between capital and labor there, it is not uncommon to find efforts by capital to construct a cross-class alliance around what are held to be common territorial interests and identities.

So far, I have focused on the vertical or horizontal relations in the diagram. However, if we include the diagonal relations in the diagram in our consideration, the configurations of class and territorial cleavage can become more complicated. The diagonal relations can matter when capitalists in Region 1 invest or establish some of their functions in Region 2 in order to take advantage of either cheaper labor forces or certain qualities of labor power there. At this moment, assuming that capital in Region 2 is in the stage of immature development for some reasons, we do not pay attention to capital in Region 2. There may be three different types of class and territorial relations in this context.

**Type 2-1.**

Labor in Region 1 organizes both against capital in Region 1 and labor in Region 2, but capital in Region 1 and labor in Region 2 make an alliance (see Figure 2.2c). When Region 1 has a strong labor movement or high labor costs, capital in Region 1 may privilege against other groups within the region by blaming outsiders and focusing local energy away from the internally conflictual issues of class struggles toward the common demand for the defense of the autonomy of the region against an external enemy. In doing so, the elites may actively mobilize regionalist ideology and emphasize local and regional culture and tradition for appealing of a communal nature and enhancing regional
decide to move some of its functions to Region 2 in order to avoid those problems. Labor in Region 2 may welcome this decision because it will increase job opportunities and provide a chance for local economic growth there. Thus, capital in Region 1 and labor in Region 2 may build a positive relation with one another.

However, capital and labor in Region 1 may be engaged in struggle over this situation because labor in Region 1 can feel disadvantaged by the movement of capital from Region 1 to Region 2. Facing the reduction of jobs due to the relocation of some functions of capital from Region 1 to Region 2, labor in Region 1 may organize against the relocation strategy of capital in Region 1. Basically, this struggle is based on a class cleavage. However, workers can also mobilize territorial sentiment in battling against capitalists by claiming that capitalists in their region are favoring outsiders at the expense of local people. As a result, territorial interests can be mobilized and the politics of regulation territorialized. In addition, workers in Region 1 define labor in Region 2 as outsiders and furthermore as those who are stealing their jobs. As a result, workers in the two different regions are differentiated on the basis of territory.

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5 This situation also may happen when workers in Region 1 are concerned that they may lose jobs because of migrants from Region 2. Thus, labor in Region 1 may pursue a regulatory project to keep out migrants from Region 2. However, capital in Region 1 may oppose this project because it prefers to have more workers in Region 1 in order to lower the wage rates there. In this context, labor in Region 1 may mobilize territorial sentiments in order to build its supporting base by accusing migrants from Region 2 of stealing jobs from insiders. Also, it may accuse that capital in Region 1 of favoring outsiders at the expense of natives so that the resultant politics can become highly territorialized.
Type 2-2.

Type 2-1 assumes a positive relation between capital in region 1 and labor in Region 2. However, the positive relation may turn out to be a negative one when capital in Region 1 resorts to practices that are defined in Region 2 as exploitative (see Figure 2.2d). In this process, interests can be defined and mobilized around both class and territorial bases. In challenging capital in Region 1, workers in Region 2 may attempt to organize themselves by exploiting both class and territorial sensitivities. Since the movement is basically against the exploitation of capital, class-consciousness may be a very important source for mobilization. At the same time, given the fact that the exploiters are outsiders, workers can be easily mobilized on the basis of a territorial consciousness.

Type 2-3.

In another situation, capital and labor in Region 1 form a cross-class alliance, while exploiting labor in Region 2. In terms of the diagram, capital and labor in Region 1 have a positive or cooperative relation with each other, while they have conflicting relations with labor in Region 2 (see Figure 2.2e). Given the lower level of wage rates in Region 2, capital in Region 1 can move some of their deskillled or labor-intensive production functions, requiring unskilled labor forces, to Region 2 in order to take advantage of cheap labor there. At the same time, capital may locate or develop more sophisticated and more technology oriented production functions or high-level service functions in Region 1. On the basis of this spatial division of labor, the capitalists in
Region 1 can make the sort of profits from workers in Region 2, that are enough to pay off the more privileged sector of the working class in Region 1. Or capitalists in Region 1 may establish a highly developed social welfare system in Region 1 on the basis of their extra profits from Region 2, so that they can relieve class tensions in their home region.

In this situation, class-based tensions may be rarely visible in Region 1, with interests getting defined or mobilized in territorial terms in order to maintain the cross-class alliance there. In order to justify their exploitation of labor in Region 2, capital and labor in Region 1 may define labor in Region 2 as somehow inferior, undeserving, and incapable. An opposing form of territorial interest can be mobilized in Region 2. Workers in Region 2 may organize an anti-Region 1 movement, against the exclusion from Region 1. However, class interests still matter because the antagonism of labor in Region 2 against Region 1 is based on the exploitation by capital in Region 1. This situation is homologous with the interpretations of anti-colonial movements: a combination of working class and national movement.

The configurations of class and territorial relations can be much more complicated if we consider the role of capital in Region 2. We can have 3 significantly different types here.

Type 3-1.

In this type, capital in Region 2 may be against both capital in Region 1 and labor in Region 2, but capital in Region 1 and labor in Region 2 form an alliance (see Figure 2-
2.2f). This may happen when capital in Region 1 establishes some facilities, such as plants, marketing centers, R&D centers, etc., in Region 2. In this situation, capitalists in Region 2 may be concerned that these new investments from outside may increase local competition in both labor markets and product markets. Accordingly, they may attempt to have the state introduce rules to limit direct extra-local investment into Region 2. However, labor in Region 2 may oppose this to the extent that it anticipates increasing opportunities for employment due to the new investments.

In this context, capital in Region 2 may try to mobilize territorial sentiment and identity in order to resolve this intra-local conflict by defining capital from Region 1 as invaders, exploiters, short-termists, or whatever, who lack an interest in the welfare of the population in Region 2. They may also claim that regulating direct investment from outside is necessary in order to enhance the economic autonomy of Region 2. As a result, territorial interests can be mobilized there though not necessarily successfully if labor in Region 2 draws on a class discourse to oppose the exclusionary strategy of capital in Region 2. In other words, their retort may be that that capitalists in Region 2 merely want to keep the wage rates there as low as possible by keeping new competitors out of the labor market there.

Type 3-2.

Here, we can imagine that capital in Region 2 is dependent on capital in Region 1 for its operations in production, marketing, etc., while labor in Region 2 has conflicting relations with both capitals in Region 1 and Region 2 (see Figure 2.2g). Capital in Region
2 has been growing, but still is less developed than capital in Region 1. Given this situation, in order to survive in capitalist competition, firms in Region 2 can work with capital in Region 1 as subcontractors. Hence, some of the profits of capital in Region 2 can be transferred to capital in Region 1 through unequal relations of exchange between them. In addition, labor in Region 2 can be exploited by capitals in Region 1 and Region 2, so it is in conflicting relations with capitals.

Since capital in Region 2 tries to exploit labor there, there can be a class-based conflict between capital and labor in Region 2. However, recognizing that exploitation by capital in Region 2 can be intensified because of the value transfer from capital in Region 2 to capital in Region 1, some workers can mobilize along territorial lines by identifying capital in Region 1 as the source of super-exploitation in Region 2. They may attribute oppression or exploitation in Region 2 to the unequal relations between capitals in Region 1 and 2, claiming that if capital in their region has better competitive advantage and hence more independent from capital in Region 1, their situation will be much better.

Type 3-3.

In this case, capital and labor in Region 2 form an alliance, while fighting against capital in Region 1 (see Figure 2.2h). This type is related to the circumstances under which the subcontracting capital in Region 2 (in the case of type 3-2) seeks out a class alliance with the workers there as part of a political program designed to take over the upstream functions. As a result, capital in Region 2 is now competing against capital in
Region 1. In organizing against capital in Region 1, territorial sentiments can be mobilized by accusing capital in Region 1 as being a foreign exploiter.

2.2.3.3. Territorial Politics and Scales

In this section, I want to discuss some important issues in the territorial politics of regulation that revolve around geographic scale. A territorial politics of regulation is not necessarily confined to political activities at the local scale. It needs to be understood in broader senses. In particular, I want to emphasize that the politics of regulation is always territorial. Regarding this, the following two points need to be highlighted.

First, the territorial is not just about the local, but needs to be understood as related to diverse spatial scales, including the national and even the scales that transcend national boundaries. In this sense, regulatory processes can be associated with territorial interests at diverse spatial scales. Socio-spatial organization — the object of regulation — is always place-specific and hence can provide advantages in capitalist competition only to certain social groups in a certain place, defined at a certain scale. In this sense, for example, even industrial policies of the national government, which are often misunderstood as non-territorial, need to be considered as territorial processes of regulation, to the extent, that is, that they are created on the basis of territorial interests defined at the national scale. Thus, territorialized regulation can occur at diverse spatial scales from the local to the global.

Second, the territorial politics of regulation can be expressed not only as inter-local conflicts, but also as tensions between groups or coalitions of forces at different
geographical scales. On the one hand, different territorial interests in different localities can contest each other in territorialized processes of regulation. Locally dependent actors may form growth coalitions at the local level and growth coalitions in different localities compete against each other to attract inward investment or for government policies that have regionally redistributional implications.

On the other hand, regulatory processes at certain spatial scales can be associated with territorial interests at other, perhaps larger, spatial scales and the pursuit of these can bring them into conflict with those with interests at smaller scales pursuing their own, quite different, regulatory projects. For example, a locality may be involved in a project to build an industrial complex, but the project was initiated by the central government as a way of promoting national industrialization. However, some local actors may oppose the construction of an industrial complex there because their local development project has focused on the development of tourist industries and attraction of white-collar jobs. Also, inter-local coalitions of local interests (based in different localities) may form in order to contest certain national regulatory projects.

Regulation at a certain scale can facilitate or hinder the creation or realization of a particular regulatory regime at other scales. This is partially due to the uneven spatial effects of regulation. Place-specific regulation at a certain spatial scale is supposed to draw the flows of value occurring at still wider scales into and through a place by constructing place-specific socio-spatial organizations that, it is hoped, will help the continuity of accumulation and provide competitive advantages to locally dependent capitalists. At the same time, however, it may affect the ways in which the flows of
values within the spatial boundary are channeled into places defined at still smaller geographic scales. As a result, regulation at a particular spatial scale can either positively or adversely influence the interests of social groups in those places. In this case, a territorial politics can emerge in which the disadvantaged mobilize territorialized interests and ideology at that smaller scale in order to resist broader scale regulatory processes. Clearly this kind of territorial tension is especially likely to happen when regulatory processes are top-down in nature under centralized regulatory frameworks.

But in reality, separating inter-local conflict from inter-scalar conflict is often difficult. When, for example, those in a locality resist a regulatory project promoted by the central government, others in another locality may support the central government project because they gain benefits from it. In this case, the two localities may be in conflict with each other and an inter-scalar conflict is intertwined with an inter-local conflict. Also, when those in a locality attempt to mobilize the powers of central government to change national-level regulatory schemes for their interests, those in other localities may resist this change, which again may cause the entanglement of the inter-local and the inter-scalar conflicts.

2.3. Diversity in the Territorial Politics of Regulation

The forms assumed by the territorial politics of regulation, the degree to which the politics of regulation is indeed territorialized, can vary depending on socio-political conditions that are constructed on the basis of particular, time and place-specific conjunctures of forces but which can also endure in their effectivity beyond that
particular time. This section addresses how various forms and degrees of a territorialized politics occur in different societies. In discussing these differences, I will focus on three countries — South Korea, Britain, and the US — countries that exhibit considerable contrasts in this regard.

Despite this cross-national comparison, however, it is important that one not homogenize the forms of territorial politics found in a particular country. Territorialization may be intensified in some regions relative to others, for example, and may vary somewhat over time. However, because many important institutional conditions are constructed at the national scale and they collectively form an emergent structure for the construction of the territorial politics of regulation, the ways in which territorial interests are constructed in regulatory processes within a country tend to show some similarities, and despite the continued existence of some variation at sub-national scales.

2.3.1. The United State

Regulatory processes in the US are quite fragmented and decentralized, reflecting the decentralized government structure. A common image of the politics of local economic development in the US is one that is substantially bottom up (Cox, 1998a). Given the dominance of the private sector in the economy and the considerable autonomy given to local governments, centralized industrial and regional planning has been difficult in the US. This fragmented and decentralized form of regulation is accompanied by strong bottom-up forces that drive the politics of local economic development: these include both some businesses and local governments. Under the prevailing decentralized
government structure, local governments are sensitive to local economic growth because they are dependent on local economic expansion to secure their tax revenue base and to gain political support from local residents. Also, some local businesses, like utilities, banks, rentiers, local media, and their organizations such as chambers of commerce, etc., have a strong incentive to promote local economic development projects. This is because their interests are bound to the local scale due to their geographical immobility and therefore local dependence (Cox and Mair, 1988). As a result they often form growth coalitions to promote local economic growth.

Regulatory processes in the US, therefore, have tended to be decentralized and fragmented. Regional planning activities are a case in point. According to Markusen (1994, 11), the central levels of the state in the US have no organized activity researching, monitoring, intervening in or directing the physical, economic, or social development of various territories within the larger nation according to some set of normative and explicitly regional principles. Rather, State and local governments take up much of the burden of spatial economic development planning. Important regulatory activities, such as landuse regulation, annexation law, etc., for example, take place at the State level. Also, much of the responsibility and autonomy with respect to public budgets and taxation is given to the local governments.

The decentralized nature of regulation in the US encourages competition among localities because regulatory projects pursued by different localities can be in conflict with each other due to the absence of centralized regulation. Growth coalitions in different places often compete with each other for inward investment. The inter-local
competition for new investment proceeds through place marketing, the provision of physical infrastructure, the offering of financial incentives, and providing a friendly ‘business climate.’ Given the relatively high level of autonomy that local governments enjoy, the mobilization of the powers of local governments is central to efforts towards obtaining various incentive packages to attract new investment including infrastructural improvements and financial incentives.

While regulatory processes are significantly decentralized, central state interventions are often in response to bottom-up pressures from the localities. In many cases, the mobilization of the powers of local governments is not seen as sufficient a stimulus to local economic growth. Locally dependent actors often want to bring financial or institutional supports from State and federal government to their localities. Thus, very often inter-local competition occurs around attempts to mobilize the powers of State and federal government. To stimulate new investment, growth coalitions often attempt to secure state and federal investment in infrastructures, such as the development of the interstate highway network, hydroelectric facilities, etc., as well as bringing direct government expenditure — in particular, funds on defense contracts and payroll — into their territories, and influencing State and federal regulatory frameworks on labor market, land use, environment, etc.

In the mobilization of the powers of State and federal governments, State and federal legislators from the localities often play a key role. This can happen because of the relatively low levels of party unity that prevail. In the US, national parties have never been very strong (Markusen, 1987, 33) and they are somewhat fragmented. Accordingly,
Congresspersons and Senators, and depending on the particular issue, often tend to be more inclined to the interests of their constituencies than to the interests of their parties (Cox, 1998a; Judge, Stoker, and Wolman, 1995). In order to pursue the interests of their respective constituencies, legislators often form bi-partisan coalitions aimed at policies of significance to all their members. It is as if, where it is a question of boosting the local economy, party affiliation counts for nothing (Cox, 1998a, 11).

But it needs to be noted here that the low level of party unity in the US is a result of the form of the US state. Unlike in the British parliamentary system, powers are separated between the executive and legislative branches. As a result, the executive branch does not depend for its continuation in office on the votes of the Presidential party in the legislative branch. In this context, the incentives for strong centralized discipline on individual legislators or candidates are lacking. Weak party discipline has resulted in the low levels of intra-party unity in the US. I will provide a more detailed discussion on this issue in the following section, where I discuss the conditions for the diverse expressions of territorial politics in different countries.

The congressional committee system provides an important arena in which State and federal legislators influence State and federal policies on behalf of local interests. Senators and Congresspersons typically get to serve on the committees that are most relevant for their constituencies (Cox, 1998a, 14). For instance, the domination of respective armed services committees by Southern Democratic congressmen for decades

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6 Regarding this, Markusen (1994, 11) even argues that Congress and the 50 state legislatures act as regional planning agencies. According to her, they are major practitioners of economic development planning because they appropriate funds for
facilitated the disproportionate location there of military bases and hence the economic
development of the region. Likewise the committees dealing with the Interior were
dominated by representatives from western states who made sure that national policy
toward infrastructure, such as dam and water policy, and land disposal were favorable to
the interests of their States (Markusen, 1987, 34).

Under these conditions, those representing particular regions or localities often
compete with each other for government investment, amplified aid, policy changes, etc.
in State and federal legislative processes. Regional conflict often emerges over questions
of the geographically uneven redistributive effects of federal or State policies and
programs. This is nicely exemplified by the Sunbelt-Frostbelt conflicts of the 1970s
(Markusen, 1987). In the 1970s, facing economic decline due to capital movement
toward the Sunbelt region, the Frostbelt States formed a coalition – a bipartisan coalition
– called the Northeast-Midwest Congressional Coalition, to ask the federal government
for the elimination of biases in federal legislation believed to favor Sunbelt States
through more federal funds for their regions, controls on capital movement, federalization
upwards of the welfare state, and elimination of the right-to-work clause of the Taft-
Hartley Act. In response, the Sunbelt States set up a counter-alliance to oppose to the
Frostbelt States.
2.3.2. The United Kingdom

Unlike the US, the UK has a state form characterized by unitary government and parliamentary democracy. Also, regulatory processes in the UK tend to have had a more central and top-down component than in the US. Central branches of the state there have had a greater interest in local services and policies and hence central state agents have taken the initiative in local economic development (Cox, 1998a, 2; Judge, Stoker, and Wolman, 1995). Also, local governments are much more firmly integrated into the national system of policy making (Harding, 1995). The institutional structure of inward investment promotion in the UK, for instance, and insofar as it pertains to international investment, is organized on an essentially hierarchical basis: the mediation of investment, for example, is largely dependent on collaboration between branches of central, regional and local government, but principally orchestrated and coordinated by the central branches of the state (Wood, 1996; Dicken and Tickell, 1992).

The centralized government structure also contributes to the relative weakness of local interests in economic development. British local governments do not have much incentive to promote local economic expansion because they do not depend so heavily on finance from local taxes (Harding 1995). Also, local business interests have been relatively insignificant in activities on behalf of local economic development because they too lack strong local interests. The utilities and banks, which are so central in the American politics of local economic development, have played only a marginal role in support of local economic development. This is because they are not as locally dependent as their American counterparts due to the fact that their interests have been historically
lodged at broader geographical scales (Wood, 1996). The British banks have been able to establish nation-wide branching networks and the utilities have, until just recently, been nationalized industries. Furthermore, there is less entrepreneurialism with property assets in Britain, since land is often owned by aristocratic families, the Crown, the Church, universities, charitable trusts or local authorities, which have historically not been that aggressive in promoting economic development (Harding, 1995). In addition, local business organizations, such as chambers of commerce, are relatively weak; indeed, recent attempts to organize businesses at the local scale have been largely initiated by central government and/or national -- rather than local -- business organizations (Wood, 1996, 1292). Due to the non-local structure of business interests, therefore, there is only a limited material incentive for business involvement in local economic development initiatives.

Party conflict and partisanship are very significant in the politics of regulation in Britain (Cox, 1998; Judge, Stoker, and Wolman, 1995). British parties have developed very strong ideological orientations, based on strong class cleavages. Legislators tend to be more inclined to the class interests represented by their parties, rather than the territorial interests of their respective geographic constituencies. In this context, the American-style bi-partisan coalition has been a relative rarity; rather, political parties have on occasion differed as to what the appropriate modes of regulation and economic development should be. For example, under Thatcher, there were conflicts between the

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7 However, it is more accurate to say that historically these groups used to be so, but they have been more aggressive recently as they have tried to increase their incomes by
Conservative Party and the Labour Party over the establishment of a more deregulated and privatized mode of local economic development, such as enterprise zones, which was pursued by the Thatcher administration (Barmekov, Boyle, and Rich, 1989).\(^8\)

Despite the significance of class cleavages in partisan politics, however, the British parties are not free from territorial interests. The Labour Party can be regarded as an alliance of locally embedded working classes. In particular, given the geographical concentration of the working class in the old industrialized areas in the North, historically the success of the Labour Party has been heavily dependent on support from the working class there. In contrast, the Conservative Party has relied on the support from the bourgeois and middle classes in the South. Thus, there has been some tendency for the Labour Party to be more inclined to the interests of the North, while the Conservative Party has been more sensitive to the interests of the South.

In this context, and as a result of Thatcherist regional policies in the 1980s, a territorial politics has recently emerged with the recognition of a North-South divide in economic development. This form of territorial politics is somewhat different from pre-existing forms of territorial politics in Britain in the sense that it has been constructed on ‘liberating’ their land values. Collaboration with developers has become important in this regard.

\(^8\) Pre-Thatcher there was considerable agreement between the two major parties regarding local and regional planning, with the Conservatives only slightly less willing to subsidize development in the depressed areas and trying to limit it in the areas of relatively high growth. But under Thatcher the divisions became much deeper. Her governments drastically curtailed aid to depressed areas. They also drastically reduced employment in nationalized industries like coal, iron and steel and shipbuilding prior to their privatization. This was significant for local economic development since the employment in those industries was heavily concentrated in the areas of relatively high unemployment.
the basis of regional interests at the sub-national scale. Before Thatcherism, the territorial was constructed almost exclusively at the national scale, if one excludes the cases of Scotland and Wales. At the time, regulatory processes were accompanied by one-nation hegemonic projects, which were characterized by mass integration under the postwar consensus of a Keynesian Welfare State (Jones, 1997, 850). Under these projects, the regional policy of both Labour and Conservative governments was to mitigate the magnitude of localized pools of unemployment in the so-called ‘depressed areas’. This was for equity reasons as well as the view that diverting employment there would reduce inflationary pressures in the rest of the country. Thus, there was a territorial interest, but it was on behalf of the country as a whole. It was only with Thatcher and the dismantling of the policies designed to divert employment into the depressed areas, and the rundown of the nationalized industries that tended to be heavily over-represented outside the South and Southeast that territorial interests and an associated politics of territory were constructed at sub-national scales.

According to Jones (1997), the two-nation hegemonic project of Thatcherism resulted in a particular form of uneven development, that is, the stark contrast between the prosperous South of Britain and the depressed North. Policies under Thatcherism were geared to ‘backing winners’, not supporting ‘lame duck’ industries or regions. This implied a widening of spatial inequalities through the development of policies, which favored the already-buoyant South at the expense of the de-industrializing North (Peck and Tickell, 1992, 355). Given the fact that the support bases of the respective parties were geographically distinct, the North-South divide in economic development resulted
in a North-South divide in electoral patterns. Accordingly, the Labour Party raised its voice on the issue of the increasing regional economic disparity between the North and the South and proposed mitigating policies. This seems to have resulted in an intensified Labor vote in the North. In reaction, the South intensified its support for the Conservative party.\(^9\) Even in this situation of territorial tension, however, territorial identities and regional loyalty do not override the class cleavage; rather, territorial interests have tended to intensify class-based voting patterns: working class people in the North have become more likely to vote Labour and more affluent people in the South, more likely to vote Conservative.

2.3.3. South Korea

Regulation and planning processes in South Korea have been highly centralized and top down in nature. In particular, since the military takeover in 1961, the Korean government has carefully planned and closely monitored the economic growth of the

\(^9\) The North-South divide in elections is actually a bit more complicated than this. In addition to the top-down, centralized forces, local conditions are also quite significant. According to Savage (1987), the intensified Labor vote in North and the intensified Conservative vote in South are related to the trajectories of local economy and the associated housing and labor market situations. He argued that people's perceptions of their localities are closely linked to perceptions of what their locality used to be like. People who feel their locality is declining are likely to adopt a different approach to government policy from others who feel that their area is getting better. The potential to make money from capital gains in housing is closely connected to the overall prosperity of the locality, especially the conditions of local housing and labor markets. Hence, an owner-occupier in a stagnant Northern area might have good reason to support the Labour party committed to reducing unemployment, improving the urban infrastructure, etc., which would help make the area more attractive. In contrast, working-class owner-occupiers in an affluent Southern area are more likely to vote Conservative because the area has been growing without state intervention in the economy.
country. In accordance with a state-driven industrialization process, regional development has also been centrally planned and controlled. The central government has held almost all authority and power regarding industrial and regional development. And local governments have been firmly integrated into the hierarchical structure of national policy making.

Under a centralized regulatory framework, bottom-up processes of local economic development have been insignificant. Partly as a result of this, bottom-up demands for economic growth have been very weak. Local governments have had relatively weak interests in local economic growth because the central government has substantially supplemented local government revenue and even appointed local officials. Also, given the dominance of nationally operated large conglomerates in the Korean economy, the development of locally based small and medium sized firms has been quite limited. Thus, the sorts of local business interests that might drive a politics of local economic development have been relatively insignificant. Furthermore, under the authoritarian military regimes, the mobilization and organization of local business interests were discouraged by the fact that the government harshly repressed various grass-root political demands and restricted civil participation in political decision-making. In this context, bottom-up political activities on behalf of local economic development have been lacking and the inter-local tensions characteristic of the American style have rarely emerged in South Korea.

However, this does not mean that local interests that facilitate territorialization of politics have been non-existent in South Korea. Even under the highly centralized and
authoritarian military regimes, local actors in some localities organized activities pressing for local economic development. Also, since political democratization and government decentralization in the 1980s, local actors have become more active in the politics of local economic development. However, what I want to point out is more about the balance between forces at central and local levels. In other words, in South Korea, central forces have been more visible and more influential in territorializing politics than the forces at the local level.

In particular, national political parties have played a key role in mobilizing territorial interests. Given the underdevelopment of class politics as a result of repression by the military regimes, political parties in South Korea have not developed strong ideological and policy orientations along class lines. Instead, regional development issues and associated territorial interests have come to dominate partisan politics. Parties have actively utilized the issue of regional development to mobilize territorial interests and regionalist sentiment for electoral purposes. As a result, a regionalist politics has been constituted. In national elections, people in certain regions have overwhelmingly supported specific politicians from the regions and the parties with which the politicians are affiliated.

In this context, the politics of regulation in South Korea has been extremely territorialized. Regionalist politics has occurred in response to the alleged unequal spatial effects of centralized regulation and planning. The principle issue of regionalist politics has been the regionally unequal effects of the state’s industrial and regional policies. The regions supposedly advantaged by these policies, and the regions supposedly
disadvantaged by them, have expressed conflicting views on government policies. People in disadvantaged regions, as a result of mobilization by the opposition parties, have been much more anti-government, whereas people in the advantaged regions, as a result of their mobilization by the ruling party, have been much more pro-government.

With processes of democratization since the late 1980s, however, there have been some changes in the form assumed by this regionalist politics. In particular, as the government established the “Local Autonomy System” in the early 1990s as a means of political democratization, state power has been decentralized to some extent. Local officials such as mayors, governors, and local council members are now elected. Also, more autonomy has been given to local governments and the central government has reduced its financial support to them. As a result, bottom-up political activities on behalf of local economic development have become more visible. Local actors, such as local governments, local businesses, and local civil groups, have been becoming more significant in the territorialization of politics.

However, these changes are more ones of degree than of kind: a little weakening of the centralized tendencies and the addition of some local forces in political processes, rather than the emergence of a totally new form of territorial politics. Local and regional development plans continue to be substantially decided by more top-down processes. Also, the politics of local economic development has not been able to emancipate itself from its regionalist, party-political, framework. Thus, political parties are still the main movers of territorial politics.
2.3.4. Explaining the Diversity: Conditions and Diverse Forms

In all three countries, regulatory processes have been politicized along territorial lines, albeit to variable degrees, and the political parties have played a key role in the territorialization process. However, as shown in the previous sections, the ways in which political parties mobilize territorial interests vary among the three countries. In this sense, this section explains the diverse forms of territorial politics in the three countries in terms of 1) how the nature of party politics affects the ways in which territorial interests are materially and discursively constructed and politically mobilized and 2) how party political cleavages can be constructed in relation to conditions that are beyond the control of the political parties (e.g. the form of the state, interaction with other parties, and the territorial nature of interests in civil society).

2.3.4.1. Capitalism and Party Politics

Capitalism has facilitated the development of democratic political systems. The forms of the state in capitalist societies are different from those of pre-capitalist states. For example, freely elected representative government based on universal adult suffrage

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10 However, there is no necessary relation between capitalism and democracy (Jessop 1990, 1976). Capitalist market economies in many developing countries, for example, have been accompanied by authoritarian and repressive political systems. Also, during the transition from feudalism the state could not be democratic since it needed to use force to establish the conditions in which a free market economy could be made to work (e.g. through the dispossession of peasants from their land and the creation of a reserve of industrial labor). Furthermore, extending full citizenship to the working class was only possible since based on technological and other means of improving productivity, capitalists did not have to entirely rely on the extension of the working day and the intensification of labor for profits and they had more room for material concessions to win working-class support in the electoral process.
nowhere preceded capitalism. Also, there is no legal monopoly of political power in the hands of the economically dominant class in most advanced capitalist societies.

According to Jessop (1990, 176-177), capitalism makes it possible for democratic government to develop for two reasons. First, in capitalist society, workers must be free in the double sense that as free individuals, they can dispose of their labor power as their commodities, and that, on the other hand, they have no alternative means of acquiring means of subsistence and be compelled to sell their labor power. Given the double freedom of labor power, capitalists do not have to monopolize political power to force the working class to work for them. Thus, the capitalist state can have more democratic forms than the state in pre-capitalist societies, where the ruling class needed extra-economic forces to make the working class to work for them.

Second, the capitalist state need not be directly involved in economic exploitation and can assume the form of an impartial, constitutional state, in order to make workers accept the legitimacy of free market forces and maintain the conditions in which market forces can secure the economic domination of capital. Furthermore, pressures for democracy develop within the capitalist state with capitalist development. In particular, the development of the labor movement increases the significance of the democratic forms of the state since they reduce the possibility of the clash of competing class interests and so help to secure the conditions in which market forces can operate.

Elections and political parties are essential aspects of democratic political systems. In democratic society, political parties are free to organize and compete for power and support. Even under the truncated forms of democracy that emerge in the
authoritarian state, it is often the case that elections are held and multiple parties exist. Elections serve as a significant means through which diverse social interests are represented. Also, since modern elections consist of competition between political parties for the support of the electorate, parties try to build social base to win elections, constructing cleavages of interests. Accordingly, parties tend to play a key role in defining and constructing interests in capitalist societies.

With the development of capitalism and increasing class tensions, parties tend to focus on class-based cleavages in mobilizing interests to build their social bases (Taylor and Johnston 1979). However, other interests and cleavages, such as the racial, religious, territorial, etc., are still significant in party politics. The degree to which parties mobilize non-class interests, which in their construction seem to crosscut class-based cleavages, may vary. Overt forms of class politics may significantly affect party politics.

Where labor unions are strong and nationally organized and manifest close relations with political parties, as has historically been the case in Britain, major political parties are more likely to construct class as a major political cleavage. On the contrary, in those countries, like South Korea, where labor unions are relatively weak and not nationally organized and where historical and financial links to a political party are weak, parties are less likely to construct interests around a class cleavage. Rather they tend to search for alternative sources of political cleavage, such as territory, religion, race and the like. In this situation, if certain political or economic processes significantly affect the material interests or identities of the residents of particular regions, then it is very possible that a political party will exploit those sensitivities. In South Korea, for example,
when the geographically unequal effects of the government policies resulted in increasing regional economic disparities, and given the regionally biased nature of national ruling elites, parties saw enormous possibilities of building their social bases by mobilizing territorial sentiment.

2.3.4.2. The State Form and Party Politics

The construction of party political cleavages can be influenced by many other conditions. In particular, the state form may significantly condition the ways in which parties construct political cleavages. It creates a set of opportunities and limitations for the political parties as they try to construct their social bases, and, in effect, the political cleavages dominant in a particular society.

Thus, the construction of party cleavages based on class interests may be less likely to happen when the state allows the political representation of working class interests only at the minimal level. For example, the authoritarian regimes in South Korea have put an institutional restriction on workers' organization at the national scale. Labor law has allowed unions to bargain contracts only at the firm level, prohibiting industry-wide bargains at the national scale. Also, union participation in partisan political activities has been strictly limited. Accordingly, the development of a labor movement at the national scale has been frustrated and labor unions have not been able to build a historical and financial link to political parties. As a result, parties have been less likely to construct cleavages around class interests.
On the other hand, certain state forms may facilitate the construction of party political cleavages along territorial lines. This may happen when state intervention in industrial and regional development has geographically unequal effects and hence the state can be seen as, at least in part, responsible for uneven regional development. Certain place-specific interests can be positively or adversely affected by the spatial selectivity of state regulation. In this context, parties or politicians are likely to mobilize territorial interests with respect to the ways in which the regulatory role played by the state affects local or regional economies. The emergence of the Sunbelt-Frostbelt conflict in the US, the North-South divide in Britain, and the regionalist politics in South Korea, for example, is associated with the unequal geographical effects of the state intervention.

In particular, when the parties search for non-class based political cleavages due to the weakness of class politics, the spatial selectivity of state intervention, responsible for regional economic disparities, can facilitate construction along specifically territorial lines. The development of the regionalist party politics in South Korea can be an example. Given the underdevelopment of class politics, parties in South Korea have been less likely to construct class-based political cleavages and they have searched for alternative sources of cleavages. In this context, an uneven regional development, attributable to the regulatory role played by the state, provided an important base, on which parties tried to build their social bases.

Furthermore, when the representation of interests in the state has a certain form of territoriality, this tendency can be intensified. As Evans (1995) argues, in societies of East Asia, concrete set of social ties, i.e. formal and informal organic (family, school,
local) networks, which bind the state to society and provide institutional channels for the continual negotiation and re-negotiation of goals and policies are common. Depending on the nature of the networks connecting between state and society, interests in society can be represented in the state in diverse ways. This network-based representation can be territorial in nature when networks are formed through the social ties linking people on the basis of region or place of origin. The state-society connection in South Korea, for example, has been cemented through place-based social networks, in particular the networks of alumni of some regionally based elite high schools, and also those based on a common hometown. As a result, people from a certain region became dominant in the composition of the national ruling elites. In this sense, there can be a territorial bias in the representation of interests in the state, though whether or not it functions that way is less important than the way in which it is seen to function.

When it coincides with uneven regional development attributable to the geographically unequal effects of the state policies, the regionally biased nature of state representation may provide an opportunity for parties to build territorialized supporting bases in different regions. This is especially so, when the region, from which dominant members of ruling elites come, is more advantaged by government policies than other regions. In that context parties are likely to utilize the issues of uneven development in building their social bases by attributing the regional economic disparities to the regionally biased nature of the national ruling elites. More specifically, the ruling party may try to build a pro-regime supporting base in the region benefited by government policies, pointing to the existence of these links and the necessity that they continue in
regional prosperity is to continue; while on the other hand opposing parties may try to build anti-regime social bases in the regions disadvantaged by the government policies using the obvious counter-argument: that only by ousting the ruling party can the state-region connections be changed to their advantage. As a result, party political cleavages can be constructed around territorial cleavages. The emergence of regionalist party politics in South Korea can be explained in this way.

Even though the primary party political cleavage is constructed around class interests, however, party politics can still be involved in the territorialization of politics. This is when the candidates of parties mobilize territorial interests in their respective constituencies in order to gain votes, and regardless of their parties' ideological orientation. What facilitates this is a party which lacks a strong ideological core and/or in which the discipline it exercises over its candidates and representatives is relatively weak. This sort of internal disunity is quite significant in US politics. Even though parties in the US are somewhat differentiated in terms of class orientation, they remain quite fragmented both ideologically and in terms of their organization. In consequence the possibility that candidates will exploit local or regional interests is increased. In particular, the American parties do not exercise much power over the selection of candidates. Rather the selection process is highly localized both in terms of its locale and in terms of the influences to which it is subject. Thus, the candidates of parties tend to be more inclined to local interests than the interests of party conceived as a coherent national force with a coherent agenda.
On the other hand, when parties have strong internal cohesion and they impose strong party control and discipline on their members or over the selection of candidates, the territorial appeals of the individual party members or candidates are much less likely to occur. Historically this has been the case of British politics. Due to strong tendencies towards party unity, legislators are less inclined to territorial issues. However, even though parties may be quite strongly cohesive internally, if the party itself focuses on certain territorial interests, as do the parties in South Korea, then the result may be a strongly territorialized politics.

On the other hand, it is important to point out that the form of territorial interests in this case can be different from the one occurring in the situation of relatively weak party unity; i.e., that more characteristic of the US. Specifically the scale at which territorial interests are constructed may be different. In the latter case, the construction of territorial interests can be facilitated at the level of the constituency because individual candidates want to represent the interests of their respective constituencies. On the other hand, in the former case, territorial interests are constructed at the regional scale rather than that of the local because parties try to generate territorialized political support from a certain region.

The forms of the state can significantly influence such differences in the levels of party unity. According to Cox (1998a), the high level of party unity in Britain is related to the parliamentary system there. In parliamentary systems where the majority party gets to elect the leader of the executive branch and expects to provide the heads of the different departments and their immediate subordinates, the prime minister and his/her cabinet
have an intense interest in the loyalty of their parliamentary party. This is because without it they can be out of a job. On the other hand, the parliamentary party also has an incentive to support the government since failure to support it can mean a new election and the possibility of losing their seats. This helps to explain the strong top-down discipline exercised over the parliamentary party and their willingness to accept that discipline.

Under strong top-down discipline, selection of candidates can be centrally organized by a national party committee or executive. As a result, candidates are more likely to follow the ideological and policy orientation of the party. Thus, if candidates are chosen in this way and non-territorial cleavages (e.g. cleavages based on class, race, gender, etc.) are significant in party politics, territorial interests may be less easily mobilized.

On the other hand, the low level of party unity and weak party discipline in the US are related to the separation of powers between the executive and legislative branches of the state (Cox, 1998a).11 The executive branch does not depend for its continuation in office on the votes of the Presidential party in the legislative branch. The President has four years in office and cannot be ejected no matter how often his/her legislative proposals are voted down. Likewise legislators are subject to election on a regular basis, regardless of the success or failure of a President from their party. In this context, the

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11 In addition, the highly fragmented state structure of the US partly explains the weakness of the national parties. Under the US constitutional system, coherent majority rule is absent. Thus, parties are quite weak. The elaborate compromises needed to shepherd even the most modest measures through Congress mean that legislators must kowtow to every last special interests (Lazare, 1998, 26). Thus, the decentralized system
incentives for tight central control over the selection of candidates and the imposition of a common program on them are lacking and the process can be significantly localized (Cox, 1998a, 19).

In this context, candidate selection can be locally organized or affected by the decisions of a local electorate. Thus, it is more likely that candidates will try to represent the interests of certain locally organized forces even at the expense of overall party strength and hence territorial representation of interests may be more easily facilitated. The primary system in the US is an example. In the US, the direct primary takes the nominating decision away from the party and gives it to the voters (Katz, 1986). In the direct primary choice of candidates is carried out in a State-regulated election. The list of candidates cannot be limited by the dictates of any party organization. Rather anyone who wants to claim the label of a party can stand. This system results in a more candidate-centered politics where the candidate appeals to a specifically local

has encouraged a proliferation of factions.

Another example of locally organized system of candidate selection is the system of the single-nontransferable vote (SNTV) with multimember district is Japan. This system permits voters only one vote, although there are m seats to be filled (m > 1); the m candidates with the highest vote totals are elected (Grofman, Lee, Winckler, and Woodall, 1999, 2). This system has been utilized in Japan for elections to the House of Representatives, Japan’s lower house, from the mid 1920s to 1993. Under this system, parties could run more than one candidate in each district so that candidates often competed with other candidates of the same party. Also, to the extent that a party nominates more candidates than it elects, the voters make the final selection of candidate (Katz, 1986). This system generates very strong intra-party competition within a given district and hence provides strong incentives for party factionalism. Also, because candidates are competing with members of their own party as well as members of opposing parties, this system fosters a strong localistic and personalistic orientation in which members compete to provide “personal” and “group-based” services to their individual constituencies and downplay wider policy issues (Grofman, 1999, 390). As a result, the SNTV system may facilitate the territorial representation of interests.
constituency (Cox, 1998a). Thus, coalitions tend to be assembled more locally and less nationally, and hence elected representatives will tend to be more responsible to locally specific coalitions. As a result, it is more likely that in the primary system interests will be territorially constructed and mobilized.

2.3.4.3. Interaction with Other Parties

Parties tend to react reciprocally to each other's strategies when constructing respective social bases. In other words, if a party adopts a territorializing strategy, then that increases the incentive for the other party to do likewise. This is conceptually related to the positive feedback processes that tend to channel a cleavage structure in a particular direction. For example, if one party adopts a territorial strategy that is seemingly successful in gaining votes, other parties are likely to adopt territorial strategies, simply in order to make up for the loss of seats resulting from the shift in party identity in a particular region.

Furthermore, due to path dependence, once parties successfully build their social bases by adopting territorial strategies, territorial strategies tend to be intensified and get entrenched. Following North (1990, 94-95), this path dependent process can be related to several mutually reinforcing mechanisms. First, there are large setup costs when territorialized political cleavages are constructed. For instance, once party organizations and electoral machines are already set up on the basis of territorialized political frameworks, it will be costly to push those organizations in a different direction. Second, there are significant learning effects for political organizations that arise in consequence.
of the opportunity set provided by a territorialized party politics. Resultant organizations will evolve to take advantage of the opportunities defined by the territorialized institutional framework. Third, there will be coordination effects via interaction with other political and economic agents taking similar action. For example, once party politics is territorially organized, important political donors, such as firms and interest groups may make their political calculations on the basis of the territorialized party political situation, which will intensify the territorialization of party politics further. Fourth, adaptive expectations may occur because the increased prevalence of territorialized party politics will reduce uncertainties about the permanence of that party political regime.

2.3.4.4. The Territorial Nature of Interests in Civil Society and Party Politics

Parties and politicians cannot construct territorially defined cleavages out of nothing. Social interests in civil society have a certain territorial nature, which provides the basis for the mobilization of territorial cleavages by parties and politicians. In particular, the intensity of territorially defined interests and the scales at which territorial interests are constituted can significantly affect the ways in which parties and politicians construct political cleavages.

2.3.4.4.1. Territorial Interests of Capital

The interests of capital can be territorially defined. But the territorial nature of capitalist interests may vary depending on the scales at which their local dependence is
constituted. In some cases, capital tends to be fragmented and firms are locally dependent at smaller geographical scales. For example, they may sell most of their products in local markets; they may rely on localized labor markets, localized inter-firm transactions, localized fixed capital, etc. Accordingly, they exhibit low levels of locational substitutability. In this situation, the interests of these locally based capitals are bound to more local geographic scales (Cox and Mair, 1988). These locally dependent businesses often take the initiative in the politics of local economic development, and so contribute to the construction of territorial politics at those scales.

Territorial politics in the US exemplifies this. Even though there are lots of nationally — or even internationally — organized businesses in the US, many firms are still locally dependent at smaller, sub-national, scales. For example, unlike in Britain, utilities are still locally organized in the US. Also, until recently, the branching of banks beyond State boundaries was limited. Thus, in the US, territorial interests tend to be quite intensely constituted at smaller, local scales, which tend to reinforce tendencies of individual candidates and representatives to represent the territorial interests of their respective constituencies. For example, in the primaries, candidates have found it easy to put together coalitions that want the candidate to do things for the locality.

On the other hand, some firms organize their production and marketing processes at broader geographical scales (e.g. national or international). Since the local dependence of these firms is constituted at national or even international scales, they enjoy high levels of locational substitutability within the national boundary or at certain international
scales. Thus, these firms are much less interested in activities pressing for local economic
growth at smaller, sub-national scales.

For example, in Britain, capital is more nationally based. The British banks and
utilities are good examples. Unlike their US counterparts, they have established nation­
wide branching networks. The local interests of businesses tend to be quite weak. As a
consequence the attempts to construct local growth coalitions have been largely initiated
by central government and national business organizations. South Korea has a similar
condition. On the basis of the state’s preferential supports, some nationally operated,
large conglomerates (called chaebols) have dominated the national economy, while the
development of locally based small and medium sized firms has been limited.
Accordingly, local business interests have been weak in Britain and South Korea, which
may be a condition for the limited activities of candidates or representatives to represent
the interests of their respective constituencies there.

2.3.4.4.2. Territorial Interests of Working Class

The interests of workers also can be territorially defined and represented. If labor
unions are strong and nationally organized and they bargain contracts at the national
scales, working class interests can be constructed at the national scale. Also, political
cleavages may become based more on class lines than territorial differences.
Accordingly, political parties may focus on class differences in constructing and
representing interests. Thus, in the politics of regulation, differences in class interests can
be more highlighted than, say, territorial tensions.
However, if labor movements are not strongly organized at the national scale for some reason (e.g. the military government’s harsh repression of union activities in South Korea or the uneven geographical development of labor movement in the US which is in turn related to the uneven development of capital), class politics may be less important at the national scale. Given the low level of labor organization at the national level, the ability of workers to develop a working class consciousness at that scale can be limited and hence workers may be very susceptible to territorial interests and discourses. Accordingly, more room will be open to the territorial representation of interests in the politics of regulation. In South Korea, for example, union activities were very weak and not nationally organized until recently because of the military government’s harsh repression of union activities. As a result, class cleavages were unimportant in political activities. Parties relied on territorial cleavages to build their social bases instead of class cleavages and territorial politics has been facilitated.

2.3.4.4.3. The State Form and Territorial Interests in Civil Society

The state form can intensify, weaken, or reinforce the territorial representation of interests in civil society. In particular, the degree to which powers are distributed among different parts of the state and how this is expressed in diverse ways in the state’s scale division of labor can significantly affect the intensity and the scales at which interests in civil society are defined and constructed.

In more centralized structures, where the power to raise revenue and deciding growth policies is lodged in more central levels of the state, the territorial representation
of interests at smaller and more local scales can be discouraged. Since local governments may be insulated from the kind of growth pressures that are a familiar feature of the US politics, they may exhibit low levels of interest in (e.g.) enhancing local economic development. Also, even when local governments do have an interest, they lack power to work for the interest. Thus, even though there are diverse forms of local-scale interests in civil society, such as local business interests and local working class interests, the centralized form of the state may constrain the mobilization of these local interests.

Also, since regulatory issues tend to be shifted upwards and processed by a central state, a centralized government and a national bureaucracy play a more directive role in economic development, like, in Britain (historically, at least) and South Korea. Thus, it is more likely that territorial interests are mobilized with respect to the top-down regulatory projects by more central levels of the state. In particular, when the spatial selectivity of central government regulation is crucial, or at least can be defined as crucial, in explaining the economic growth or decline of regions under a highly centralized regulatory framework, businesses and workers who have local interests are likely to organize around the issue of geographically unequal effects of the regulatory role played by the central government. It is often the case that several localities sharing

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13 However, it does not mean that under the centralized structure of the state, there will not be a significant bottom-up force in territorial politics. Surely, some local actors may organize local development politics to protect or enhance their interests. Especially, when the top-down regulation creates uneven regional development, we could have a situation where local and bottom-up forces organize against the rules enforced by the central state. However, there may be lots of limitations in terms of what these bottom-up forces can do due to the centralized government structure. Thus, what I emphasize here is the matter of balance between the top-down forces and the bottom-up forces. In other words, under the centralized structure of the state, the top-down forces are likely to be more powerful and
interests with respect to government regulation form an alliance to represent their interests and different alliances may compete against each other for government favor. This process may be mutually reinforcing with the territorial strategies of political parties. Parties may respond to these activities and try to build their social bases by using territorial strategies to construct territorial cleavages. At the same time, however, political parties may also play a leadership role in constructing the alliances of localities.

On the other hand, more decentralized structures of the state may facilitate more active representation and mobilization of territorial interests at smaller and more local scales. In particular, when local governments are not only autonomous in expenditure, rule making and enforcement, but also independent from central government for their revenue, they exhibit a high degree of local dependence. Thus, they may be very active in protecting or enhancing local interests and hence it is likely that territorial interests of businesses and workers will be strongly represented at smaller and more local scales.

Even in the decentralized form of the state, however, more central powers can be involved in local development processes. Often local governments and other locally dependent actors may try to mobilize the powers and resources of upper levels of the state. In doing so, local governments can face competition from other local governments for the central government's policies and subsidies. In this context, there may be more pressures on individual candidates and representatives to represent the interests of their respective constituencies.

visible than the bottom-up forces.
2.3.4.4.4. Hegemonic Discourses and Territorial Interests

The hegemonic discourses of a society also help to facilitate or constrain the territorialization of interests in civil society. Under the influence of discourses, actors perceive, interpret, and understand the political economic realities in particular ways.

For example, in explaining the decentralized nature of the government structure and political heterogeneity in the US, people tend to emphasize American political culture, that is, a nearly absolute commitment to the values of individualist liberalism or interest group liberalism (Burnham, 1975; Lowi, 1979). In the US, the overwhelming value consensus has been in favor of maximum private responsibility and initiative and minimum intervention by public authority (Burnham, 1975, 282). Under such conditions, the establishment of centralized policy-making systems or centralized government-control functions has been more difficult and the perpetuation of the highly fragmented nature of the US state has been encouraged. Also, the bottom-up nature of territorial politics in the US may be intensified by interest group liberalism because representatives may feel that they should be responsive to grassroots pressures, though how one defines ‘grassroots’ is clearly significant here.

Another example of the role of hegemonic discourses is provided by that of regionalism in South Korea. In regionalist discourse, it is widely believed that 1) the economic growth of a region is absolutely dependent on financial and institutional supports from the central government; and 2) whether a particular region benefits in this way is determined by whether people from the region take important positions in the government.
This regionalist interpretive framework and territorialized party politics in South Korea have been mutually reinforcing. Given the territorialized party political framework, parties and politicians have played a major role in constructing these discourses in order to consolidate their territorialized supporting base. In particular, they attributed the regional economic disparities to the regionally biased nature of the national ruling elites. Once regionalist discourses gain a hegemonic position, party politics has become more dependent on territorial cleavages. The effects of government policies, which might affect regional economies, are likely to be interpreted within the regionalist framework. Thus, when regions are disadvantaged by a government policy, regionalist sentiments can more easily arise there. In this context, it has been very easy to define economic interests in territorial terms. Accordingly, parties have become more dependent on territorial interests and cleavages in building their social bases.

2.3.4.5. Explaining Diverse Forms of Territorial Politics in Three Countries

In the previous sections, I have discussed important conditions contributing to diverse expressions of territorial politics and their interactions. This section elaborates on how this discussion applies to the three countries I have discussed.

In all three countries, there have been conflicting interests along the lines of both class and the territorial (or the local/national) with respect to regulatory projects. Typically in capitalist societies, class comes to be the major structuring force of party politics. In particular, party politics in the US and Britain has been constructed primarily around class cleavages. But since the territorially defined tensions remain and have to be
accommodated in party politics, party politics in the US and Britain has also been involved in constructing territorial cleavages. Furthermore, since in South Korea, class has not been allowed to flourish as a basis for party political cleavages due to government restrictions on labor union activities, parties have been very active in mobilizing territorial interests as a way of building their social bases. However, there are variations among the three countries in the ways in which party politics accommodates territorially defined interests and tensions.

In the US, capital tends to be fragmented and many firms are locally dependent at smaller spatial scales. As a result their territorial interests of businesses tend to be quite intensely constituted at those same scales. In this context, and under a decentralized regulatory framework, the territorial interests and tensions tend to occur in the context of bottom-up processes of local economic development. Local forces, such as local governments and local businesses, tend to take the initiative for local economic development in order to protect or enhance their local, place-dependent interests. These bottom-up processes often result in the formation of growth coalitions to attract inward investment and gain financial or institutional support from the State or federal governments. Thus, growth coalitions in different localities may compete against each other for investment or for government policies. Furthermore, responding to bottom-up initiatives from the same source, central governments may establish certain regulatory frameworks, which may in turn affect the interests of various localities. For example,

\[14\] However, the central forces in the US are not always just responding to local initiatives, but sometimes they initiate certain projects and local forces are responding to them and their unintended spatial effects. An example is the case of the Sunbelt-Frostbelt
federal programs like Urban Renewal or Urban Development Action Grants were in response to local growth initiatives. When these programs adversely affect the interests of certain localities, tensions may occur between the local and the national.

This form of territorial tension in the US has been accommodated by the ways in which individual representatives are very active in representing the interests of their constituencies. The major political parties in the US have been less interested in territorial issues. This is because class cleavages matter in US party politics though they are not as significant as in Britain. Although the difference is not great, it is widely believed that the Democrats are center-right while the Republicans are generally harder right (Lazare, 1998, 33). Especially, since the 1930s, labor union endorsement has been an important aspect of the Democratic Party’s appeal to voters (Taylor and Johnston, 1979, 129).

However, due to the low level of party unity, individual representatives are allowed more discretion in how they vote, voting sometimes along territorial lines and sometimes along class lines. Thus, unlike parties, individual candidates or representatives who carry the party label have tended to be very active in territorializing politics. Responding to local pressure, they are often actively involved in the activities of congressional committees in order to represent the interests of their respective conflict. The establishment of the Northeast-Midwest Congressional Coalition in Frostbelt States in the 1970s was a local reaction to the biases in federal legislation to favor Sunbelt States (Cox, 1998a). In particular, actors in Frostbelt States believed that the right to work clause of the federal Taft-Hartley Act provided more ‘business-friendly’ environments to the Southern States, where the enactment of right-to-work laws was common, while disadvantaging the Midwest and the Northeast, where right-to-work laws were absent due to the strong union opposition. In reaction to federal legislation, therefore, the Coalition in Frostbelt States attempted to eliminate the right to work clause of the Taft-Hartley Act.
constituencies and their votes on the floor may not be constrained by the pressure of party whips as they would be in, say, the British instance. For example, federal infrastructure expenditure (for airports, highways, and the like) are heavily determined through the congressional log-rolling system, with which legislators try to bring home the infrastructural “bacon” for their growth constituencies (Molotch and Vicari, 1988, 191-192).

In contrast to the US, bottom-up forces have been relatively insignificant in the UK and South Korea due to the top-down processes of regulation and the weakness of local business interests. Instead, national forces are more active and visible in determining local development processes. Thus, when certain regulatory projects pursued by the central government have geographically unequal effects, regions may have contrasting interests with respect to regulatory projects depending on whether they are advantaged or disadvantaged by the policies. Also, tensions may occur between the local and the national when the disadvantaged regions oppose the central government policies. The territorial tensions may be constituted in this way in the UK and South Korea.

15 Recently, however, it has been widely observed that bottom-up processes have become more significant in British and South Korean territorial politics. Many scholars have argued that with the rise of neoliberalism as a general framework for urban governance, territorial politics in Britain has become more related to local business involvement and inter-local competition for inward investment and selling places (Peck and Tickell, 1995b; Harding, 1997). Also, as mentioned above, with the establishment of the ‘Local Autonomy System’ in the early 1990s, local actors have played a more active role in territorial politics in South Korea. Despite these changes, however, in Britain and South Korea, the top-down forces are still more important in structuring forms of territorial politics than the bottom-up forces.
However, the UK and South Korea have shown some differences in the ways in which political parties accommodate the territorial tensions. In Britain, the territorial tensions have been accommodated by a tendency to territorialize class. Cleavages of interest have tended to be constructed mainly along class lines. As a result, party politics has been primarily based on class cleavages. Also, since parties retain their internal unity based on their class orientation, the territorial appeals of the individual party members, responding to local political pressure, are less likely to occur. Accordingly, the politics of regulation in the UK has been much less territorialized than in the US and in South Korea.

Even so, political parties have sometimes been involved in the construction of the territorially defined interests. An example was the emergence of the so-called North-South divide with respect to Thatcher’s regional policies. However, this territorialization process has occurred within the framework of the class-based party politics. In the case of the North-South divide, territorial coalitions were constructed by class fractions. Areas losing from Thatcher policies tended to be Labour strongholds. They opposed Thatcher policies not only because Thatcher policies of privatization, deregulation, dismantling the welfare state were affecting Labour supporters in the North materially, but also because they were what historically the Labour party had opposed. Thus, the territorialized party politics tends to reinforce the traditional class bases of the two major parties.

In South Korea, the territorial tensions have been accommodated by an explicitly territorialized party politics that, unlike the British case, is seemingly shorn of links to class politics. Since the state has harshly restricted labor movements and union
participation in party politics until recently, class has not been allowed to flourish as a basis for party political cleavages. Rather, party politics has been constituted around local and regional cleavages. The uneven regional development attributable to the spatial selectivity of government policies and the regionally biased nature of national ruling elites have provided enormous room for parties to mobilize political cleavages based on territorial interests. Since parties have relied on this form of political support, they have been very active in utilizing the issues of uneven regional development. The result has been to give politics a sharply regionalist character.

2.3.5. Concluding Remarks: A Summary

This chapter has had two goals: 1) providing an abstract conceptualization of the territorial politics of regulation and 2) providing conceptual links between the conditions for it and the varied forms of territorial politics. For the abstract conceptualization, it tries to conceptualize the ways in which politics based on territorial interests are constituted in the processes of regulation. Regarding this, it specifically suggests: certain place-specific regulatory processes are always political and contested because different social groups, based on class, race, gender, division of labor, territory, etc., may have different interests with respect to particular regulatory projects; in the context of the emergence of political tensions around regulation, interests can often be materially and discursively constructed in territorial terms, especially political struggles formed between places, or places at different scales; the territorial politics of regulation can be constituted through this process.
In addition, this chapter has provided some conceptual links between the conditions and the forms of territorial politics in order to explain diverse forms of territorial politics. For this, first, I have discussed the differences in the forms of territorial politics in the US, the UK, and South Korea. Then, I have explained the diversity in terms of the ways in which party politics accommodates territorial interests and tensions. Also, I have discussed how the nature of party politics can be conditioned by other conditions, including the state form, inter-party relations, and the territorial nature of interests in civil society. Then, applying this discussion to three countries, I briefly explained the ways in which territorial politics of regulation has been expressed in different ways in the three countries. On the basis of the conceptualization provided in this chapter, the following chapters will provide much more detailed discussions of the territorial politics in South Korea.
CHAPTER 3

RESEARCH CONTEXT

In order to empirically examine the relations between conditions and the forms of territorial politics, this study addresses a distinctive form of the politics of local economic development in South Korea; a politics of regionalism. This chapter aims to provide the context of this empirical research. For this, it has five tasks. First, it discusses some important features of the regionalist politics that reveal the peculiarity of the South Korean politics of local economic development. Then, it explains my two case studies. Thirdly, and at much greater length, I provide the political and economic backgrounds of the South Korean case by discussing the processes of the state-led capitalist development and the changes in political systems there that occurred over the period from 1948 to 1997. Fourth, this section also suggests some important conditions facilitating the emergence of regionalist politics in South Korea and discusses the ways in which these conditions have been constituted in the context of processes of state-led capitalist development. Finally, with respect to my two case studies, I discuss how these conditions have combined in order to create ones conducive to the emergence of this regionalist politics.
3.1. The Politics of Regionalism in South Korea

This research focuses on the territorial politics of regulation in South Korea, a politics that has been shaped in the context of a process of state-orchestrated capitalist development. Capitalist development in South Korea has some unique features. The state has played an active regulatory role in initiating industrialization and coordinating economic activities. Also, backed by preferential support from the government, large conglomerates (called chaebols) have dominated the business sphere. In addition, this state-orchestrated capitalist development was accompanied by authoritarian military regimes. As a result, the working class was not empowered until the late 1980s. Under these conditions, a distinctive form of the politics of local economic development has emerged. It is a politics of regionalism.

In this regionalist form of the politics of local economic development, political parties and politicians, relying on territorialized support from specific regions or localities, have tended to be actively involved in urban and regional development issues. In contrast to the US and Western Europe, party political cleavages in South Korea have tended to be regional in character and have emerged in response to an uneven development attributable in significant part to the regulatory role played by the state. In other words, the politics of local economic development has been deeply intertwined with party politics. Also, the principal issue of local development politics has tended to be the regionally unequal effects of the state's industrial and regional policies.
3.2. Two Case Studies

This research proceeds through two case studies chosen to underline the ways in which the regionalist politics has evolved over time along with change in Korean capitalism. The first case study addresses a divide between the southeast and the southwest in presidential elections in the late 1960s and the early 1970s. Specifically, in the 1971 presidential election, President Park and his opponent, Kim Dae-Jung, gained overwhelming support from their home areas: southeastern Korea and southwestern Korea respectively (see Figure 3.1). This regional disparity in the electoral outcome occurred in the context of a state regulatory process that had geographically uneven effects. In particular, it entailed the rapid industrialization of southeastern Korea and the economic stagnation of the southwest. Throughout the late 1970s and the 1980s, political regionalism in these two areas was intensifi ed through other political issues. These included the military regime's repression of Kim Dae-Jung and his followers and its massacre of hundreds of citizens and students in the course of repressing a political uprising in Kwangju, a central city of the southwest, in 1980. Through these processes, territorial cleavages have become more significant in Korean party politics.
Figure 3.1: Provinces of South Korea

Figure 3-1 shows the provinces of South Korea. Southeastern Korea includes North Kyongsang and South Kyongsang, while southwestern Korean refers to the provinces of...
With the political changes of the 1980s, a new form of regionalist politics began to emerge from the early 1990s on. The 1980s were marked by civilian protests against the military authoritarianism. As a result, processes of political democratization began from the late 1980s with the military regime's "Declaration of Democratization" in 1987. The subsequent political changes provided a new socio-political environment within which the territorial politics of regulation was constituted. In particular, due to the establishment of the "Local Autonomy System" in the early 1990s, state power has been decentralized to some extent. As a result, some local, bottom-up, political activities on behalf of local economic development have emerged. Local actors, such as local governments, local businesses, and local civil groups, have been in the process of becoming more significant in that politics.

These changes, however, are more ones of degree than of kind: some weakening of the centralizing tendencies and the addition of some local forces in political processes, rather than the emergence of a totally new form of territorial politics. Local and regional development plans continue to be substantially decided by the more central branches of the state. Furthermore, the territorial politics of regulation has not been able to emancipate itself from its regionalist, party-political, framework. In southeastern and southwestern Korea in particular, where political regionalism has become embedded, national politicians and political parties are still actively involved in the politics of local economic development. In this context, and in some cities, this politics has often been North Jolla and South Jolla.
highly politicized, focusing on the regionally biased nature of the regulatory policies of the central government.

However, there has been a significant change in the form assumed by the politics of regionalism. This is related to the shift in scale at which territorial conflicts are played out. The SE-SW divide in the 1960s and the 1970s had been more to do with broad alliances of localities pressing for a redress of topdown-orchestrated uneven development. Its new form, however, has been more to do with specific localities, newly emancipated in terms of what they can do, and struggling for economic development at the expense of places within the same broad region.

My second case study addresses this new form of regionalist politics, focusing on an inter-local conflict between Taegu and Pusan, two big cities in southeastern Korea. Taegu is a central city in the province of North Kyongsang (the northern part of southeast) and Pusan is a major city in the province of South Kyongsang (the southern part of the same region) (see Figure 3.2). From the early 1990s on, actors in Taegu, such as local chambers of commerce and local governments, promoted a project to build an industrial complex in order to attract more manufacturing firms there. However, this project has faced strong opposition from actors in Pusan based on an environmental concern.
As shown in Figure 3.2, a river flows from north to south through the southeast. Taegu is located upstream, while Pusan is located downstream. Given this geography, Pusan opposed the industrial complex project pursued by Taegu on the grounds that a
new industrial complex in Taegu might degrade the water quality of the river, to their detriment. In reaction to this opposition, actors in Taegu formed a growth coalition to mobilize support for the planned industrial complex. Accordingly, a severe inter-local conflict occurred between two cities. With national elections, this tension became intertwined with party politics. Different parties supported different cities to build their - territorialized - support base. As a result, regionalist sentiment, albeit at a smaller geographical scale, was mobilized in the two cities in the mid 1990s.

3.3. Political and Economic Backgrounds

3.3.1. The Processes of State-orchestrated Capitalist Development

The analytical focus of this dissertation is on exploring the social, political, and institutional conditions that have facilitated the emergence of a particular form of the territorialized politics of regulation: the politics of regionalism found in South Korea. However, the conditions in a society are not pre-given, but constructed through social processes. Furthermore, processes of capitalist development are central to the ongoing construction of the institutional conditions in a country. South Korea has a unique history of capitalist development characterized by a strong state role in industrialization. In this sense, this sub-section identifies state-led capitalist industrialization as something that conditioned the various conditions crucial for the construction of the particular form assumed by the territorialized politics of regulation in South Korea.

Capitalist industrialization in South Korea began in the 1960s with the establishment of a military regime through a coup in 1961. Given its consequent lack of
political legitimacy, its hegemonic project consisted of two contrasting, but complementary, elements. First, the military regime tried to consolidate its power through material concessions to the people. These were to be achieved by delivering economic growth. It was in this context that state-initiated capitalist development started. In order to successfully promote industrial development, the state deployed a wide range of regulatory measures. These included the strategic allocation of resources, including bank credit; preferential support for strategic industries; and export promotion policies. At the same time, however, the hegemony of the military regime was maintained through the repression of opposing political activities. Indeed, immediately after the coup, the military regime declared martial law and placed various political restrictions on popular political activities.

State-initiated capitalist development in South Korea was coupled with an authoritarian regulation of both capital and labor. In promoting an export-oriented industrialization, the military regimes strongly guided, disciplined and coordinated the economic activities of businesses in order to prod them into investing in industry (and then exporting their products) rather than engaging in the unproductive rent-seeking activities that had hitherto prevailed. Also, Korean workers were forced to endure relatively low wages, long working hours, and heavy labor intensity. These regulatory roles were backed up by the authoritarian power of the military regimes.

At the same time, the authoritarian nature of the military regime had to be intensified as a result of the state-orchestrated nature of capitalist development in the country. Because of the oppressive nature of the institutions governing the growth
process, the state-led industrialization strategy generated its own political opposition.

Thus, as Hart-Landsberg (1993, 164) pointed out, "growth itself created the need for ever
greater state repression." Facing increasing opposition, the military regime needed to
intensify its authoritarian nature, repressing opposing political activities more harshly
still. Furthermore, the economic decline in the late 1960s aggravated living conditions,
increased popular discontent, and caused political instability. To overcome this crisis, the
military regime installed the Korean version of the bureaucratic-authoritarian regime
(Yushin) in 1972, which imposed severe restrictions on the political activities of the
popular sector. The regime replaced a direct presidential election system with an indirect
vote, proclaimed martial law, impose press censorship, and restrained opposition party
activities. More detailed discussions will be provided in the following section.

However, the authoritarian nature of the growth process and the continuous
repression of popular political activities caused increasing labor unrest and political
protest in the 1970s and the 1980s. In the late 1980s in particular, the democratization
movement grew rapidly and labor disputes and civilian protests exploded, challenging the
authoritarianism of the Korean state. This in turn created the conditions for the move to
democracy and the weakening of that authoritarian nature. With the Declaration of
Democratization in 1987, some democratization measures were established. For example,
a direct presidential election was revived for 16 years. And the state’s repression of union
activities was relieved. Also, press censorship was abolished. Since then, democratization
in South Korea has progressed.
3.3.2. A Political History of South Korea (1948 ~ 1997)

In order to provide the political background of my case studies, this section discusses political changes in South Korea from 1948 to 1997. In the first place, it should be noted that the birth of an independent Korea goes back to the country's liberation from Japanese colonial rule in 1945. After 3 years of the US military rule, the Republic of Korea was established in the southern part of the Korean peninsula in 1948. Since then through 1997, there have been 8 different political regimes. This section briefly describes some important features of these regimes.

The first regime lasted from 1948 to 1960 under the presidency of Rhee Syngman. Although Rhee was committed in a formal sense to the establishment of democratic system in South Korea, and did, in fact, allow some opposition activity and criticism of the government by the press, the Rhee regime was indeed quite authoritarian. In order to maintain control firmly in his own hands, Rhee resorted to crude intimidation of opponents. Furthermore, preoccupied with domestic politics to maintain his ever-decaying power, Rhee gave no systematic attention to economic development (Koo and Kim, 1992).
<table>
<thead>
<tr>
<th>Year</th>
<th>President</th>
<th>Methods of Presidential Election</th>
<th>Ruling Party</th>
<th>Major Opponents</th>
<th>Important Political Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>1948 ~</td>
<td>Rhee Syngman</td>
<td>Direct Popular Vote</td>
<td>LP</td>
<td>DP</td>
<td>Est. of the Republic of Korea (1948)</td>
</tr>
<tr>
<td>1960</td>
<td></td>
<td></td>
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<td></td>
<td>Korean War (1950-1953)</td>
</tr>
<tr>
<td>1960 ~</td>
<td>Yun Bo-Son</td>
<td>Indirect Vote (through NP)*</td>
<td>DP</td>
<td>NDP</td>
<td>April Student Uprising (April 1960)</td>
</tr>
<tr>
<td>1961</td>
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<tr>
<td>1963</td>
<td>Park Chung-Hee</td>
<td>Direct Popular Vote</td>
<td>DRP</td>
<td>NDP</td>
<td>Est. of Yushin Regime (Oct. 1972)</td>
</tr>
<tr>
<td>1971</td>
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<tr>
<td>1972 ~</td>
<td>Park Chung-Hee</td>
<td>Indirect Vote (through NCU)*</td>
<td>DRP</td>
<td>NDP</td>
<td>Death of President Park (Oct 1979)</td>
</tr>
<tr>
<td>1979</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Kwangju Uprising (May 1980)</td>
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<tr>
<td>1979 ~</td>
<td>Martial Law Period: led by General Chun Doo-Hwan</td>
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<tr>
<td>1981</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Declaration of Democratization (June 1987)</td>
</tr>
<tr>
<td>1981 ~</td>
<td>Chun Doo-Hwan</td>
<td>Indirect Vote (through NCU)</td>
<td>DJP</td>
<td>DKP, KNP</td>
<td></td>
</tr>
<tr>
<td>1987</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>1988 ~</td>
<td>Roh Tae-Woo</td>
<td>Direct Popular Vote</td>
<td>DJP (88-90)</td>
<td>RDP, NDRP, PPD</td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td></td>
<td></td>
<td></td>
<td>DLP (90-92)</td>
<td>DP, RNP</td>
</tr>
<tr>
<td>1992 ~</td>
<td>Kim Young-Sam</td>
<td>Direct Popular Vote</td>
<td>DLP (93-96)</td>
<td>DP, ULD</td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>NKP (96), NCNP, ULD, GNP (97)</td>
</tr>
</tbody>
</table>

Note: * NP (National Parliament), NCU (National Conference for Unification) Party Acronyms: LP (Liberal Party), DP (Democratic Party), DRP (Democratic Republican Party), NDP (New Democratic Party), DJP (Democratic Justice Party), DKP (Democratic Korean Party), KNP (Korean National Party), RDP (Reunification Democratic Party), NDRP (New Democratic Republican Party), PPD (Party for Peaceful Democracy), DLP (Democratic Liberal Party), RNP (Reunification National Party), ULD (United Liberal Democrats), NKP (New Korea Party), NCNP (National Congress for New Politics), GNP (Grand National Party)

Table 3.1: Political Regimes in South Korea (1948 ~ 1997)
In this context, civilian protests began to arise against the regime from the late 1950s. In April 1960, there was a massive student demonstration, called April Student Revolution, and, as a result, the Rhee regime collapsed. After President Rhee resigned, the opposition Democratic Party led the National Assembly under a caretaker government. They passed a constitutional amendment establishing a Cabinet system in place of the presidential system to prevent dictatorship. Through a National Parliament Election of June 1960, the Democrats controlled the government through a two-thirds majority. Within less than a year, however, civilian rule was overthrown by a military coup in May 1961.

The military junta, known as the Supreme Council for National Reconstruction, assumed control of executive, legislative, and judicial power. It declared martial law, suspending the Constitution, closing the National Parliament, dissolving all political organizations, banning political activities, and establishing censorship over the press. In 1962 the junta government drafted a constitutional amendment replacing a parliamentary system with the presidential system, all this in the course of building a highly centralized and authoritarian regime.

At the end of 1963, martial law was lifted and political parties were allowed again. The military junta formed its own party, the Democratic Republican Party (DRP), and its leaders, including General Park, retired from the army in order to be able to take part in politics as civilians. In the 1963 presidential election, General Park was elected as the President through a direct popular vote. Park then ruled the nation until his death in 1979. Since Park allowed opposition political activities to some extent, we cannot
characterize the regime as a dictatorship, but it was still very much authoritarian. The regime expanded state power to dominate society. For example, when Park initiated negotiations with Japan over normalization, and was met by student opposition, the government responded by imposing martial law in the capital from June 3 to July 29 in 1964.

However, when Park barely won over Kim Dae-Jung by a slight margin in the 1971 presidential election, the military regime felt its leadership seriously challenged. Accordingly, in October 1972, it took a series of steps to intensify its authoritarianism. President Park proclaimed martial law, suspending the constitution, forbidding political activity, and imposing press censorship. And he introduced the *Yushin* constitution, which allowed the President to be elected indirectly by the electoral college – the National Conference for Unification (NCU). Also, even though opposition party activities were still formally allowed, they were still more tightly controlled and restricted.

However, this highly authoritarian regime collapsed when Park was assassinated by his subordinates in October 1979.

Despite Park’s death, the military retained control over government under the leadership of General Chun. In taking power, the military violently repressed the political resistance of workers and students. The hardest repression took place in the southwest, which included the city of Kwangju. When Chun declared a new martial law in May 1980, the most organized and significant resistance took place there. The military sent in paratroopers to put down the demonstrations and massacred hundreds of civilians. This incident is called the “Kwangju Uprising”.

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After stabilizing military control, Chun ended martial law in January 1981, and was elected as the president by members of the NCU. Even though the establishment of opposition parties was formally allowed and elections were held, the Chun regime was also highly authoritarian, imposing harsh restrictions on opposition political activities. Due to the authoritarian rule, domestic politics remained stable during the first half of the Chun regime, but was punctuated with strikes and demonstrations. Outrage simmered over the Kwangju incident, and the military continued to repress dissidence.

There was an explosion of civilian protest against the Chun regime in the mid 1980s. Opposition politicians, democratization movement groups, students, and workers formed an opposing coalition, organizing various campaigns for democratization. Under enormous pressure, the regime finally announced the Declaration of Democratization in June 29, 1987, promising to set up various democratization procedures.

After that, democratization became a historical necessity in South Korean society. As a way of political democratization, the method of presidential election was changed from an indirect vote system to a direct popular vote system. Also, even though Roh Tae-Woo, the successor to the military regime, managed to win the 1987 presidential election, the first direct popular vote in 16 years, with less than 40% of the vote on the basis of the internal split of the democratization movement force, the government could not exercise authoritarian power as much as the previous military regimes. Various restrictions on popular political activities were reduced: for example, the state’s repression of union activities was relieved; press censorship was abolished; campus autonomy was introduced; and restraints on artistic creativity were lifted. Since then, democratization
has progressed. As a result, the first bona fide civilian president in 32 years, Kim Young-Sam, was elected in the 1993 presidential election.

3.4. Conditions Facilitating the Emergence of the Politics of Regionalism in South Korea

When I compared the forms of territorial politics in the US, the UK and Korea in the previous chapter, I suggested the diverse ways in which territorial interests are constructed and mobilized in regulatory processes under diverse socio-political conditions. In particular, I focused on how such conditions as the nature of party politics, the state form, and the territorial nature of interests in civil society collectively form different, emergent, structures for the construction of various forms of territorial politics in the three countries. This section discusses these conditions, as they are manifest in South Korea, explaining how they have been shaped in the context of a state-orchestrated capitalist development and proposing causal linkages between these conditions and the politics of regionalism. However, since it aims to provide only the context of this research, it deals with these issues very briefly and more detailed discussions of how these conditions have been constructed and how they have facilitated the emergence of a regionalist politics in South Korea will be provided in the following chapters.
3.4.1. The State Form

3.4.1.1. A Highly Centralized Government Structure and Regulatory Framework

Since the beginning of industrialization in the 1960s, the Korean state has developed a highly centralized internal organization. In pursuing state-led capitalist industrialization, the authoritarian regimes tried to put everything under their control by setting up a highly centralized government organization. The centralization of political power and bureaucratic structure was the basic frame under which state regulation was structured. The military regime consciously built up the regulatory capacity of the state by setting up several state apparatuses in charge of planning and policy making like the Economic Planning Board. In this way the military regime expanded the capacity of the state to institutionalize an exclusionary, top-down, repressive policy over both capital and labor.

The centralization of state structure was further secured by the suspension in 1961, by the military junta, of the local autonomous government system. The result was that all local authorities were degraded into de facto field offices to carry out the assignments made by the central government (Cho, 1991, 163). There were no elected local councils or parliaments. And the officials in the local governments, including mayors and governors, were appointed by the central government. Also, the power to raise revenue was transferred to more central levels of the state. And regarding local and regional development, the central government determined the overall character of regional development, while the local governments simply implemented at the local level the development projects formulated by the central branches of the state. As a result,
important local and regional interests had to be articulated and scrutinized at the level of the central government. Accordingly regulatory issues were shifted upwards and processed by the central government.

The situation began to change from the 1990s on with the process of government decentralization. State power has been decentralized along with political democratization even though the central government still holds substantial power for regional and industrial development. In the process of political democratization in the 1980s, opposition political groups requested a decentralization of power to the local level on the grounds that the regional policies determined by the highly centralized government had been so biased as to create uneven regional development. Consequently, the “Local Autonomy” system was introduced. And local officials such as mayors, governors, and local council members began to be elected from the early 1990s on. As a result of these changes, local actors became newly emancipated in terms of what they could do, and hence diverse locally dependent actors have become more actively involved in local development issues.

3.4.1.2. Geographically Unequal Effects of the State Intervention

With state-led capitalist industrialization, the Korean state has actively intervened in economic activities. In order to pursue certain accumulation strategies, the state has strategically allocated capital and resources to specific industrial sectors. Also, through the establishment of a growth coalition, the state has provided preferential supports to some selected businesses and pushed them to take a leadership role in national
industrialization. However, the benefits of industrialization have not been evenly distributed across regions due to a spatial selectivity in the state’s industrial and regional policies. Specifically, in the 1960s and the 1970s, state regulatory policies favored the southeast.

In the 1960s the accumulation strategy focused on export-led industrialization based on the development of labor-intensive industries, such as textiles, footwear, electronics, etc. Since this strategy favored the cities where these industries were located, it facilitated the development of more urbanized and already-industrialized regions, such as Seoul and the southeast. More detailed discussion of the spatial selectivity of export-led industrialization will be provided in the next chapter.

From the 1970s on, the state began to set out the general frameworks for regional development in order to strategically and efficiently utilize the national space and in tandem with the national economic development plans. In the 1970s, the state promoted the so-called “heavy and chemical industrialization project” and concentrated its financial and institutional supports on steel, petrochemicals, machinery, etc. In accordance with this plan, the military regime constructed industrial complexes for the development of these industries in the southeastern coastal areas.

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2 Since the Japanese colonial period, Seoul and southeast have been the most industrialized regions in South Korea. There are two things to bear in mind here. First, as the Japanese promoted colonial industrial development along the railroad line between Seoul and Pusan, some big cities along the line, such as Seoul, Taegu, and Pusan, began to experience industrial development even from the 1920s. Second, after the Korean War (1950 – 1053), the southeast became more industrialized because while the industrial facilities in other regions were mostly destroyed during the period of the Korean War, Taegu and Pusan, the two big cities in the southeast, were not affected by the War.
This mode of state intervention caused quite severe uneven regional development. Most industrial activities were concentrated in the Seoul and the southeastern regions, while other regions, especially the southwest, were denied industrial development and so stagnated economically. As a result there were increasing political challenges to the regulatory role played by the state.

With the political changes of the 1980s, however, the state began to diminish its regulatory role in industrial and regional policies. Starting in the early 1990s, for example, the industrial and financial policies of the government shifted towards liberalization in financial regulation, exchange rate management, and investment coordination. Also, the central government reduced its responsibility in regional industrial development, giving more autonomy to local governments. However, this does not mean that the devolution tendency brought about the complete destruction of the centralized regulatory framework. Central government still maintains its power to control processes of urban and regional planning. Chapter V will discuss this issue in more detail.

3.4.1.3. Biased Regional Representation in the State

In promoting industrialization, the military regime established a growth coalition with selected large businesses because it believed that the quickest and most reliable way to promote economic growth was by collaborating with existing large capitalists (Koo and Kim, 1992, 125). Through the growth coalition, as a representational form of the Korean state, the interests of big capitalists have been privileged in the process of capitalist development in South Korea. The military regime provided various financial
and institutional supports to the large capitalists, such as the preferential distribution of foreign loans and investment licenses and low-interest domestic and foreign loans.

In addition, the forms of state representation in South Korea have had a geographical dimension, related to the effects of the regionally biased composition of the growth coalition. Social networks have played a significant role in building and cementing the alliance between state officials and selected businesses; for given their lack of political legitimacy, the leaders of military regimes have relied a great deal on their personal ties in recruiting officials and building alliances. Place-based social networks (e.g. hometown networks, the alumni networks of some local elites high schools, etc.) have been culturally and historically very important in social life in Korea. Thus, the leaders felt more comfortable and more secure with people out of their own place-based ties in pursuing their economic and political projects.

Given the fact that President Park, the leader of military regime, and most of his core staff members came from the southeast or graduated from some local elite high schools in the southeast, it was always likely that important positions in the government and the ruling party would be preferentially assigned to those from the southeast. This is apparent in Table 3.2. From 1963 to 1979, those from the southeast accounted for 40% of all high-ranking officials. Considering regional shares of population in 1970, the southeast produced a disproportionately large number of officials in this period. As indicated by their location quotients or LQs (share of government positions / share of national population, computed for each region) in this period, five provinces were over-represented in terms of the composition of high-ranking officials in the executive bodies
of the Korean government, but if Jeju is excluded from our consideration due to its small proportion of national population, two provinces in the southeast were much more highly represented than other regions. As a result, there was a clear regional bias in the representation of interests.

This regionally biased nature of state representation provided a ground on which political parties mobilized support bases in different regions. In the case of the SE-SW electoral divide in the early 1970s, parties utilized regional development issues to gain votes in elections by interpreting uneven development in terms of regional bias in the composition of ruling elites. In particular, the opposition party generated strong support from the southwest by attributing economic stagnation there to the region’s under-representation in the membership of national ruling elites. On the other hand, the military regime and the ruling party attempted to gain political support from the southeast, the home province of Park, by highlighting the southeasterner-dominating nature of the regime and the regime’s special attention to the region in explaining economic growth there.
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<tr>
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<td>(B) (A/B)</td>
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<td>(B) (A/B)</td>
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<td>(B) (A/B)</td>
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<tr>
<td>Seoul</td>
<td>15 11.5%</td>
<td>17.6% 0.66</td>
<td>33 16.3%</td>
<td>23.8% 0.68</td>
<td>28 14.7%</td>
<td>22.9% 0.64</td>
</tr>
<tr>
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<td>9 6.9%</td>
<td>10.7% 0.65</td>
<td>16 7.9%</td>
<td>15.3% 0.52</td>
<td>17 8.9%</td>
<td>22.3% 0.40</td>
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<td>8 6.2%</td>
<td>5.9% 1.04</td>
<td>8 3.9%</td>
<td>4.3% 0.92</td>
<td>5 2.6%</td>
<td>3.3% 0.80</td>
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<td>North Chungchong</td>
<td>6 4.6%</td>
<td>4.7% 0.98</td>
<td>14 6.9%</td>
<td>3.4% 2.01</td>
<td>13 6.8%</td>
<td>3.1% 2.17</td>
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<td>South Chungchong</td>
<td>14 10.8%</td>
<td>9.1% 1.18</td>
<td>13 6.4%</td>
<td>7.4% 0.86</td>
<td>21 11.0%</td>
<td>6.8% 1.61</td>
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<tr>
<td>Jeju</td>
<td>3 2.3%</td>
<td>1.2% 1.99</td>
<td>2 1.0%</td>
<td>1.2% 0.82</td>
<td>1 0.5%</td>
<td>1.1% 0.46</td>
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<tr>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Jolla</td>
<td>8 6.2%</td>
<td>7.7% 0.80</td>
<td>15 7.4%</td>
<td>5.4% 1.36</td>
<td>12 6.3%</td>
<td>4.3% 1.47</td>
</tr>
<tr>
<td>South Jolla</td>
<td>15 11.5%</td>
<td>12.7% 0.91</td>
<td>17 8.4%</td>
<td>9.3% 0.90</td>
<td>20 10.5%</td>
<td>7.5% 1.41</td>
</tr>
<tr>
<td>Total</td>
<td>23 17.7%</td>
<td>20.5% 0.86</td>
<td>32 15.8%</td>
<td>14.7% 1.07</td>
<td>32 16.8%</td>
<td>11.7% 1.43</td>
</tr>
<tr>
<td><strong>Southeast</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>North Kyongsang</td>
<td>25 19.2%</td>
<td>14.5% 1.33</td>
<td>53 26.1%</td>
<td>12.5% 2.09</td>
<td>32 16.8%</td>
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<td>27 20.8%</td>
<td>15.9% 1.31</td>
<td>32 15.8%</td>
<td>17.4% 0.91</td>
<td>42 22.0%</td>
<td>17.2% 1.28</td>
</tr>
<tr>
<td>Total</td>
<td>52 40.0%</td>
<td>30.4% 1.32</td>
<td>85 41.9%</td>
<td>29.8% 1.40</td>
<td>74 38.7%</td>
<td>28.7% 1.35</td>
</tr>
</tbody>
</table>

| National Total   | 130 100.0%     | 100.0% 1.00                     | 203 100.0%      | 100.0% 1.00                     | 191 100.0%      | 100.0% 1.00                     |

Note: This table excludes those originating from the provinces in North Korea.

Table 3.2: Regional Origin of High-ranking Officials in the Executive Bodies of the Korean Government (1963-1997)
Subsequent military regimes in the 1980s – the Chun and Roh regimes – deepened even more the regionally biased nature of their popular base. After gaining power by violently repressing popular resistance, especially in the southwest, the military regime intensified the exclusive nature of its support base in order to secure its political power. In this regard, since both Chun and Roh came from Taegu, a major city in North Kyongsang, the northern part of the southeast, national ruling elites became more centered on social networks from North Kyongsang. Table 3.2 shows that even though the whole southeast was still over-represented in the composition of high-ranking officials from 1981 to 1992, we can see a significant difference between North Kyongsang and South Kyongsang. According to LQs, the North Kyongsang’s share of high-ranking officials became more than two times higher than its share of national population; in other words, North Kyongsang became highly over-represented in the state. On the other hand, South Kyongsang became under-represented with a LQ lower than 1.

Interestingly, however, in this period, some other regions also experienced a rapid increase in their share of high-ranking officials. As shown in Table 3.2, North Chungchong and North Jolla became highly over-represented. This was related to an effect of political democratization. In particular, with political democratization, the Roh regime needed to appease local discontents about the dominance of the southeasterners in national ruling elites by assigning some positions to those from other regions.

The tendency of region-based elite recruitment has been further weakened subsequent to the replacement of the military regimes by a civilian regime in 1993. Since a major critique of the military regime in the 1970s and the 1980s was in terms of its
regionally biased nature, the new civilian regime attempted to more evenly assign positions in the government across regions. Accordingly, as shown in Table 3.1, regions other than the southeast became more represented in the government from 1993 to 1997. However, the tendency of region-based elite recruitment still continued. Since Kim Young-Sam, the new civilian president, came from South Kyongsang, South Kyongsang produced the largest number of high-ranking officials in this period. Under the influence of regionalist sentiment, many people in North Kyongsang felt that the Kim Young-Sam regime harmed their privileged position. The emergence of a regionalist politics between Taegu and Pusan, and to which we will turn shortly, was related to this process.

3.4.2. The Nature of Party Politics: Territorialization

In capitalist society, conflicts between capitalists and workers provide one of the most important political cleavages. The state-led capitalist development process characteristic of South Korea has also caused diverse forms of class struggle. However, class politics has not significantly influenced party politics in South Korea: rather political parties have not been significantly differentiated in their ideological orientations with regard to class. This is due to repressive labor regulation by the military regime. The military regime harshly repressed labor union activities in order to successfully accomplish export-led industrialization. As a result, labor unions and labor movement organizations have not been able to build political and financial links with a political party.
Given the condition that class-based politics has been obstructed in its development by the state, parties in South Korea have tried to build their support base around alternative sources of political cleavage. When the military regimes ruled the nation, it was not difficult to find one since an ideological distinction between pro-authoritarianism and anti-authoritarianism provided a clear base for it. The party and political groups which supported military authoritarianism, tried to build their social base by claiming that a nation with a low level of development in terms of both economy and politics, like South Korea, needed to depend on a very strong – even dictator-like – leadership in order to build a great and economically prosperous nation. In contrast, the opposing parties and political groups, in order to build their own social base, emphasized the significance of a democratic political system and the negative sides of military authoritarianism and state-led economic growth.

This political cleavage was deeply intertwined with a geographic cleavage based on a southeast-southwest political divide. In particular, it happened to coincide with the issue of the state-conditioned uneven regional development and the regionally biased nature of the ruling elites. Under this condition of chance juxtaposition, parties based on the pro-authoritarianism vs. anti-authoritarianism cleavage began to utilize regional development issues as a source for generating popular support. The ruling party attempted to build a pro-authoritarianism social base in the southeast by emphasizing the benefits given to the region from the policies of the military regime, while the opposition party tried to build an anti-authoritarianism base in the southwest by highlighting the
geographically unequal effects of the centralized state regulation under the military regime.

Lending further impetus to the success of this strategy in the 1971 presidential election was the fact that the primary two candidates, President Park and Kim Dae-Jung, came from the southeast and the southwest respectively. Parties attempted to gain political supports in the southeast and the southwest by fomenting the regional feeling of people there. In actual fact, even as early as the 1963 presidential election, Park presented himself as a son of the southeast in order to gain political support from the region (Cho, 1991, 127). He continued this political strategy in the following elections. Indeed, given the dominance of the southeasterners in the national ruling elites, it was quite effective in building a strong social base supporting the military regime. In reaction, as the opposition party selected Kim Dae-Jung, a favorite son of the southwest, as its candidate for the 1971 presidential election, it also mobilized the regional sentiment of the southerners. As a result, an electoral divide emerged between the southeast and the southwest.

With progress in political democratization in the 1980s, the territorial cleavage became a dominant factor in party politics. Exploding civilian protests against the military dictatorship finally led the Chun regime to announce the Declaration of Democratization in 1987. Since then, diverse democratization procedures have been set up. In this context, the ideological distinction between pro-authoritarianism and anti-authoritarianism lost its significance as a party political cleavage. Accordingly, parties or political groups searched for alternative social bases. The path dependence of those
regionalist political frameworks, which had been persistent throughout the 1970s and the 1980s, significantly affected this process. Prevailing regionalist discourses had shaped the ways in which people understood and interpreted political processes and the course of events in general. In this situation, issues of territoriality, which had been utilized only as a source of political mobilization in the context of confrontation between pro-authoritarianism and the anti-authoritarianism, now became much more significant in party politics.

In territorializing party politics, the role of political leaders has been crucial. Three politicians have been especially important: Kim Dae-Jung, Kim Young-Sam, and Kim Jong-Pil (collectively called the “three Kims”). Previously, Kim Dae-Jung and Kim Young-Sam had been the leaders of the anti-authoritarianism movement, while Kim Jong-Pil had been a core member of the military regime. After the collapse of the pro-authoritarianism vs. anti-authoritarianism cleavage, however, these three politicians constructed their own political groups by building respective support bases in their home regions; Kim Dae-Jung in the southwest, Kim Young-Sam in South Kyongsang and Pusan, and Kim Jong-Pil in South Chungchong. As these three groups were successful in developing their supporting bases by utilizing territorial strategies in this way, the remnants of the military regime also tried to construct its own support base in North Kyongsang and Taegu. As a result, four regionally based political groups emerged in the late 1980s. Since then, these four groups and their changing alignments have dominated South Korean party politics.
In this context, the territorial cleavages became more fragmented. In the case of the SE-SW divide, a territorial cleavage was built between the southeast and the southwest. After democratization, however, multiple parties and political groups based on territorialized social bases have emerged. This process has significantly affected the territorial politics of regulation. The emergence of a regionalist politics with respect to the Taegu-Pusan tension in the mid 1990s, for example, was related to the conflict between the Kim Young-Sam group and the remnants of the military regime.

As parties have increasingly relied on territorialized political support, it has become very difficult to change the territorialized nature of party politics; in other words, path dependence has set in. To be sure, with the empowerment of the working class after political democratization, there have been diverse efforts to build working class parties and so generate a party political cleavage around class interests. All these efforts, however, have been unsuccessful because of the existing territorialized frameworks through which politics is understood. Existing political systems and organizations have evolved to take advantage of the opportunities defined by the territorialized institutional framework.

For example, the single-member district plurality system, which has been used for elections to the national parliament since 1988, has, obviously enough, tended to intensify territorial differences in respective party support bases. Under it, people have to choose only one person to represent the constituency. Given strong regionalist sentiment, people in a region tend to vote for the person from the party based on their region. As a result, it has been almost always the case that the candidates for a particular party dominate the
seats in a particular region. In reaction, there have been diverse efforts to change the electoral system. For example, some political groups proposed to 1) increase the proportion of seats selected by the national list of proportional representation and 2) replace the single-member district system with a multi-member district system. However, there has been strong resistance from the existing major parties against this change, so as to protect their territorialized support base. As a result, the electoral system remains unchanged and the territorialized party politics persists in South Korea.

3.4.3. The Territorial Nature of Interests in Civil Society

The territorialized party politics and the resultant regionalist politics in South Korea have been reinforced by the ways in which interests in civil society are territorially constructed.

3.4.3.1. Weak Construction of Local-scale Business Interests

A distinctive feature of the politics of local economic development in South Korea is the fact that political pressures from localities at smaller geographical scales have been less important in territorializing interests. In particular, local businesses have not played an active role in local and regional economic development processes. This is why, for example, local growth coalitions or public-private partnerships, which can be easily found in the US and other western countries, are not that visible in South Korea. Also, the lack of local pressures has opened more room for political parties – instead of individual candidates, who tend to be very active in territorializing interests by
representing the interests of their respective constituencies — to play a key role in mobilizing territorially defined interests with respect to the state regulation. The weak local pressures are related to the unique geographical structure of Korean capital.

State-orchestrated capitalist development in South Korea has led to the rapid growth of large, nationally-owned, businesses. By establishing a national growth coalition with some selected large conglomerates (chaebols), the state has concentrated capital and resources in these firms. As a result, the Korean economy has been dominated by chaebols. In 1994, for example, the 30 largest chaebols accounted for approximately 40% of total manufacturing production in South Korea (KSSRI, 1998, 127). In contrast, and as a result of this state policy, the growth of the small-and-medium sized firms has been quite limited. In this context, the role of indigenous local firms has been minimal in local and regional development. Instead, locating branches of the chaebols has proven to be a more effective vehicle for local economic development.

The chaebols, however, have been less active in local and regional development issues because they are less dependent on localized social relations in specific places at sub-national scales. They operate their production and marketing processes at the national scale or, more recently, across national boundaries. Hence, their local dependence has been constituted at the national scale, and they have enjoyed high levels of locational substitutability within the national boundary or at certain international scales. In this context, while they have actively participated in the growth coalition at the national scale, they have been less interested in activities pressing for local economic growth at sub-national scales.
However, the chaebols have not always been insensitive to local and regional development issues. Even though they have nationalized production and marketing structures, some of their functions may be dependent on certain localized social and infrastructural conditions, such as local labor pools, production facilities, inter-firm networks, etc., in specific localities. Thus, in order to preserve the advantage stemming from these localized social and infrastructural conditions, they have sometimes been involved in certain local and regional development projects and have tried to mobilize the power of the central government in order to pursue them. Even in this case, however, they tend to prefer to utilize their connections to the state in mobilizing the power of the central government rather than organizing with other locally dependent actors.

It has been a general tendency, therefore, that Korean businesses have been inactive in the politics of local economic development. However, this should be qualified somewhat. This is because the degree of business involvement in the politics of local economic development varies among localities depending on the nature of local industrialization and the local economic situation. Specifically, in those localities, where localized small-and-medium sized businesses have been relatively well developed, businesses tend to be more active in the politics of local economic development. Furthermore, when these localities face an economic decline, business involvement tends to be intensified. For example, in order to promote local industrialization, local businesses in Kwangju, a major city in the southwest, centered on the chamber of commerce, organized a local campaign from the 1960s on to bring more government support, build local industrial complexes and attract inward investment to the Kwangju
area. Also, local businesses in Taegu and Pusan, where local industries have been relatively well developed on the basis of textile or footwear, actively organized diverse activities for local economic restructuring when their labor-intensive light industries stagnated in the late 1980s.

3.4.3.2. Territorially Fragmented Working Class Interest

The emergence of a regionalist politics in South Korea is partly related to the weakness of nationalized labor movement organizations. If labor movements were nationally organized and labor unions bargained over wages and conditions at the national scale, it would be more likely that the interests of workers would be constructed at the national scale and so they would be less susceptible to regionalist arguments about their territorial interests. However, labor movements in South Korea have not been successfully organized at the national scale, and this can be related to repressive labor regulation by the Korean state.

State restriction of labor union activities has been a main cause of the low level of labor organization at the national scale in South Korea. Right after the coup in 1961, the military regime ensured the emergence of politically docile trade unions by creating an umbrella labor organization, the Federation of Korean Trade Unions (FKTU), with which all unions had to affiliate (Deyo, 1987). In other words, workers were formally organized at the national scale. Virtually, however, the FKTU functioned mainly to moderate union demands and implement government policy, so it did not effectively represent workers' interests. In addition, the military regime put an institutional restriction on workers'
organization at the national scale. Labor law allowed labor disputes only at the firm level: all other kinds of labor disputes and negotiations beyond the firm level were prohibited.

Furthermore, this restriction on union activities was intensified after the emergence of a new military regime in 1980. In particular, through the revision of labor law, the government prohibited third party intervention in labor disputes at the firm level. This was done explicitly in order to restrict the organization of labor at the national level. In this situation, the activities and organization of labor unions were mostly confined at the firm or local levels and the development of nationalized labor organizations and activities were limited. Given the low levels of labor organization at the national level, the ability of workers to develop a working class consciousness was limited, and hence they were very susceptible to territorial discourses, especially when political parties mobilized regionalist sentiment in elections.

Nevertheless, and despite, continuous repression, labor movements have evolved since the 1980s. In particular, the explosion of civilian protests and subsequent democratization processes in the late 1980s contributed to its growth. For as part of the democratization process, the government moderated its restrictions on labor union activities. Furthermore, due to the ongoing democratic union movement, a substantial number of unions became more autonomous from the controls of the state and employers. And these unions have tried to construct a nationalized organization. In this context, and as a result of being criticized as a yellow union, the FKTU had to reform itself through the replacement of its leadership. Through these changes and processes, the labor movement in South Korea was organized into two national organizations: (1) the
reformed FKTU and (2) the Korean Confederation of Trade Unions (KCTU), based on the democratic labor movement of the 1970s and the 1980s.

However, these organizations continued to be limited in their ability to incorporate diverse workers' interests into a working class interest at the national scale. This is because most labor unions continue to bargain contracts at the firm level. There have been several efforts to build industry-wide bargains at the national scale, but these have been unsuccessful so far because: (1) businesses have strongly opposed the proposal; and (2) some unions in big companies – mostly belonging to chaebols – have been more or less reluctant to accept it, on the grounds that, given the big wage gap between big companies and small-and-medium sized firms, the industry-wide bargain at the national scale would reduce their wage rates. And because they do not have a substantial power in bargaining, the national labor organizations have problems in controlling or disciplining their local branches or member unions. In this context, when territorial interests and national class interests confront each other, the local branches or individual member unions are likely to pursue interests of a territorial sort. And indeed, in the 1990s, some local branches of the FKTU have been actively involved in the politics of local economic development.

3.4.3.3. Prevailing Regionalist Discourses

A factor behind South Korea's regionalist politics is the fact that many Koreans have come to interpret and understand the economic and political realities of their localities or regions on the basis of regionalist discourses. These discourses play a crucial
role in securing the existing territorialized political frameworks in South Korea, dominantly shaping the ways in which people interpret and represent the political economic realities.

The regionalist interpretative framework in South Korea is composed of two main arguments. First, the economic growth or decline of a region is absolutely dependent on financial and institutional supports from the central government. Second, whether a particular locality or region benefits in this way is determined by whether people from the locality or the region take important positions of power in the government. This interpretive framework is related in turn to traditional Korean culture. This emphasizes the significance of region-based social networks in forming relationships (Cho, 1991, 136). According to Moon’s survey (1984) in 1984, more than 65.6% of Koreans perceive ties or affiliations as the most important qualification for maintaining successful social life. In particular, region-based ties, including hometown networks and the alumni networks of some local elite high schools, are widely accepted as among the most influential factors. A more important point I want to make, however, is that this cultural value has been integrated into the unique process of capitalist development in South Korea and formed a condition for regionalist discourses. The subsequent discourse has become hegemonic as a result of the way in which people have historically experienced the state’s regionally biased development policies and the subsequent uneven regional development.

Political parties have clearly played a key role in constructing and reproducing regionalist discourse. In electoral processes, they have drawn on territorial strategies and
mobilized a regionalist consciousness latent within traditional culture. At the same time, however, once the regionalist discourse becomes dominant in a society, it reinforces and secures the territorialized character of party politics. Considering the prevailing regionalist discourse, political organizations and parties expected that regionalism would affect the behavior of voters, particularly in the absence of a strong workers movement that would have made alternative cleavages possible. Accordingly, parties have taken advantage of this opportunity set by using territorial strategies and hence the territorialization of party politics has been intensified. In other words, regionalist discourse and territorialized party politics have been mutually reinforcing in South Korea. The role of parties has been crucial in constructing regionalist discourse. Then, the hegemonic regionalist discourse intensified the territorialized nature of party politics. In addition, regionalist discourse has persisted as a result of the presence of political parties, which depend for their support base on its reproduction.

As a result, even though the regionally biased nature of state policies has been quite weakened since political democratization, many people still depend on this interpretive framework in giving meaning to the economic realities of their regions or localities. For example, after Kim Young-Sam, a favorite son of Pusan and South Kyongsang, became a new president in 1993, the people in Taegu and North Kyongsang, the home of the previous three presidents, began to be concerned about the possibility that this political change would have negative effects on respective local and regional economies. In this context, when the central government opposed an industrial complex project pursued by Taegu in the mid 1990s, regionalist discourses quite explosively
dominated the ways in which people in Taegu understood the political situation. It was widely believed in Taegu that President Kim favored Pusan, his hometown, at the expense of Taegu. On the basis of this way of thinking, a massive political campaign was organized in Taegu to criticize the regionally biased nature of the Kim regime.

Under the prevailing regionalist discourses, therefore, Koreans have tended to interpret the effects of government policies that might affect local or regional economies within a regionalist framework. Thus, when specific regions are disadvantaged by centralized regulatory schemes, regionalist sentiments can easily arise in those regions. In this context, political parties, relying on territorial strategies, have often utilized regionalist sentiment to gain popular support and as a result, politics has assumed a regionalist form.

3.5. Historical Development of Regionalist Politics in South Korea

The links between regionalist politics and its conditions can be summarized in this section. Here, I want to emphasize that these conditions do not individually affect the regionalist form of politics. As shaped in the process of state-led capitalist development, they have been mutually interrelated. As a result, they collectively form an emergent structure, under which regionalist forms of local development politics have occurred in South Korea. Again, I want to point out that this section discusses the emergent structure very briefly, while the following chapters will provide much more detailed discussions of how regionalist forms of politics have emerged out of these conditions.
3.5.1. The Emergence of the SE-SW Electoral Divide in the 1960s and the 1970s

The SE-SW divide was materially based on uneven regional development between the southeast and the southwest. The uneven development occurred through the following process. First, with the state-led capitalist development project, the military regime developed a highly centralized government structure and actively intervened in industrial and regional development. As a result, the regulatory role played by the central government, significantly affected local or regional economies. Second, in their relation to the existing geography of industrial development, the government industrialization policies in the 1960s and the 1970s had geographically unequal effects, increasing regional economic disparities and more specifically, favoring the southeast, while disadvantaging the southwest.

Another important condition for the emergence of the SE-SW electoral divide was the territorialized nature of party politics. Labor unions were not organized at the national scale due to the repression of the military regime and hence class politics was weak. Therefore, parties needed to search for alternative sources of political cleavage to build their social bases. In the years of the military regimes, the primary party political cleavage was constructed around the distinction between pro-authoritarianism and anti-authoritarianism. However, given the state-conditioned uneven development, this cleavage became intertwined with a territorial cleavage based on the SE-SW divide. The regionally biased nature of national ruling elites, which was formed by leaders of the military regime in order to consolidate their power on the basis of their personal ties, provided another important condition for this. Interpreting the uneven development in
terms of the regionally biased nature of ruling elites, parties constructed their supporting bases by utilizing regional development issues in the southwest and the southeast. The military regime and the ruling party built a pro-authoritarianism social base in the southeast, the home province of then president Park. In response, the opposition party utilized territorial strategies in the southwest to build an anti-authoritarianism social base there. The SE-SW electoral divide was an outcome of these territorializing processes of party politics.

In contrast to the politics of growth coalition in the US and other western countries, the politics of the SE-SW divide was characterized by the relative insignificance of local, bottom-up, forces in territorializing the politics of regulation. This is due to two conditions. First, the highly centralized government structure and regulatory framework, established by the military regime, discouraged local governments from participating in activities on behalf of local economic development. Second, businesses were not active in political processes because chaebols, which grew up on the basis of the growth coalition with the state at the national scale and had dominated the Korean economy, did not have strong interests in specifically local and regional economic development.

3.5.2. Recent changes in Regionalist Politics

In terms of its form the politics of regionalism has changed since political democratization in the late 1980s. A main feature of this change is the shift in scale at which it is constructed. In the case of the SE-SW divide, regionalist politics was
constructed at a larger, more regional scale, while in the case of the Taegu-Pusan tension, regionalist politics was played out at a more local scale. Due to the political changes of the 1980s, characterized as democratization and decentralization, actors at more local scales have become more active in politics of local economic development. Thus, territorial interests and regionalist sentiment tend to be mobilized at more local scales by agents from within rather than, as in the case of national parties, from without.

The tension between Taegu and Pusan turned into a regionalist politics under the following conditions. First, regionalist discourses, which were developed in the previous history of the SE-SW political divide, have dominantly affected the ways in which people interpret and represent the political and economic realities of localities and regions. Specifically, under this framework, when the Kim Young-Sam regime disapproved the industrial complex project pursued by Taegu, people in Taegu interpreted that President Kim favored Pusan, his hometown, at the expense of Taegu.

Second, in the process of the increasing territorialization of party politics after democratization, territorial cleavages in party politics have become more fragmented in the sense that multiple parties have become dependent on territorialized social bases. In particular, North Kyongsang (including Taegu) and South Kyongsang (including Pusan) became differentiated in terms of their association with political parties even though previously they used to collectively form a support base for the military regimes. In this context, the two territorialized political groups, relying on the support from North Kyongsang and South Kyongsang respectively, utilized the issue of the Taegu-Pusan conflict in order to strengthen their territorialized supporting base. Thus, an opposition
party mobilized an anti-government regionalism in Taegu by criticizing the regionally biased nature of the Kim regime.

Third, as labor organizations have still lacked a nationalized working class consciousness, workers and unions have been susceptible to territorial argument and regionalist discourses. In particular, in Taegu, some local labor unions played a leadership role in organizing anti-government political activities.

3.6. Concluding Remarks

In this chapter, I provide the research context of this dissertation. Seeing state-led capitalist industrialization as a basic background condition for the emergence of the regionalist forms of territorialized politics of regulation in South Korea, this section has suggested some important conditions and institutions facilitating the construction of regionalist politics and discussed the ways in which these conditions have been constituted in the context of the state-led capitalist development. Also, in order to provide the links between these conditions and the regionalist forms of local development politics, I have discussed how these conditions have collectively – on the basis of their inter-related manner – influenced the ways in which territorial interests are materially and discursively constructed in regulatory processes of state-led capitalist industrialization and hence regionalist forms of local development politics have emerged. On the basis of the discussions provided in this chapter, the following chapters will analyze the two cases of regionalist politics – first, the SE-SW electoral divide and second, the Taegu-Pusan conflict – in South Korea.
CHAPTER 4

STATE-LED UNEVEN REGIONAL DEVELOPMENT AND
THE SOUTHEAST-SOUTHWEST POLITICAL DIVIDE

Regionalist politics in South Korea made its first appearance in the late 1960s and the early 1970s as the southeast and the southwest began to show contrasting voting patterns in presidential elections. The SE-SW electoral divide at the time was deeply associated with the political activities of pursuing local economic development under the conditions of state-conditioned uneven development and the territorialized nature of party politics.

4.1. The Setting: The SE-SW Divide in Elections in the 1960s and the 1970s

The SE-SW electoral divide began to emerge in the 1967 presidential election and the pattern became very clear in the 1971 presidential election. As shown in Table 4.1, there was little in the way of difference in voting patterns between the southwest
and the southeast in the 1963 presidential election, the first presidential election after the establishment of the military regime. The 1963 election saw two major candidates running for the presidency, one from the old ruling party, the Democratic Party (DP), and General Park from a military junta-turned political party, the Democratic Republican Party (DRP). When General Park barely won the election, his main supporting regions were the southeast, as well as the southwest. In contrast, he attracted lower rates of support from the northern provinces in South Korea, such as Seoul, Kyongki, Kangwon, and Chungchong, than his primary opponent.

With the 1967 presidential election, however, the pattern of an SE-SW split began to appear. Table 4.1 shows that the rate of support for President Park greatly increased in his home region, the southeast, while he gained a smaller proportion in the southwest than his primary opponent. However, the SE-SW divide in the 1967 election was not strong enough to dominate the electoral pattern. It was in the 1971 presidential election that the SE-SW divide became the most noticeable element in the voting pattern. In 1971, southeasterners gave more than 70% of their votes to President Park, while the southwesterners supported his principal opponent, Kim Dae-Jung by a substantial margin (more than 60% of votes cast). Both candidates gained approximately 20% more supporting votes from their home provinces (the southeast and the southwest) than the votes they gained from each of the other provinces.
<table>
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<th>1971</th>
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<td></td>
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<td>Opponent</td>
<td>Park</td>
</tr>
<tr>
<td>Seoul</td>
<td>31.7</td>
<td>65.1</td>
<td>45.2</td>
</tr>
<tr>
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<td>45.4</td>
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<td>46.6</td>
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**Southwest**

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<th>1971</th>
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<td>South Jolla</td>
<td>57.2</td>
<td>36.9</td>
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**Southeast**

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<th>1971</th>
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</thead>
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<td>64.5</td>
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<tr>
<td>South Kyongsang</td>
<td>61.7</td>
<td>29.9</td>
<td>61.1</td>
</tr>
</tbody>
</table>

| Total           | 46.6  | 45.1  | 51.4  | 41.0     | 53.2  | 45.3     |


Table 4.1: Percentages of Supporting Votes for President Park and His Principal Opponent out of Total Valid Votes by Region in Presidential Elections (1963-1971).

However, and in contrast to presidential elections, the results of national parliamentary elections indicate that party politics in the late 1960s and the early 1970s had not become dominantly constituted on the basis of regional cleavages. As shown in
Table 4.2, the pattern of the SE-SW divide was non-existent in those electoral outcomes.

In the parliamentary election in 1967, when the SE-SW divide began to emerge in presidential elections, the voting patterns of the southwesterners and the southeasterners differed very little. More than 50% of the southwesterners and the southeasterners supported the ruling party candidates. The candidates from the primary opposing party on the other hand gained around 30% of votes in both the southeast and the southwest.¹

In 1971, when the pattern of the SE-SW divide had become quite visible in presidential elections, there was still little change in national parliamentary electoral outcomes. In the southwest, the percentages of supporting votes for candidates from the principal opposing party substantially increased from that in the previous election, and furthermore, people in North Jolla, a province in the southwest, gave more votes to the candidates from the opposition party than to those from the ruling party. However, we still do not see a strongly noticeable divide in electoral outcomes between the southeast and the southwest. The supporting votes for the candidates from the opposing party increased not only in the southwest, but in all provinces. Also, the percentages of the total vote going to candidates from the ruling party were lower in the southeast than in

¹ However, the voting pattern in Pusan, a central city in the southeast, was quite different from the rest of the southeast. In Pusan, the candidates from the opposing party gained more votes than those from the ruling party. It is related to the urban-rural split in voting pattern in the Korean elections under the authoritarian regimes.
other regions. In other words, though the SE-SW distinction began to influence electoral outcomes from the late 1960s on, particularly in presidential elections, it did not yet appear as a critical party political cleavage.

<table>
<thead>
<tr>
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<td>P.O.P.</td>
<td>R.P.</td>
<td>P.O.P.</td>
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<td>50.4</td>
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<td>54.1</td>
<td>31.5</td>
<td>50.8</td>
<td>41.6</td>
</tr>
</tbody>
</table>

Note: R.R. refers to ruling party. P.O.P. refers to principal opposing party.

Table 4.2: Percentages of Supporting Votes for Candidates from Ruling Party and Principal Opposing Party out of Total Valid Votes by Regions in National Parliament Elections (1967-1978)
Instead, at the time when authoritarian military regimes ruled South Korea, the cleavage based on the ideological distinction between pro-authoritarianism and anti-authoritarianism was more significant in party politics than the SE-SW regional cleavage. According to Lee, G-Y. (1998, 34-35), under the military regimes, the most important variables affecting the political attitudes of Koreans were their levels of education and their age. He argued that people with higher levels of education and the younger tended to cast votes for opposition parties in order to support democratization, while those with lower levels of education and older people tended to support the ruling party by virtue of its conservative values, the economic growth it provided along with social stability, and national security.\(^2\) However, this cleavage began to be intertwined with the emerging SE-SW split from the late 1960s, especially in the presidential elections. A more detailed discussion on this will be provided later in this chapter.

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\(^2\) This pro-authoritarianism vs. anti-authoritarianism split had a spatial expression, that is, an urban-rural divide in electoral outcomes. The urban-rural divide, often called "yoechonyado", refers to the pattern that the percentage of supporting votes for the ruling party is higher in rural areas than in urban areas, while opposing parties gain more support in urban areas than in rural areas (Lee, 1998, 30). The pattern of "yoechonyado" is related to the fact that the proportion of the more educated and the younger in the total population is higher in cities and the proportion of less educated and older population is
4.2. Uneven Regional Development under State-led Industrialization

The emergence of the SE-SW political divide was materially based on uneven regional development, which began to occur in the context of state-led industrialization in the 1960s. This section discusses the processes under which state-led industrialization contributed to uneven regional development in South Korea.

4.2.1. The Political and Economic Background of State-led Industrialization

The establishment of a military regime in the early 1960s was a historical turning point for national industrialization in South Korea. As a way of legitimizing its political power, the government pursued national industrialization. In doing so, it actively intervened in economic activities and played an essential regulatory role in channeling almost all available capital and resources into the development of manufacturing and particularly manufacturing that was export-oriented.

The military regime's active involvement in industrialization was politically conditioned by the class conflicts of the late 1950s and the early 1960s. These stemmed from the limits of the post-colonial mode of capitalist development in generating economic wealth for popular needs. In the 1950s, Korean capitalism lacked a strong manufacturing base. This was mainly because of the effects of the Korean War (1950 – ________________ higher in rural areas.

135
1953). During the war, substantial parts of industrial facilities were destroyed; 44% of buildings and 42% of facilities in the manufacturing sector were damaged and the total amount of this damage was approximately US $667 million (SSRI, 1991, 131). Given the devastated situation of manufacturing, the South Korean economy merely survived on the basis of US economic and military aid in the 1950s (Koo and Kim, 1991, 123). Between 1953 and 1961, the US gave more than $4 billion in economic and military aid. The average amount of aid per year accounted for around 12% of average GNP during the period (SSRI, 1991, 137).

From the late 1940s to the early 1950s, an incipient national capitalist class emerged on the basis of the distribution of Japanese-owned properties (land, property, and production facilities) and the privatization of state-owned enterprises and state-owned banks. Given the devastated condition of manufacturing, however, these capitalists could not rely on manufacturing activities for their further accumulation, but the exploding influx of the US aid gave them an opportunity. Access to the aid became a crucial means for accumulation. With all consumer goods in extreme shortage, access to aid materials was an important source for profits. Also, imported goods fetched a high premium in trade, and monopoly control over imported production materials guaranteed enormous mark-ups (Cho, M-R. 1991, 77). Furthermore, access to cheap US dollars was another source of large profits. In addition, with the inflation rate exceeding by far the
interest rate, bank loans produced windfall profits. In this context, capitalists accumulated capital through what Jones and Sakong (1978) have called zero-sum activities, i.e. activities that do not involve adding value or production activity.

Accumulation through the so-called zero-sum activities, however, required political connections with state authority. In point of fact, the Japanese-owned properties and the state-owned firms and banks were distributed, at extremely low prices, to individuals who had close political connections with the ruling elites. Furthermore, these capitalists further used their political connections for access to cheap US dollars and aid materials (Koo and Kim, 1991, 124). In this sense, the mercantilist form of accumulation in the 1950s exploited corrupt political connections with state authority. As a result, economic wealth became concentrated in the hands of a few people who had political connections with government.

However, due to the zero-sum nature of its activities, merchant capital was unable to provide for the needs of the people (Hamilton, 1986). Furthermore, by the 1960s, the diminution of foreign aid led to a recession (Cho, M-R. 1991, 159). As a result, economic inequalities increased. These provided the conditions for the outbreak of distributional conflicts in the late 1950s and the early 1960s. The April Student Revolution of 1960 was a manifestation of these class conflicts. As a result, the Rhee regime, the first political regime in the post-colonial period, was toppled in 1960.
However, the following civilian regime (1960-1961) was also unable to solve this crisis. According to Cho (1991, 103), “it was too effete and feeble to bring about aspired changes in the existing pattern of social relations.” Cabinet members and backers were not markedly distinguished, in terms of their social backgrounds and interests, from those in the previous regime. As a result, growing numbers of people desired the reshaping of a political and social order that had become profoundly problematic.

In this context, when a military coup took place in 1961, led by a coterie of young colonels, reformist in outlook, with General Park as its leader, many people actually welcomed it because the military group looked the best organized political force that might be able to construct a new social order. Representing this popular desire, the military attempted at first to lay claim to the allegiance of the populace. The military rulers brought a revolutionary dynamism to a seemingly decaying society. Significantly, one of their first steps was to prosecute those who had accumulated wealth illicitly by capitalizing on their connection with political power (Cho, M-R. 1991, 103-104). 

The military regime, however, soon faced a problem of legitimacy. This was mainly due to the following: 1) it came to power after overthrowing a constitutionally legitimate government by force, 2) the military junta broke its promises to go back to their own jobs after the accomplishment of their alleged revolutionary tasks, and 3) in
the course of state management, it began to make alliances with fractions of the old ruling class, especially large capitalists who accumulated wealth based on their connection with state power under the Rhee regime. In order to solve this problem, it was forced to take remedial action and economic development was the most obvious means to this end. In other words, the promise of material benefits to the populace was conceived as a means of ratifying the political dominance of the new regime (Cho, M-R. 1991, 105). The emergence of a developmental state and subsequent state-led capitalist development was an outcome of these political processes.

4.2.2. The Emergence of a Highly Centralized and Authoritarian State

The industrialization process focused on transforming the accumulation structure of Korean capitalism from one dominated by commercial capital to another centered on industrial capital. Thus, the economic policy of the regime was overwhelmingly production-oriented, giving priority to the expansion of manufacturing (Cho, M-R. 1991, 105). To expel capital from the commercial circuit of capital and to attract it into the industrial circuit, the state deployed a wide range of regulatory measures. These included the strategic allocation of resources, preferential support to strategic industries, and export promotion policies.
The focus of state regulation for industrialization was on the intensive mobilization of capital and labor. In order to orchestrate the economic activities of capital, the military regime provided various financial and institutional supports to the large capitalists, such as the preferential distribution of bank loans and investment licenses and low interest loans. Much of the power of the Korean state in these regards was based on its control of the banks. On assuming power, the military regime undertook to assume the ownership of all banks and non-financial institutions, via the confiscation of the fortunes of top businessmen in 1963 (Cho, M.-R. 1991, 114). Since then, all commercial banks have been, until recently, owned by the government, and all financial institutions continued to operate under government control (Amsden, 1990).

Indeed, the nationalization of banks was a crucial step in engineering the transformation from an accumulation process dominated by commercial capital to one dominated by industrial capital. In the years of the Rhee regime, with the lack of bank control, capitalists tended to use bank loans for various rent-seeking activities, such as speculation, taking advantage of cumulative inflation, and so on. On the basis of banking control, however, the military regime was able to coerce private entrepreneurs to comply with its varied policies. Bank loans were given largely to the firms selected as principal investors in industries which the state selected for investment, or which operated in the state-designated industrial sectors. Also, all recipients of bank loans had to export sooner
or later, in larger or smaller quantities, since exports provided the Korean government with a transparent measure of the progress of those in receipt of subsidy.

For the intensive mobilization of labor, the military regime utilized repressive labor policies (Park, 2001). The state imposed harsh restrictions on labor union activities, which reduced the organizational protection of workers, and thereby forced workers to tolerate hard work and low incomes. Strikes were prohibited in the state sector, public enterprise, local government, utilities, or in any business deemed important to the national economy. Collective bargaining could not proceed without prior government certification as to its legality (Deyo, 1987).

State regulation for the intensive mobilization of capital and labor was also facilitated by the authoritarian and centralized nature of the military regime. Centralized political bureaucratic power was the basic frame through which the regulation of economic life was structured (Cho, M-R. 1991, 163). The military junta in 1961 suspended the local autonomous government system which had first started in 1952 with the establishment of local councils. In addition, in 1960, heads of all local governments, such as governors and mayors, began to be popularly elected under the increasing democratization that was a result of the April Student Revolution in 1960. However, after the military coup in 1961, the military junta dissolved all local councils and made the heads of local governments appointees of the central government (Lee, J-S. 1995).
The military regime also consciously built up the regulatory capacity of the central
government by setting up several state apparatuses in charge of planning and
surveillance, notably the Economic Planning Board and the Korean Central Intelligence
Agency (Cho, M-R. 1991, 163). In addition, the functions of local governments were
minimized. For the most part, local governments merely carried out the assignments
ordered from the central government. Through these centralization measures, the
military regime was able to institutionalize an exclusionary, repressive and top-down
regulatory mechanism.\(^3\)

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\(^3\) The distinct social, political, and historical conditions in South Korea at the time made
the establishment of a highly centralized and authoritarian regime possible. When the
military regime launched the national modernization project in the 1960s, the state was
in a dominant position vis-à-vis other social groups. The landowning class had lost its
economic and political power, because the government had confiscated large
landholdings and resold them to smaller farmers through land reform in the early 1950s
(Jenkins, 1991). Also, the capitalist class was weak. Even those who had successfully
accumulated some capital were dependent on the state, since their economic base
originated from the disposal of industrial assets left by the Japanese and from the
allocation of US aid. More importantly, the working class was vigorously repressed and
had no power. Following liberation from Japan in 1945, the US military government
repressed organized labor movements for the purpose of building an anti-communist
bulwark in the Korean peninsula. Furthermore, throughout the Korean War (1950-1953),
anti-communist sentiment was strengthened, and any kind of leftist or labor-related
political activity suppressed. In contrast, state power was strong due to the legacy from
the Japanese colonial period of a strong military-administrative apparatus (You, 1995).
In addition, the power of the military and the national police was massively built up
during the Korean War.
4.2.3. The Spatial Selectivity of the State in Industrial and Regional Policies

Under this highly centralized regulatory framework, local and regional economies became heavily dependent on the industrial and regional policies of the central government. In the 1960s, the Korean government actively promoted national industrialization, and as a result, the Korean economy developed rapidly during that period. However, the benefits of industrialization were not evenly distributed across the different regions because state policies had clear geographically unequal effects. Due to the spatial selectivity in the state's industrial and regional policies, regions like Seoul and the southeast benefited more than other regions. This section discusses how the military regime's industrial and regional policies privileged the interests of the Southeast and Seoul at the expense of others in the 1960s.

4.2.3.1. Spatial Selectivity in the Export-Led Industrialization Policy: Favoring the Southeast and Seoul

An important feature of the accumulation strategy pursued by the military regime in the 1960s was promoting exports of cheap consumer products. The military regime strongly encouraged exports through a number of policies: currency devaluation; tax exemptions for exporters; tariff exemptions for imports used in the production of exports; subsidized interest rates for exporters; and state infrastructure support for export
production (Hart-Landsberg, 1993, 171). This contributed to the way in which industrial
development in the 1960s centered on the production of exportable cheap consumer
goods, such as textiles, clothes, shoes, plywood and wigs (Cho, M-R. 1991, 188).

<table>
<thead>
<tr>
<th>Region</th>
<th>Establishment</th>
<th>Employment</th>
<th>Establishment</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seoul</td>
<td>1123 21.4%</td>
<td>35763 29.3%</td>
<td>1673 19.4%</td>
<td>43887 19.8%</td>
</tr>
<tr>
<td>Kyongki</td>
<td>698 13.3%</td>
<td>19753 16.2%</td>
<td>603 7.0%</td>
<td>20625 9.3%</td>
</tr>
<tr>
<td>Kangwon</td>
<td>212 4.0%</td>
<td>6391 5.2%</td>
<td>235 2.7%</td>
<td>5444 2.5%</td>
</tr>
<tr>
<td>North Chungchong</td>
<td>137 2.6%</td>
<td>3970 3.2%</td>
<td>256 3.0%</td>
<td>5392 2.4%</td>
</tr>
<tr>
<td>South Chungchong</td>
<td>209 4.0%</td>
<td>5550 4.5%</td>
<td>1324 15.3%</td>
<td>19579 8.9%</td>
</tr>
<tr>
<td>Jeju</td>
<td>32 0.6%</td>
<td>603 0.5%</td>
<td>77 0.9%</td>
<td>2335 1.1%</td>
</tr>
</tbody>
</table>

**Southwest**

| North Jolla    | 437 8.3%      | 7299 6.0%  | 547 6.3%      | 14929 6.8% |
| South Jolla    | 581 11.1%     | 10138 8.3% | 725 8.4%      | 16696 7.5% |
| Total          | 1018 19.4%    | 17437 14.3%| 1272 14.7%    | 31625 14.3%|

**Southeast**

| North Kyongsan | 788 15.0%     | 12314 10.1%| 1857 21.5%    | 38288 17.3%|
| South Kyongsan | 1032 19.7%    | 20378 16.7%| 1331 15.4%    | 53975 24.4%|
| Total          | 1820 34.7%    | 32692 26.8%| 3188 36.9%    | 92263 41.7%|

**Nation Total**

| 5249 100.0%    | 122159 100.0%| 8628 100.0%  | 221150 100.0%|


Table 4.3: Regional Manufacturing Production (1946-1955)

The export-led industrialization policy of the 1960s exhibited a degree of spatial
selectivity. First of all, it facilitated the development of more urbanized and already-
industrialized regions because it favored the labor-intensive industries located there.
Since the government provided lots of financial and institutional support to the export industries, the regions with concentrations of those industries were more likely to get the benefits of the industrialization process. In other words, a form of spatial selectivity in export-led industrialization was related to the existing geographical distribution of manufacturing activities formed prior to the military regime's implementation of the national modernization project in the 1960s.

Here it is useful to know something of the geography of Korean manufacturing in the immediate post-colonial period. There were two big industrial concentrations in South Korea at that time: they were Seoul and the southeast. As shown in Table 4.3, from 1946 to 1955, the two regions collectively hosted more than 50% of the national manufacturing firms and employment in South Korea.

This regional pattern of manufacturing development can be explained by two historical conditions. First, the industrial development of Seoul and the southeast was related to patterns of industrialization in the Japanese colonial period. In 1876, the first of three Japanese concessions was opened in the port of Pusan in the southeast. From then on, Pusan developed very rapidly as an outpost for Japanese colonial expansion into Korea and China. To give logistic support to this, the Japanese built a railroad between Pusan and Seoul in the 1901-1904 period (see Figure 4.1). In consequence, the southeast sat on the backbone of Korea's modern transportation network (Cho, M-R. 1991, 59).
a result, and as shown in Table 4.4, by 1930, almost 50% of national manufacturing output was produced in Seoul and the southeast.  

Figure 4.1: Railroads in Korea as of 1910

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4 Their share in national manufacturing output declined in the 1940s. This was because some provinces in the areas corresponding to current North Korea, such as South Hamhung and North Hamhung, were rapidly industrialized since the Japanese attempted to develop heavy industries there in order to provide military procurements to the Japanese Army in China. However, in 1940, their manufacturing output still amounted to
<table>
<thead>
<tr>
<th>Province</th>
<th>1920</th>
<th>1931</th>
<th>1940</th>
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<tr>
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<td>18.9</td>
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<td>1.2</td>
<td>0.9</td>
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<td>4.7</td>
<td>3.1</td>
<td>1.7</td>
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<td>Kangwon</td>
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<td>5.1</td>
<td>5.5</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>North Jolla</td>
<td>4.5</td>
<td>4.1</td>
<td>2.8</td>
</tr>
<tr>
<td>South Jolla</td>
<td>7.5</td>
<td>6.7</td>
<td>4.9</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>10.8</td>
<td>7.7</td>
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<tr>
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<td></td>
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<tr>
<td>North Kyongsang</td>
<td>10.2</td>
<td>11.1</td>
<td>5.2</td>
</tr>
<tr>
<td>South Kyongsang</td>
<td>9.4</td>
<td>12.3</td>
<td>8.6</td>
</tr>
<tr>
<td>Total</td>
<td><strong>19.6</strong></td>
<td><strong>23.4</strong></td>
<td><strong>13.8</strong></td>
</tr>
<tr>
<td><strong>National Total</strong></td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>


Table 4.4: Regional Manufacturing Output in the Japanese Colonial Period

Second, the greater concentration of industrial activities in the southeast than in Seoul in the 1950s can be explained by the geography of the Korean War (1950-1953) more than 30% of national total.
(see Figure 4.2). As previously discussed, during the war almost all industrial facilities in South Korea were destroyed. The most extensive damage to industrial facilities occurred in the Seoul, Kyongki, and Kangwon regions. However, the damage in the southeast turned out to be the smallest (Cho, M-R. 1991, 80). In fact, the southeast was the only region where production was possible throughout the war. Furthermore, some important production facilities were relocated to the southeast from the Seoul and Kyongki regions. As a result, by 1955, the southeast had become the biggest industrial concentration in South Korea (see Table 4.3).

It is not surprising, therefore, that the export-led industrialization project of the 1960s gave great advantages to Seoul and the southeast. For example, in 1958, Seoul and the southeast produced more than 70% of national value added production in textile and apparel industries, one of the most important export industries at the time (see Table 4.5). In this context, Seoul and the southeast were much more likely to benefit from the new export industrial boom. This tendency is reflected in the regional distribution of bank loans. As shown in Table 4.6, Seoul and the southeast gained approximately 80% of national bank loans: both result and reflection of the fact that most newly established firms from 1962 to 1969 were founded in those two areas (see Table 4.7).
Figure 4.2: Geography of the Korean War
<table>
<thead>
<tr>
<th>Region</th>
<th>Value Added Production</th>
<th>Regional Share</th>
</tr>
</thead>
<tbody>
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<td>1132</td>
<td>22.8%</td>
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<tr>
<td>Kyongki</td>
<td>457</td>
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<td>Kangwon</td>
<td>35</td>
<td>0.7%</td>
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<tr>
<td>North Chungchong</td>
<td>49</td>
<td>1.0%</td>
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<tr>
<td>South Chungchong</td>
<td>380</td>
<td>7.6%</td>
</tr>
<tr>
<td>Jeju</td>
<td>5</td>
<td>0.1%</td>
</tr>
<tr>
<td>North Jolla</td>
<td>119</td>
<td>2.4%</td>
</tr>
<tr>
<td>South Jolla</td>
<td>293</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

**Southeast**

<table>
<thead>
<tr>
<th>Region</th>
<th>Value Added Production</th>
<th>Regional Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Kyongsang</td>
<td>1329</td>
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<tr>
<td>South Kyongsang</td>
<td>1169</td>
<td>23.5%</td>
</tr>
<tr>
<td>Total</td>
<td>2498</td>
<td>50.3%</td>
</tr>
</tbody>
</table>

National Total 4968 100.0%


Table 4.5: Value Added Production of Textile and Apparel Industries by Region (1958)
<table>
<thead>
<tr>
<th>Region</th>
<th>Amount (million one)</th>
<th>Regional Share</th>
</tr>
</thead>
<tbody>
<tr>
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<td>796245</td>
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</tr>
<tr>
<td>Kyongki</td>
<td>48226</td>
<td>3.5%</td>
</tr>
<tr>
<td>Kangwon</td>
<td>28368</td>
<td>2.0%</td>
</tr>
<tr>
<td>North Chungchong</td>
<td>27261</td>
<td>2.0%</td>
</tr>
<tr>
<td>South Chungchong</td>
<td>56520</td>
<td>4.1%</td>
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<tr>
<td>Jeju</td>
<td>9862</td>
<td>0.7%</td>
</tr>
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<td>North Jolla</td>
<td>59917</td>
<td>4.3%</td>
</tr>
<tr>
<td>South Jolla</td>
<td>80600</td>
<td>5.8%</td>
</tr>
</tbody>
</table>

**Southeast**

<table>
<thead>
<tr>
<th>Region</th>
<th>Amount (million one)</th>
<th>Regional Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pusan</td>
<td>120297</td>
<td>8.7%</td>
</tr>
<tr>
<td>North Kyongsang</td>
<td>111823</td>
<td>8.1%</td>
</tr>
<tr>
<td>South Kyongsang</td>
<td>49022</td>
<td>3.5%</td>
</tr>
<tr>
<td>Total</td>
<td>281142</td>
<td>20.3%</td>
</tr>
</tbody>
</table>

| National Total    | 1384242              | 100.0%         |

Source: Bank of Korea (1970), Compiled by the author.

Table 4.6: Bank Loans by Region from 1960 to 1969
<table>
<thead>
<tr>
<th>Region</th>
<th>Number</th>
<th>Regional Share</th>
<th>Advanced Capital (million won)</th>
<th>Regional Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seoul</td>
<td>9107</td>
<td>56.6%</td>
<td>77313</td>
<td>71.9%</td>
</tr>
<tr>
<td>Kyongki</td>
<td>1243</td>
<td>7.7%</td>
<td>3159.4</td>
<td>2.9%</td>
</tr>
<tr>
<td>Kangwon</td>
<td>131</td>
<td>0.8%</td>
<td>484.3</td>
<td>0.5%</td>
</tr>
<tr>
<td>North Chungchong</td>
<td>55</td>
<td>0.3%</td>
<td>361.3</td>
<td>0.3%</td>
</tr>
<tr>
<td>South Chungchong</td>
<td>251</td>
<td>1.6%</td>
<td>1113</td>
<td>1.0%</td>
</tr>
<tr>
<td>Jeju</td>
<td>50</td>
<td>0.3%</td>
<td>346.1</td>
<td>0.3%</td>
</tr>
<tr>
<td>North Jolla</td>
<td>251</td>
<td>1.6%</td>
<td>1053.1</td>
<td>1.0%</td>
</tr>
<tr>
<td>South Jolla</td>
<td>533</td>
<td>3.3%</td>
<td>1153</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

**Southeast**

<table>
<thead>
<tr>
<th>Region</th>
<th>Number</th>
<th>Regional Share</th>
<th>Advanced Capital (million won)</th>
<th>Regional Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Kyongsang</td>
<td>463</td>
<td>2.9%</td>
<td>1988.6</td>
<td>1.8%</td>
</tr>
<tr>
<td>South Kyongsang</td>
<td>1774</td>
<td>11.0%</td>
<td>9278.6</td>
<td>8.6%</td>
</tr>
<tr>
<td>Total</td>
<td>2237</td>
<td>13.9%</td>
<td>11267.2</td>
<td>10.5%</td>
</tr>
</tbody>
</table>

| National Total  | 16095  | 100.0%         | 107517.6                       | 100.0%         |

Note: Newly established corporations covers the corporations newly registered at branches or registry offices of district courts in 32 cities
Source: Bank of Korea (1970), Compiled by the author.

Table 4.7: Newly Established Corporations by Regions from 1962 to 1969
Another form of spatial selectivity in export-led industrialization derived from the use of agricultural policy in order to create a low-cost industrial labor force for the benefit of export industries. Since most exports in the 1960s were the cheap products (e.g. textile, clothes, wig, etc.) of labor-intensive industries with low levels of mechanization, South Korean capital heavily relied on the absolute exploitation of cheap labor for profit appropriation. Thus, an important condition for capital accumulation at the time was the supply of cheap labor power. The military regime's agricultural policy was framed in this context.

A main feature of the agricultural policy at the time was the so-called "low grain-price policy". In other words, the military regime used its control over grain markets to lower the prices of such key products as rice and barley (Hart-Landsberg, 1993, 171).

---

5 "Absolute exploitation" is related to the ways in which capitalists gain profits through appropriating surplus value in the absolute form. Surplus value is the value produced by workers beyond the point equivalent to the value of their own labor power. The magnitude of the surplus value relative to the value of the worker's labor power is a measure of how much the worker is being exploited by the capitalist. There are two forms of surplus value. The first one is absolute surplus value. Absolute surplus value is appropriated by extending the working day beyond that point at which value equivalent to the value of worker's own labor power is produced. Thus, the surplus value in the absolute form can be increased by increasing the length of the workday or by filling up the 'pores' of the workday. The "absolute exploitation" occurs in this process. Another form of surplus value is relative surplus value, which is appropriated by reducing the length of time through which a worker produces value equivalent to the value of his/her own labor power. With the increase in the productivity of labor, the value of labor-power will fall, and the portion of the workday necessary for the reproduction of that value will...
The policy was essential in securing the provision of the cheap labor power necessary for export industries because the low prices of major crops helped mitigate demands for increasing wage rates by reducing the increase in workers’ living costs (Kim, H-S. 1987, 187). In addition, this policy had an unintended effect, which further contributed to the growth of export industries. It facilitated an increasing release of agrarian surplus labor, resulting in a massive rural-to-urban migration, which helped the supply of cheap labor to urban-based export industries.

How did the low-grain price policy cause the release of agrarian surplus labor?

In order to answer this question, we need to understand a historical condition of South Korean agricultural production in the 1950s. After the Korean War, agriculture was badly devastated for two main reasons. First, the war badly deteriorated agricultural production conditions. War activities massively destroyed fields and agricultural infrastructures and hence it was almost impossible for many areas to maintain an adequate level of agricultural production. Second, a huge influx of foreign-aid agricultural products disrupted supply and demand conditions on the domestic agricultural market. After the war, South Korea gained a huge amount of foreign aid, most of it in the form of American surplus agricultural products. As a result, the share of imported good grains in the total grain supply in the nation reached a peak of 30.5% in be shortened.
1953 (Cho, M-R. 1991, 87). Even thereafter, it remained at an annual rate of 15% until the early 1960s. This resulted in a sharp fall in the prices of agricultural products.

Given this devastated agricultural condition and subsequent financial hardship, many peasants, mostly petty farmers, fell into debt. For example, from 1956 to 1962, the average amount of debt per rural household increased by 58.6% (from 3,037 won to 5,181 won in the constant value) (Kim, H-S., 1987, 177). And many of the indebted peasants became tenant farmers after selling their land to pay off the debt.

In this context, the low-grain price policy in the 1960s imposed additional economic hardship on farmers. Due to the low prices of major crops, for example, average farm household income fell rapidly from close to parity with urban worker households in 1965 to approximately 65% of average urban worker household income by 1969 (Hart-Landsberg, 1993, 171). As a result, the number of the indebted tenant farmers increased. For example, in 1960, the proportion of the tenant farm household to the whole farm household was 26.4%, but by 1970, it has risen to 33.5% (Kim, H-S., 1987, 181).
However, the continuous increase in agricultural productivity made these tenant farmers surplus to the needs of the agricultural sector. For example, since the Korean War, and throughout the 1960s, per-household farm product had continuously increased (see Figure 4.3). In addition, the massive inflow of foreign agricultural products
decreased the demand for domestic food production. Under these conditions, labor
demand in the agricultural sector decreased. Thus, without their own land, the tenant
farmers became mostly idle and only temporarily employed by other farmers. These
surplus agricultural laborers were the main source of rural-to-urban migration.

In the 1950s, however, only a limited proportion of the surplus labor moved to
cities because even cities did not provide sufficient employment opportunities due to the
lack of industrialization at the time. But the export-oriented industrialization in the
1960s changed this situation dramatically. Based on new industrial activities, cities
began to provide job opportunities to the migrants. Now, in response to the devastated
agricultural conditions due to the low grain-price policy, millions of people left the
farms and headed for the cities, hoping to find employment in the newly growing export
industries. The result was an explosion of rural-to-urban migration in the 1960s. This
facilitated the construction of a large pool of industrial reserve army in cities, which in
turn helped the maintenance of low wage rates in urban labor markets (Kim, H-S. 1987,
187).

However, not all farmers responded to low grain prices by leaving for cities.
Most of the peasants who left for cities were tenant farmers with small land holdings.
Table 4.8 shows that 46.9% of peasants, who left for the cities from 1960 to 1975, used
to cultivate in land holdings of size less than 0.5 ha before leaving. Furthermore, this
proportion was much higher than the share of farm households with less than 0.5 ha in 1969 (33.9%). As a result, the share of those cultivating very small land holdings (less than 0.5 ha) decreased from 1961 to 1969 (see Table 4.9).

On the other hand, still many farmers, mostly those with large land holdings, stayed on the land. In response to the situation of low grain-prices, they tried to sell more by increasing the size of their cultivated land holdings (SDRG, 1988, 109). In increasing the cultivated areas under their control, they tended to purchase the land sold by those who left for cities. In addition, large scale farmers invested to increase yields on land. For example, it was reported that the large-scale farmers with more than 2 ha spent 59.8% of their debt for new agricultural investments in 1960 (Kim, H-S. 1987, 180). As a result, from 1961 to 1969, the share of farm households with holdings larger than 0.5 ha increased, except those with holdings larger than 2.0 ha, but smaller than 3.0 ha. In particular, households in the groups of 1.0 – 2.0 ha and more than 3.0 ha dramatically increased by 36.3% and 550% respectively.

In sum, the responses of farmers to the low grain prices were various depending on the cultivated land under their control. Those with large landholdings tended to compensate by increasing the area cultivated and increasing yields on land, while those with small landholdings tended to sell their land and leave for cities.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number (1000 people)</td>
<td>Share (A)</td>
</tr>
<tr>
<td>Less than 0.5 ha</td>
<td>3,216</td>
<td>46.9%</td>
</tr>
<tr>
<td>0.5 ~ 1.0 ha</td>
<td>2,263</td>
<td>33.0%</td>
</tr>
<tr>
<td>1.0 ~ 2.0 ha</td>
<td>1,194</td>
<td>17.4%</td>
</tr>
<tr>
<td>More than 2.0 ha</td>
<td>190</td>
<td>2.7%</td>
</tr>
<tr>
<td>Total</td>
<td>6,862</td>
<td>100.0%</td>
</tr>
</tbody>
</table>


Table 4.8: Numbers of Peasants Moving to Cities by Size of Land Holdings (1960-1975)

| Unit: 1,000 households |
|------------------------|------------------|
| Less than 0.5 ha       | 1961 1969 Change Rate |
| 946 40.7%              | 842 33.9% -11.0%     |
| 741 31.8%              | 807 32.4% 8.9%       |
| 491 21.1%              | 669 26.9% 36.3%      |
| 143 6.1%               | 130 5.2% -9.1%       |
| 6 0.3%                 | 39 1.6% 550.0%       |

Total 2,327 100.0% 2,487 100.0% 6.9%


Table 4.9: Changes in the Numbers of Farm Households by the Size of Cultivating Land Holdings (1961 – 1969)
This agricultural policy had significant impacts on regional economies. In particular, the more rural and more agriculture-dependent regions were likely to be more affected by this policy than the more urban and more industrialized regions. One of the regions most disadvantaged by export-led industrialization and the subsequent "low grain-price policy" was the southwest because it was one of the most agriculture-dependent regions. As shown in Table 4.10, the share of income generated by agricultural activities to regional total income was much higher in South Jolla and North Jolla than in other regions (except Jeju). Furthermore, since the "low grain-price policy" was applied largely to main crops such as rice and barley, the impact of the policy is assumed to be greater in the regions, the agriculture of which was more dependent on rice and barley production (Cho, M-R. 1991, 171). Table 4.11 shows that South Jolla and North Jolla were heavily dependent on paddy cultivation. In particular, North Jolla had the highest proportion of paddy relative to all cultivated land in both 1955 and 1965.
<table>
<thead>
<tr>
<th>Province</th>
<th>1962</th>
<th>1968</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seoul</td>
<td>0.8</td>
<td>1.7</td>
</tr>
<tr>
<td>Kyongki</td>
<td>49.8</td>
<td>45.5</td>
</tr>
<tr>
<td>Kangwon</td>
<td>34.9</td>
<td>35.5</td>
</tr>
<tr>
<td>North Chungchong</td>
<td>52.5</td>
<td>55.6</td>
</tr>
<tr>
<td>South Chungchong</td>
<td>53.8</td>
<td>55.4</td>
</tr>
<tr>
<td>Jeju</td>
<td>61.2</td>
<td>61.2</td>
</tr>
</tbody>
</table>

**Southwest**

<table>
<thead>
<tr>
<th>Province</th>
<th>1962</th>
<th>1968</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Jolla</td>
<td>57.9</td>
<td>61.5</td>
</tr>
<tr>
<td>South Jolla</td>
<td>59.9</td>
<td>59.7</td>
</tr>
</tbody>
</table>

**Southeast**

<table>
<thead>
<tr>
<th>Province</th>
<th>1962</th>
<th>1968</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pusan</td>
<td>-</td>
<td>3.6</td>
</tr>
<tr>
<td>North Kyongsang</td>
<td>47.2</td>
<td>48.9</td>
</tr>
<tr>
<td>South Kyongsang</td>
<td>36.4</td>
<td>58.4</td>
</tr>
</tbody>
</table>

| Nation                    | 38.8 | 34.4 |

Source: Chung, C-C. (1982, 252), edited by the author.

Table 4.10: Share of Agricultural Income to Total Regional Income by Provinces (1962 – 1968)
<table>
<thead>
<tr>
<th>Province</th>
<th>1955</th>
<th>1965</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kyongki</td>
<td>61.3</td>
<td>60.5</td>
</tr>
<tr>
<td>Kangwon</td>
<td>35.4</td>
<td>35.7</td>
</tr>
<tr>
<td>North Chungchong</td>
<td>48.3</td>
<td>46.4</td>
</tr>
<tr>
<td>South Chungchong</td>
<td>66.7</td>
<td>62.0</td>
</tr>
<tr>
<td>Jeju</td>
<td>2.1</td>
<td>2.1</td>
</tr>
</tbody>
</table>

**Southwest**

<table>
<thead>
<tr>
<th>Province</th>
<th>1955</th>
<th>1965</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Jolla</td>
<td>73.9</td>
<td>67.1</td>
</tr>
<tr>
<td>South Jolla</td>
<td>62.7</td>
<td>58.9</td>
</tr>
</tbody>
</table>

**Southeast**

<table>
<thead>
<tr>
<th>Province</th>
<th>1955</th>
<th>1965</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Kyongsang</td>
<td>56.0</td>
<td>54.9</td>
</tr>
<tr>
<td>South Kyongsang</td>
<td>67.0</td>
<td>66.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Province</th>
<th>1955</th>
<th>1965</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Korea</td>
<td>59.8</td>
<td>57.0</td>
</tr>
</tbody>
</table>


Table 4.11: Provincial Paddy as a Share of Cultivated Land (1955 – 1965)
In this context, the impact of the “low grain-price policy” on agriculture was greater in the southwest than in other regions. As a result, the southwest experienced the greatest outflow of people in the 1960s. As shown in Table 4.12, in the 1960s, the numbers of rural out-migration were the highest in the southwest. Interestingly, the southeast had the second highest number of rural out-migration, but the huge number of rural out-migrants there was offset by the massive scale of urban in-migration since new export-oriented industrial activities in the southeastern cities continuously attracted new people. As a result, the region’s net out-migration was not that great. In contrast, the southwest did not have large numbers of urban in-migrants as in the southeast. This was due to the limited development of cities and industrial activities there. Thus, it had the highest net outmigration of all the regions in South Korea. This is also true in terms of the rate of regional population decline stemming from out-migration. In order to show the rates of regional population growth or decline stemming from regional in/out-migration Table 4.12 standardized the numbers of in-and-out-migrants by region in terms of regional population in 1960. According to the table, the rate of population decline due to regional out-migration was the highest in North Jolla, the northern province of the southwest (-21.6%) from 1960 to 1970. The southwest as a whole had the second highest rate of population decline (-16.2%) next to North Chungchong (-16.5%).
### Regional Urban and Rural Net Migration (1960 - 1970)

<table>
<thead>
<tr>
<th>Region</th>
<th>1960-70 Rural</th>
<th>Total</th>
<th>Population (1960)</th>
<th>Rate of Population Growth Stemming from Rural-Urban Migration (1960-70)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seoul</td>
<td>2099.9</td>
<td>0</td>
<td>2099.9</td>
<td>85.9%</td>
</tr>
<tr>
<td>Kyongki</td>
<td>179.2</td>
<td>-247.1</td>
<td>-67.9</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Kangwon</td>
<td>42.9</td>
<td>-263.0</td>
<td>-220</td>
<td>-13.4%</td>
</tr>
<tr>
<td>North Chungchong</td>
<td>13.3</td>
<td>-239.7</td>
<td>-226.3</td>
<td>-16.5%</td>
</tr>
<tr>
<td>South Chungchong</td>
<td>92.4</td>
<td>-381.0</td>
<td>-288.6</td>
<td>-11.4%</td>
</tr>
<tr>
<td>Jeju</td>
<td>15.7</td>
<td>-11.4</td>
<td>4.3</td>
<td>1.5%</td>
</tr>
<tr>
<td><strong>Southwest</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Jolla</td>
<td>33.7</td>
<td>-550.6</td>
<td>-516.9</td>
<td>-21.6%</td>
</tr>
<tr>
<td>South Jolla</td>
<td>145.9</td>
<td>-591.4</td>
<td>-445.5</td>
<td>-12.5%</td>
</tr>
<tr>
<td>Total</td>
<td>179.6</td>
<td>-1142.0</td>
<td>-962.4</td>
<td>-16.2%</td>
</tr>
<tr>
<td><strong>Southeast</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Kyongsang</td>
<td>282.9</td>
<td>-496.9</td>
<td>-213.9</td>
<td>-5.6%</td>
</tr>
<tr>
<td>South Kyongsang</td>
<td>419.1</td>
<td>-553.0</td>
<td>-124.9</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Total</td>
<td>702.0</td>
<td>-1049.9</td>
<td>-338.8</td>
<td>-4.2%</td>
</tr>
<tr>
<td>National Total</td>
<td>3325.0</td>
<td>-3325.0</td>
<td>0</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

4.2.3.3. Spatial Selectivity in the State’s Spatial Regulatory Policies

While the geographical impacts of the export-led industrialization project and related agricultural policies, which I have discussed so far, were rather indirect, the state influenced regional economies more directly through its spatial regulation policies. In accordance with the plans for export-led industrialization, the military regime set out to make a national master plan for regional development. This was for the purpose of efficient utilization of national land for capital accumulation. The state designated some special development areas and constructed physical infrastructures necessary for industrialization in some selected regions. But the processes of spatial regulation privileged the interests of the Seoul region and the southeast. This was because the government built industrial complexes and physical infrastructures mainly in the Seoul and the southwestern regions in order to maximize the efficiency of regional policies by taking advantage of already existing industrial facilities there.

In 1963 the Comprehensive National Land Planning Law was enacted to give legal support to the regulation of economic development at a territorial level. Under the law, the central government designated Special Development Areas (SDAs) in those regions where the development of natural resources or industrial activities was needed for the social and economic interests of the nation (KRIHS, 1996, 95). The SDA strategy was chosen on the grounds that given the lack of financial and human resources for
national land development at the time, it could maximize development effects by concentrating resources and investment into some selected regions. In the 1960s, the central government developed 4 SDAs. These are listed in Table 4.13.

<table>
<thead>
<tr>
<th>Name</th>
<th>Designation Year</th>
<th>Regional Boundary</th>
<th>Development Purposes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seoul-Inchon</td>
<td>January, 1965</td>
<td>Seoul &amp; Kyongki</td>
<td>Integrated provision of public facilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Spatial reorganization as the capital region</td>
</tr>
<tr>
<td>Ulsan</td>
<td>July, 1966</td>
<td>South Kyongsang (in the Southeast)</td>
<td>Industrial complex development</td>
</tr>
<tr>
<td>Youngsan River</td>
<td>February, 1967</td>
<td>South Jolla (in the Southwest)</td>
<td>Land reclamation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Water resources development</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Promotion of fisheries industry</td>
</tr>
<tr>
<td>Asan-Seosan</td>
<td>February, 1967</td>
<td>Kyongki &amp; South Chungchong</td>
<td>Land reclamation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Water resources development</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Promotion of tourism &amp; fisheries</td>
</tr>
</tbody>
</table>


Table 4.13: Special Development Areas in the 1960s
The regional distribution and the development purposes of the SDAs clearly show the general framework under which the military regime assigned different functions to different regions in its regulation of the space economy. Seemingly, the government was concerned about the issue of uneven regional development and tried to distribute the SDAs equally across the nation, especially between the southwest and the southeast (Ulsan SDA in the southeast and Youngsang River SDA in the southwest). However, the development purposes of the SDAs in the southeast and the southwest were very different. Ulsan SDA in the southeast was the only one among the four SDAs, designated for the purpose of the development of an industrial complex at the time, while the development of the Youngsan River SDA in the southwest was for resource management and the growth of primary sectors, such as agriculture and fisheries. In other words, in terms of spatial regulation, the military regime considered the southeast as a major site for industrial development, while it saw the southwest as a region for the development of agriculture and natural resources.

In addition to the SDA projects, the military regime designated several industrial complexes. Through the construction of industrial complexes, the government supplied a package of basic facilities for new industrial production. In the 1960s, 14 industrial districts were constructed (see Table 4.14). There was quite a strong regional bias in developing these industrial districts. Except for two districts, that is, the
Kyongchun Industrial District in Kangwon and the Yeochon Industrial Complex in South Jolla (the southern part of the southwest), most of them were built in the cities of the capital region (including Seoul and Kyongki) and the southeast. The development of these industrial districts was deeply related to the government’s efforts to support urban-based export industries in the Seoul and the southeastern regions under the export-led industrialization project.

<table>
<thead>
<tr>
<th>Location</th>
<th>Name</th>
<th>Designated Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seoul / Kyongki</td>
<td>Seoul Korea Export Industry District</td>
<td>1965</td>
</tr>
<tr>
<td></td>
<td>Seoul Korea Plastic Industry District</td>
<td>1968</td>
</tr>
<tr>
<td></td>
<td>Inchon Korea Export Industry District</td>
<td>1965</td>
</tr>
<tr>
<td></td>
<td>Inchon Inchon Industrial District</td>
<td>1965</td>
</tr>
<tr>
<td></td>
<td>Inchon Kyongin Casting Industry District</td>
<td>1965</td>
</tr>
<tr>
<td></td>
<td>Inchon Inchon Machinery Industry District</td>
<td>1965</td>
</tr>
<tr>
<td></td>
<td>Inchon Inchon Timber Industry District</td>
<td>1968</td>
</tr>
<tr>
<td></td>
<td>Sungnam Sungnam Industrial District</td>
<td>1968</td>
</tr>
<tr>
<td>Southeast</td>
<td>Pusan Sasang Industrial District</td>
<td>1968</td>
</tr>
<tr>
<td></td>
<td>Taegu Taegu Third Industrial District</td>
<td>1965</td>
</tr>
<tr>
<td></td>
<td>Taegu Sungseo Industrial District</td>
<td>1965</td>
</tr>
<tr>
<td></td>
<td>Taegu Keomdan Industrial District</td>
<td>1965</td>
</tr>
<tr>
<td>Southwest</td>
<td>South Jolla Yeochon Industrial District</td>
<td>1967</td>
</tr>
<tr>
<td>Others</td>
<td>Kangwon Kyongchun Industrial District</td>
<td>1968</td>
</tr>
</tbody>
</table>

Another important aspect of the state's spatial regulation was the improvement of infrastructural conditions. From the initial stage of economic development, it was clearly acknowledged that the improvement of infrastructural conditions should precede full investment in direct production. Accordingly, the Korean state allocated the largest share of state investment to the provision and improvement of general infrastructural conditions, such as highways, ports, industrial water facilities, railroads, electricity etc. However, the state's direct investment in these infrastructures also had a certain form of spatial selectivity. In particular the southeast and the Seoul region were turned into major locations of state investment.

The government constructed the first modernized highway between Seoul and Inchon, a major port city in the capital region, in order to give logistic support to export industries in Seoul. Furthermore, and right after this, the government implemented another huge civil engineering project to build Korea's longest highway between Seoul and Pusan (called Kyongbu Highway) in 1967. Completed in 1973, the highway linked the two major economic regions in South Korea, the capital region and the southeast. According to Cho, M-R. (1991, 191), the construction of the Kyongbu Highway reproduced in a modern form the Korean spatial structure laid down under Japanese colonial rule. In a sense, therefore, this spatial selectivity is clearly a product of a
geographic inertia. In other words, the military regime tried to exploit the existing spatial structure in order to maximize the efficiency of its industrialization project.

4.2.4. An Outcome of Spatial Selectivity: Increasing Regional Economic Disparities

The spatial selectivity in the military regime's industrial and regional policies resulted in an increase in regional economic disparities. Throughout the 1960s, the capital region and the southeast became more industrialized and more prosperous due to the state's industrial and regional policies, while the rest of country, especially the southwest, became economically more stagnant. According to Table 4.15, in 1960, Seoul and the southeast collectively accounted for approximately 62% of national manufacturing employment, and their share increased to 68.9% in 1969. If we examine the ratio of regional share of manufacturing employment to regional share of population (LQ: Location Quotient), this unevenness is more clearly shown. In both 1960 and 1969, only Seoul and the southeast had LQs higher than 1.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>National Total</td>
<td>275,254</td>
<td>100.0%</td>
<td></td>
<td>829,044</td>
<td>100.0%</td>
<td></td>
</tr>
<tr>
<td>Seoul</td>
<td>23.3%</td>
<td>9.8%</td>
<td>2.4</td>
<td>33.4%</td>
<td>17.6%</td>
<td>3.4</td>
</tr>
<tr>
<td>Kyongki</td>
<td>10.3%</td>
<td>11.0%</td>
<td>0.9</td>
<td>10.8%</td>
<td>10.7%</td>
<td>1.0</td>
</tr>
<tr>
<td>Kangwon</td>
<td>3.1%</td>
<td>6.5%</td>
<td>0.5</td>
<td>2.3%</td>
<td>5.9%</td>
<td>0.4</td>
</tr>
<tr>
<td>Chungchong</td>
<td>10.5%</td>
<td>15.6%</td>
<td>0.7</td>
<td>7.8%</td>
<td>13.8%</td>
<td>0.5</td>
</tr>
<tr>
<td>Jeju</td>
<td>0.8%</td>
<td>1.1%</td>
<td>0.7</td>
<td>0.6%</td>
<td>1.2%</td>
<td>0.5</td>
</tr>
<tr>
<td>Southwest</td>
<td>12.5%</td>
<td>23.8%</td>
<td>0.5</td>
<td>9.6%</td>
<td>20.5%</td>
<td>0.4</td>
</tr>
<tr>
<td>Southeast</td>
<td>39.5%</td>
<td>32.1%</td>
<td>1.2</td>
<td>35.5%</td>
<td>30.4%</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Source: Moon (1992, 38), edited by the author.

Table 4.15: Regional Manufacturing Share (1960 – 1969)

In particular, the LQ of Seoul dramatically increased from 2.4 to 3.4, which means that manufacturing activities became more concentrated into the Seoul area. In relation to this, from Table 4.15, we can observe that the capital region was becoming more important than the southeast in manufacturing development. Seoul’s share of national manufacturing production rapidly increased, while the share of the southeast somewhat decreased during the period from 1960 to 1969. This was related to an
increasing centripetal force toward Seoul due to the economies of agglomeration available there. For labor-intensive export-oriented industries, Seoul had superb locational conditions, such as abundant and cheap urban labor, better urban infrastructures, and the presence of other related industries, etc. (Cho, M-R. 1991, 188). Furthermore, under the highly centralized regulation of state-led industrialization, geographical proximity to government offices was very important in building a connection to state power and gaining government supports and hence Seoul was preferable as an industrial location. Thus, even firms which started their businesses in the southeast tended to move their offices or headquarters to Seoul to take advantage of these conditions.

The pattern of uneven regional development at the time can also be shown in regional patterns of changes in Gross Regional Product (GRP) in the 1960s (see Table 4.16). In 1962, the GRPs of Seoul and the southeast accounted for respectively 20.4% and 29.4% of the Gross National Product (GNP). In 1970, their share of the GNP increased to 27.7% in Seoul and 29.6% in the southeast. Indeed, from 1962 to 1970, it was only in these two regions that regional shares of GNP increased. In contrast, during the same period, all other regions experienced a decrease in their respective shares of GNP. And notably, the decrease in regional share was greatest in the southwest (-22.5%) and Kangwon (-24.4%).
<table>
<thead>
<tr>
<th></th>
<th>1962 Regional GRP</th>
<th>1970 Regional GRP</th>
<th>Growth Rate in Regional Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share</td>
<td>Share</td>
<td></td>
</tr>
<tr>
<td>Seoul</td>
<td>67,022</td>
<td>686,737</td>
<td>35.6%</td>
</tr>
<tr>
<td>Kyongki</td>
<td>35,471</td>
<td>255,942</td>
<td>-4.5%</td>
</tr>
<tr>
<td>Kangwon</td>
<td>20,980</td>
<td>119,948</td>
<td>-24.4%</td>
</tr>
<tr>
<td>North Chungchong</td>
<td>14,847</td>
<td>103,562</td>
<td>-7.7%</td>
</tr>
<tr>
<td>South Chungchong</td>
<td>25,822</td>
<td>182,763</td>
<td>-6.4%</td>
</tr>
<tr>
<td>Jeju</td>
<td>3,630</td>
<td>24,003</td>
<td>-12.5%</td>
</tr>
<tr>
<td><strong>Southwest</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Jolla</td>
<td>26,136</td>
<td>149,321</td>
<td>-24.4%</td>
</tr>
<tr>
<td>South Jolla</td>
<td>38,025</td>
<td>226,331</td>
<td>-21.3%</td>
</tr>
<tr>
<td>Total</td>
<td>64,161</td>
<td>375,652</td>
<td>-22.5%</td>
</tr>
<tr>
<td><strong>Southeast</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Kyongsang</td>
<td>45,373</td>
<td>281,029</td>
<td>-18.1%</td>
</tr>
<tr>
<td>South Kyongsang</td>
<td>51,096</td>
<td>454,008</td>
<td>17.5%</td>
</tr>
<tr>
<td>Total</td>
<td>96,469</td>
<td>735,037</td>
<td>0.8%</td>
</tr>
<tr>
<td><strong>National Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Gross National Product)</td>
<td>328,412</td>
<td>2,482,423</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Source: Chung, C-C. (1982, 11), edited by the author.

Table 4.16: Changes in Gross Regional Product (GRP) in the 1960s
4.3. The Regionally Biased Nature of the National Ruling Elites

The increasing regional economic disparities provided an important condition for the emergence of conflicting territorial interests with respect to the regulatory role played by the state. Under the state-conditioned uneven regional development, actors in different regions showed contrasting reactions to the government regulatory role and parties began to utilize territorial strategies to construct their supporting bases. However, to be expressed as political regionalism, this territorializing process needed to coincide with another condition: that is, the regionally biased nature of the national ruling elites. Given the fact that the Korean state appeared biased in representing regional interests due to regionally biased composition of national ruling elites, parties and local actors began to interpret regional economic disparities in South Korea as an outcome of the regionally biased representation of the interests in the state. This section discusses how the composition of national ruling elites was regionally biased in the 1960s.

As previously discussed, the military regime promoted state-led capitalist development as a hegemonic project in order to solve the problem of its political legitimacy. However, state-led industrialization processes necessarily required a strong regulatory role for the state. In other words, in pursuing national industrialization projects the military regime needed to organize diverse political and economic forces
under its leadership. In order to do so, it enhanced its authoritarian and centralized
nature as mentioned above. However, the authoritarian strategy alone was insufficient in
successfully regulating private economic activities. This was because of the possibility
of large-capitalist resistance. Even though the capitalists were fragmented and incapable
of cohesive action, individual members could exert negative sanctions, such as
withdrawal of investments, capital export, etc., which if sufficiently widespread would
have the effect of destabilizing the national economy. As a result, the military regime
tried to induce the participation of the large capitalists in national industrialization
projects by constructing a coalition with them around the joint project of economic
growth.

The first encounter between the military junta and the large capitalists took
place shortly after the military coup in 1961. Their relation started inauspiciously when
the junta imprisoned many politicians, government officials and businessmen on charges
of illegal and corrupt activities. This uneasy relation, however, did not last long. As
economic development was chosen as the key political project, the military junta quickly
came to realize that the project would be in serious difficulty without the help of
bureaucrats and private entrepreneurs. Thus, it dropped the criminal charges on the
capitalists on the condition that they agreed to build factories and donate them to the

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In the growth coalition subsequently constructed, the relationship between the Korean state and large capitalists was one of give-and-take (Park, 1998). As we have seen, the military regime provided various financial and institutional supports to the large capitalists. At the same time, the capitalists had to follow the government’s direction and play a leading role in developing manufacturing and enhancing exports. The growth coalition was an important regulatory mechanism, therefore, under which the military regime could induce and discipline a national capitalist class to participate in industrial activities. At the same time, however, it determined the structural selectivity of the Korean state. In other words, through the growth coalition, the interests of the big capitalists had been preferentially represented and privileged in the state’s policy making and implementation. In contrast, other social groups, such as farmers, small and medium-sized firms, and workers, were relatively alienated and excluded from the benefits of economic growth.

The growth coalition was composed of three major forces; 1) military-turned politicians, 2) technocrats in power, and 3) domestic big capitalists. In cementing the alliance among these groups, however, social networks played a crucial role. In particular, the ties based on school, blood, and region have been the most important in the alliance formation process (Cho, M-R. 1991). Given the lack of political legitimacy, the leaders of the military regime strongly relied on their personal ties in recruiting
bureaucrats. Also, in selecting business partners for the growth coalition, the bureaucrats tended to favor those businesses connected with them through their own personal ties based on school, region, and family. Thus, if certain businesses had connections with government officials based on these networks, it was easier for the businesses to get the government's financial and institutional support.

This process of building the state-society relation, however, had a geographical dimension because the social networks had clear regional bases. In particular, the geographical nature of the school-ties has been quite obvious. School-ties were mostly based on the alumni networks of some local elite high schools. There were several of these in the central cities of each province - for example, Kyongbuk high school in Taegu, Kyongki high school in Seoul, Pusan high school in Pusan, Kwangju First High School in Kwangju, etc. The graduates of these high schools have built quite strong personal networks. Since these schools attracted students from their surrounding regions, each of the alumni networks had a strong regional basis. As a result, the composition of the growth coalition tended to be regionally biased.

In particular, the networks based on the southeast, were very significant in the composition of the national ruling bloc under the Park regime. Since President Park and many of his core staff members came from the southeast or graduated from some local elite high schools in the southeast, it was likely that key positions in the government and
ruling party were preferentially assigned to people from that region. During the Park regime, the earliest instance of this regional factionalism was found within the military junta in the early 1960s. The strife was between junior officials in support of General Park, mainly from southeastern regions, and senior officials in opposition to him, mostly from the northeast. While gradually removing the opposition, General Park laid his power base through a tactical alliance with leading politicians of the old regime from the southeast. After converting the military junta into a civilian government in 1963, the influence of these regional ties more thoroughly permeated all areas of state management (Cho, 1991, 131). Most key positions in the government and the ruling party were filled with the people from the southeast.

This pattern was discussed in Chapter 3. Table 3.2 showed that during the period of the Park regime (from 1963 to 1978), the largest share of the high-level officials (excluding those originating from the provinces in North Korea) was occupied by the southeastermers (40%). Furthermore, if we consider the regional share of population in 1970, we can see that the southeast produced a disproportionately large number of high-ranking officials from 1963 to 1978. In 1970, the southeast accounted for 30.4% of national total population, while it produced 40% of government high officials in the 1960s and the 1970s. It means that the southeast was over-represented in the government in this period. On the contrary, other regions were under-represented in
this period, producing smaller proportions of high-ranking officials relative to their share of population in 1970. A detailed discussion on this pattern was already provided in Chapter 3.

This regionally biased composition of the national ruling elites provided an important condition for political parties and local actors to construct territorially defined interests with respect to the government policies. The territorializing processes will be discussed in the following sections.

4.4. The Politics of Local Economic Development in the Southwest and the Southeast

As the military regime pursued national industrialization, local actors saw it as a new opportunity for local economic growth because the financial, institutional, and infrastructural supports provided by the government would give enormous benefits to selected localities. Thus, despite the fact that the organization of locally driven activities was quite limited under the highly centralized nature of the political and economic system, those actors who did have interests in local economic growth organized diverse political actions to attract the necessary government supports to their localities. However, realizing the geographically unequal effects of the government policies and the regionally biased nature of state representation, local actors began to show quite contrasting political behaviors.
In the 1960s, the following three types of agent were especially important in the politics of local economic development; 1) local chambers of commerce, 2) local media, and 3) locally elected national parliament members. Among them, local chambers of commerce were the most active. In South Korea, there have been three major organizations to represent business interests; 1) the Federation of Korean Industries (FKI), 2) the Korean Employers Federation (KEF), and 3) the Chambers of Commerce. The FKI and KEF have represented the interests of large conglomerates, while the chambers of commerce have been much more inclined to the interests of localized small-and-medium sized firms (Hong, 1993). Representing the interests of local businesses, they have been very sensitive to government policies influencing local economies. In order to affect government policies, they have engaged in diverse political efforts, such as petitioning central or local governments and lobbying politicians or higher government officials.

Local media have also had significant interests in local economic development. At the time, most local media were local newspapers. In South Korea, the development of local newspapers had been limited due to the centralized nature of the political economy. Thus, in the 1960s, only 24 local newspapers, based on the provinces, were published, but most of them encountered difficulties due to the increasing penetration of national newspapers into local markets (Park, J-K. 1987). As a result, local newspapers
emphasized local development issues as a way of increasing their competitiveness.

Furthermore, since decreasing local populations due to increasing migration toward Seoul shrank the markets for local newspapers (Table 4.15 shows that all regions except Seoul lost population in the 1960s), they were quite sensitive to local economic conditions. Thus, they were very active in forming local public opinion to support state-mediated projects for local economic growth.

While the local chambers of commerce and local newspapers had economic interests in local economic growth, locally elected national parliament members had political interests in it. Since they were the representatives of their constituencies, they were supposed to represent the interests of their localities in the national parliament. In other words, if a member of parliament could be successful in bringing the financial and institutional support of the central government to his/her constituency, he/she would have a better chance of being elected in the next election. Given the sharp political cleavage between the ruling party and the opposing parties, however, the ways in which the elected representatives from the respective parties organized or participated in the politics of local economic development tended to be quite different.

Under the highly centralized regulatory system, most of the efforts of these actors to secure local economic growth took the form of soliciting the central government for more supports for their localities. However, as the regionally biased
nature of the national ruling bloc intensified and the resultant regional economic
disparities were aggravated, the nature of political activities between localities became
more differentiated. In particular, in the southwest, as local actors began to feel alienated
from the national industrialization process, from the mid 1960s, they began to complain
of the regionally biased nature of the military regime. In contrast, local actors in the
southeast became more supportive of the military regime as a result of their belief that
they were better off as a result of their connections to the government.

4.4.1. Political Processes in the Southwest

Until the early 20th century, the southwest was one of the most prosperous
regions in Korea along with the capital region and the southeast. In particular, being
endowed with fertile plains suitable for rice cultivation, it used to be the wealthiest
agricultural area in Korea and was known as the “Rice Bowl.” In terms of total
agricultural product, for example, the southwest contributed 29.4% of the total output of
crops produced in the country in 1947 (Chon, 1992). Moreover, industrial activities were
developed on the basis of agricultural wealth. For example, when the Japanese started
the colonial industrialization process in the early 20th century, the southwest was one of
the most industrialized regions along with the capital region and the southeast.

According to Table 4.4, for example, in 1920, the whole southwest produced around
12% of national manufacturing output. Due to the relatively higher level of industrialization and prosperity in the earlier years, greater numbers of local businesses developed in the southwest relative to other regions (except Seoul and the southeast). For example, some of Korea's first modern entrepreneurial families, such as the Samyangsa Group, had their origin in fortunes built on the basis of southwestern agricultural wealth (Chon, 1992, 155). Also, Table 4.3 shows that even as late as 1955, the southwest was the third largest industrial concentration following the southeast and Seoul, accounting for 14.7% of national manufacturing businesses and 14.3% of national manufacturing workers.

The relatively higher level of industrialization and the resultant existence of many local businesses were an important political economic background for the active organization of a politics of local economic development in the southwest in the 1960s. Since most of these local businesses produced petty commodities for traditional local markets, such as food, beverages, textiles, paper, printing materials, etc. (see Table 4.17), they were strongly dependent on local consumer markets. In other words, they had high levels of local dependence with strong interests in local economic growth. They would be advantaged by the expansion of local markets due to local economic growth, while local economic decline or stagnation would shrink their markets and damage their businesses.
Table 4.17: Value Added Production by Manufacturing Products in the Southwest (1958)

<table>
<thead>
<tr>
<th>Product Category</th>
<th>North Jolla</th>
<th>South Jolla</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food, beverage &amp; tobacco</td>
<td>234 32.5%</td>
<td>281 32.2%</td>
<td>515 32.3%</td>
</tr>
<tr>
<td>Textile, wearing, apparel &amp; leather</td>
<td>119 16.5%</td>
<td>293 33.5%</td>
<td>412 25.8%</td>
</tr>
<tr>
<td>Wood, wood products &amp; furniture</td>
<td>80 11.1%</td>
<td>54 6.2%</td>
<td>134 8.4%</td>
</tr>
<tr>
<td>Paper, printing &amp; publishing</td>
<td>159 22.1%</td>
<td>32 3.7%</td>
<td>191 12.0%</td>
</tr>
<tr>
<td>Chemicals, petroleum &amp; rubber/plastic products</td>
<td>44 6.1%</td>
<td>58 6.6%</td>
<td>102 6.4%</td>
</tr>
<tr>
<td>Nonmetallic, mineral products</td>
<td>19 2.6%</td>
<td>65 7.4%</td>
<td>84 5.3%</td>
</tr>
<tr>
<td>Basic metal products</td>
<td>8 1.1%</td>
<td>10 1.1%</td>
<td>18 1.1%</td>
</tr>
<tr>
<td>Fabricated metal products &amp; machinery</td>
<td>43 6.0%</td>
<td>68 7.8%</td>
<td>111 7.0%</td>
</tr>
<tr>
<td>Others</td>
<td>14 1.9%</td>
<td>13 1.5%</td>
<td>27 1.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>720 100.0%</td>
<td>874 100.0%</td>
<td>1594 100.0%</td>
</tr>
</tbody>
</table>


In the 1950s, the southwest experienced an economic decline due to two major effects of the Korean War. First, the agricultural system in the southwest was seriously damaged by the large-scale influx of foreign-aid agricultural products, which disrupted the supply and demand conditions on the domestic agricultural market (Cho, M-R. 1991, 87). The prices of agricultural products sharply declined, which significantly affected the
southwestern economy. Second, during the war, 60% of industrial facilities in the southwest were damaged (Cho, M-R. 1991, 81). As a result, the regional share of the southwest in national manufacturing production in terms of establishments declined from 19.4% in 1946 to 14.3% in 1955 (see Table 4.3). Facing this difficulty, locally dependent businesses in the southwest made several efforts to promote local industrialization. However, these efforts were not successful due to the absence of government support. For example, in the mid 1950s, action was undertaken to establish a local manufacturing plant in the southwest. As a result, Honam Nitrogenous Fertilizer Company was established in 1955. Given the lack of government support, however, local businesses could not generate enough capital to finish the construction of the plant (Chung, K-S. 1991).

In this context, local agents in the region considered the ambitious start of the national modernization project by the military regime in the early 1960s as the opening of a new window for local industrial development. They organized diverse political activities to promote local economic growth. In the early 1960s, the focus of the politics of local economic development was on soliciting the government for financial and institutional supports for local development since the thinking was that under the condition that the state exercised strong regulatory power for industrial development, mobilizing the power of the central government was essential for local industrialization.
There were two examples. First, with the beginning of national industrialization, local capitalists in the southwest tried to build an automobile company, named “Asia Auto Company”, there. Initiated by the Kwangju chamber of commerce, in 1962, they organized the “Promoting Committee for the Construction of Asia Automobile Plant in the Southwest” (Chung, K-S. 1991). The main job of this committee was to mobilize the power of the central government on their behalf. This was for the following reasons: 1) they had to gain government permission to borrow foreign loans, which was necessary for generating the necessary capital for plant construction, and 2) another government permit was needed to establish an auto company at the time. Though diverse actors played a role in these tasks, locally elected representatives in national parliament were especially active in lobbying central government officials for this project.

Second, in the mid 1960s, there were efforts to upgrade local industries by locating intermediate-goods and capital-intensive industries in the southwest. In May 1965, Kwangju Chamber of Commerce made a recommendation to the government to build an integrated chemical plant in South Jolla. In July of the same year, the “South Jolla Promotion Committee for Inducement of Basic Industries” was organized, composed of the Kwangju Chamber of Commerce, the Governor of South Jolla, the Mayor of Kwangju City, and representatives of local banks and local businesses. Upon the request of this committee, the ruling party members of parliament from the
southwest visited the Prime Minister to urge the government to locate some key industries in the southwest. In order to support these political activities, in October 1965, all district offices of the ruling party in South Jolla collectively sent a recommendation letter to the central office to build an oil refinery in the subregion.

At a first glance, these efforts seemed to be successful. For example, the central government approved the project to build the Asia auto plant in the southwest in 1966. And the construction of Kwangju Industrial District, which was planned as the location of Asia Auto Company and its suppliers, began in December 1966. In addition, in 1966, the government announced a project to industrialize the southwest, including the construction of an industrial district in Yeochon, South Jolla to locate an oil refinery and in February 1967, it began construction of the Yeochon Industrial District. However, these achievements did not substantially contribute to the economic growth of the southwest because the auto plant was on too small a scale and the oil refinery was lacked input-output relations with other local industries.

Apart from these two cases, government investment in the southwest was quite limited. Also, regional economic disparities gradually increased in the 1960s. As a result, southwesterners began to feel alienated from the process of national economic growth. This feeling was well expressed in some editorials in local newspapers. For example, on October 25, 1964, Jonnam Daily News, a local newspaper in South Jolla, had an
editorial, titled "South Jolla gets cold treatment." Also, in April 1966, Jonbuk Daily, a local newspaper in North Jolla, published a letter from its chief editor to President Park (Yang, D-K. 1968). In the letter, the editor argued that the southwest had been badly treated by the central government on the grounds that 1) the southwest had been neglected in the allocation of government economic development projects, 2) most of the people with humble jobs in Seoul came from the southwest, and 3) there were very few southwesterners among high-rank government officials.6

Likewise, in March 1966, some local newspapers began to report that in the central government's budget decisions, the southwest was unfairly treated. For example, on March 20, 1966, Jonnam Daily informed that in the projected allocation for the development of agricultural water resources in 1967, the government allocated less money to the southwest, designated by the government as the major agricultural region, than to the southeast. Also, on the next day, it reported that the trains and facilities on the Honam line, the railroad connecting Seoul and the southwest, were much worse than those on the Youngnam line, the railroad connecting Seoul and the southeast. These reports increased local discontent about government policies in the southwest.

6 In this context, given the fact that the government decided to support the southwest for the auto plant and the oil refinery in 1966 and 1967 right before the 1967 presidential election, some people accused the military regime of supporting the southwest at that time merely as a political strategy to gain votes (Chung, K-S. 1991).
Responding to this, in March 1966 about 30 national parliament members from the
region visited the Vice-Prime Minister and raised a question regarding the government’s
treatment of it. At the time, the military regime needed to appease local discontent in the
southwest because it would face a presidential election in 1967. The government’s
approval of the project to establish an auto company in the southwest and its
announcement of the southwest industrialization project were made in this context.
However, skepticism about the government intention to support the southwest had been
aroused. On August 13, 1966, for example, the Jonnam Daily reported that the
government project to industrialize the southwest would be difficult owing to the
government’s own reduced budget for it.

In this context, therefore, the nature of the politics of local economic
development in the southwest became somewhat changed after the mid 1960s.
Previously, political activities focused on soliciting the government for more supports
and investments. But in the late 1960s, local actors began to criticize the government for
its treatment of the area in terms of the allocation of capital and resources.

Given this aggravated local atmosphere, political activities on behalf of local
economic growth began to be critical of the military regime and its policies. In 1966, for
example, some local politicians in Kwangju, with some local elites, including university
professors, lawyers, local businesses, etc., organized the “Committee to Correct the
Government’s Unfair Treatment of South Jolla”. The committee urged that the
government should keep its promise to develop the Kwangju Industrial District and the
Yeochon Industrial District and that national parliament members from South Jolla
should make all effort to promote the industrialization of the area. And in 1968, the
“Struggle Committee to Secure the Rights and Interests of the Southwest” was formed.
As implied by the names of these committees, they were becoming more politically
oriented and more critical of the military regime.  

From 1968 on, the construction of Kyoungbu Highway, a highway connecting
Seoul and Pusan, became a local political issue in the southwest. There was concern that
regional economic disparities would increase because the highway would give better
chances to the southeast for industrial development (an article in Jonnam Daily on July 5,
1968). Thus, the feeling of alienation was intensified and some urged the government to
build another highway connecting Seoul and the southwest. In response, in 1969,

---

7 However, the development of this more politically oriented movement was limited
because many local actors hesitated to join activities critical of the government. They
included ruling party politicians, chambers of commerce, and local governments, who
had developed a strong pro-government political attitude. Instead of criticizing the
government, they preferred more politically neutral activities and more pragmatic
solutions. In this context, Kwangju Chamber of Commerce organized the “Promotion
Committee for the Modernization of South Jolla” in July 1970 (Chung, K-S. 1991). This
committee focused on attracting more government assistance for regional economic
growth to the southwest. In doing so, it organized a campaign seeking the signatures of 1
million people to insist to the government that the expansion of infrastructures,
including highways, the development of Yongsan River Area, the establishment of an
Export Processing Zone, and the location of basic industries were urgent for the

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President Park ordered the construction of the Honam Highway between Seoul and Mokpo, a southern port city in the southwest. However, from 1971, there was increasing criticism of this project in the southwest because the government tried to build a highway of only 2 lanes. On September 9, 1971, Jonnam Daily raised the issue of unfair treatment again, doubting whether the 2-lane highway would really function as a highway. Furthermore, on the same day, it reported that the government had reduced the budget for the construction of the Honam Highway. In this context, in 1971, the 4 local chambers of commerce in South Jolla, including Kwangju, Yeosu, Mokpo, and Sunchon Chambers of Commerce, organized the “Promotion Committee for the Development of South Jolla”, focusing on activities to urge the central government and ruling party to speed up the construction of highways in the southwest (Chung, K-S. 1991).

4.4.2. Political Processes in the Southeast

With the start of national industrialization in the early 1960s, local agents in the southeast also attempted to attract government assistance to their region for purposes of regional industrial development. Unlike those in the southwest, however, the southeastern actors were better positioned to mobilize the power of central government due to the dominance of southeasterners in national ruling elites.

modernization of South Jolla.
In this context, local actors in the southeast — mostly, local chambers of commerce and local governments — tended to organize for local economic development differently from those in the southwest. In promoting local economic growth, they focused mainly on making sure that the national ruling elites continued to support them. Thus, the politics of local economic development in the southeast never criticized or challenged the government for its mismanagement in regional and industrial policies. Local actors in the southeast attempted to utilize all possible personal connections to mobilize the power of the central government and generate more government resources for their local economic development projects. Furthermore, because the southeasterners had such diverse channels to access the power of the government locally elected national parliament members were not as active as those in the southwest.

Let me describe some examples. In the mid 1960s, agents in Taegu, a major city in the southeast, where the Provincial Office of North Kyongsang was located, launched several urban development projects in order to promote the growth of the city. In this context, on September 21, 1965, the City Office of Taegu and Taegu Chamber of Commerce organized a political campaign, called the “Rally for Promoting the Growth of Taegu City”. Through the rally, they pursued two main projects; 1) the construction of an industrial district, called the “Second Industrial District” and 2) the expansion of
some local roads. In order to attract government supports for these projects, they invited some core members in the cabinet, such as the Vice-Prime Minister, the Minister of Home Affairs, the Minister of Construction etc., to this meeting. According to Maeil News, a local newspaper in Taegu (reported on September 23, 1965), President Park strongly supported the rally, not only implicitly, but also explicitly. The newspaper reported that the Mayor of Taegu City actually asked President Park through a private letter to send some cabinet members to it in order to generate special attention from government officials. And, in response, Park ordered the cabinet members to participate in the rally. Furthermore, though Park was himself absent, he later joined a visit to a proposed site for the Second Industrial District, which was held after the rally. His participation resulted in a lot of pressure on cabinet members to support the Taegu development projects. In this context, the Vice-Prime Minister publicly promised to give a special consideration to Taegu's growth projects.

There is a second example. In 1966, the City of Taegu launched another local development project including such plans as the redevelopment of the Train Station Area, the expansion of an existing industrial district, called "First Industrial District", the construction of several local roads, etc. For the success of this project, central government support was essential. According to a report of the Maeil News (reported on July 5, 1966) the government — specifically the Ministry of Finance, which was in
charge of government budget decisions – was at first quite negative on this project. In consequence, diverse local actors in the southeast quietly, but actively, lobbied some powerful forces in the government, even including President Park. In response, Park strongly supported the Taegu project. Finally, in July 1966, the central government decided to provide 100 million won (approximately US $3.7 million) for it.

These political processes constituted a local consciousness in the southeast that the military regime, centered on President Park, was really willing to help its core members’ home area, the southeast. This sentiment was clearly reflected in an article in *Maeil News*, published on January 27, 1967, which praised the government for its special supports to Taegu. It argued that the current growth of Taegu City was mainly due to the special attention of President Park, exemplified by the government’s 100 million won support to Taegu. In other words, southeasterners had developed a quite different sentiment regarding the government’s regional policies from that of the southwesterners, who often complained of the government’s unfair treatment.

4.5. The Territorial Strategies of the Parties

As discussed previously, the main party political cleavage at the time was based on the ideological distinction between pro-authoritarianism and anti-authoritarianism. Increasing regional economic disparities and the regionally biased nature of the ruling
elites, however, provided important conditions for the emergence of another significant dimension of party political cleavage in South Korea, that is, a territorial cleavage.

As increasing numbers of southerners felt that they were neglected by the national industrialization process led by the southeastern-dominated military regime, an anti-government sentiment emerged in the southwest. The southerners, on the other hand, had developed a strong pro-government sentiment. Given this situation, parties began to pay more attention to territorial issues from the mid 1960s on. In particular, the opposition party began to utilize this situation to enhance their popularity in the southwest, as well as to criticize the military regime. In August 1966, for example, the People's Party, an opposition party, publicly insisted that the government should stop its unfair treatment of the southwest.

With the beginning of the 1967 presidential election campaign, the opposition party in the rallies held in the southwest more actively used the issues of uneven development and the government's unfairness in its regional allocation of resources and its recruitment of government officials. In addition, the opposing party members began to use the language of the "Youngnam (meaning the southeast) Regime" in order to critically point out the regionally biased nature of the military regime (Cho, J-K. 1987). In response, the ruling party mobilized regional consciousness in the southeast in order
to gain votes from the home province of President Park. As a result, the SE-SW split began to show up in the electoral outcome (see Table 4-1).

However, parties still did not use the territorial strategy as their primary electoral strategy. This was due to its double-edged nature. In other words, it could increase popular support for a party in a particular region, but it could lose votes in other regions. Given the situation that winning in the presidential election required a party to gain more popular votes than other parties in the whole nation, the territorial strategy did not guarantee victory at the national scale. Thus, the territorial strategy was used as something complementary to the primary cleavage in party politics based on the pro-authoritarianism vs. anti-authoritarianism distinction. This was especially true of the opposition party. Even though the opposition party actively utilized the issue of uneven development in its electoral campaigns in the southwest, it did so just as a way of criticizing the military dictatorship. In other words, the regional issue was identified at that time merely as one example among many of the government’s arbitrary use of its power.

The ruling party, however, had been more active in using the territorial strategy in the southeast, the home province of President Park and other core members in the ruling bloc. In fact, in the 1963 election, the military regime began to use the territorial strategy in order to overcome the problem of political illegitimacy. Right after taking
over political power in the nation through the coup in 1961, the military regime faced the problem of political illegitimacy. And when General Park, the leader of the military junta, decided to run for the presidency in the 1963 election, he had to face enormously increasing criticism because his running for presidency meant that he had broken his promise to return to the army after the coup. In this situation, Park thought that support from his home province, the southeast, would be necessary for him to win the election.

Since then, President Park’s tactic was to represent himself as a son of the southeast. As a result, southeasterners developed a sense of identification with Park and the military regime. In the 1967 election, the ruling party used the territorial strategy again in the southeast and gained more than 60% of the total votes there. Still, however, it was not that massive and explicit in mobilizing regionalist sentiment in the southeast. Though it mobilized the regionalist discourse in internal meetings of the ruling party members in the southeast, it was very cautious in public meetings even in the southeast (Kang, S-J. 1985). Since the ruling party still expected to gain substantial numbers of votes from other regions, including the southwest, its massive and public use of regionalist discourses would damage its electoral strategy there.

Before the 1971 presidential election, parties were more discouraged still from using territorial strategies. Due to the emergence of a symptom of the SE-SW divide in the 1967 electoral outcome, a public concern was emerging as to the possibility of a
regional split of the nation. Accordingly, there was increasing public pressure on the parties not to use territorial strategies. In particular, the ruling party was blamed for its mobilization of regionalist sentiment in the southeast. In response, at the beginning of the election campaign, its electoral strategy focused on gaining votes evenly from all the regions in the country (Kang, S-J. 1985, 232).

In reality, however, parties became much more active and explicit in utilizing the territorial option in the 1971 election. This turned on a crucial event. Members of the "New Democratic Party (NDP)", the primary opposition party at the time, elected Kim Dae-Jung, a favorite son of the southwest, as its presidential candidate for the election. Given the fact that there was increasing anti-government sentiment in his home province, the southwest, his running in the election would result in the mobilization of regionalist sentiment there, which would in turn reduce the votes for President Park from that area. In fact, the NDP began to generate explosively increasing support from the southwest: the popularity of Kim there skyrocketed. Agitated by this challenge, the ruling party changed its electoral strategy. It began to use territorial appeals in the southeast, mobilizing regionalist sentiment there (Kang, S-J. 1985, 235). In response, the opposition party members also began to mobilize regional consciousness in the southwest, arguing that the regionally biased nature of the military regime could only be solved through the election of Kim, the son of the southwest.
As regionalist tension between the southeast and the southwest intensified, however, both parties began to be concerned about the negative effects of adopting territorial strategies. Thus, at the central level, both parties tried to discourage territorial strategies in electoral rallies. However, it did not work at the local level because of the path dependent nature of a politics that had already become territorialized. Retreat was difficult. In particular, there was a positive feedback process between the two parties. Given the situation that regionalist sentiment was already highly mobilized in both the southeast and the southwest, among electoral campaigners for Park and Kim in their respective regions the thought began to emerge that if the opponent would get an overwhelming support from his home region, then their candidate could not win the election unless people in his home region supported him overwhelmingly (Kang, S-J. 1985, 239). Thus, unless there was a guarantee that electorates in a region would not overwhelmingly support a particular candidate, both parties could not avoid using the territorial strategy.

As a result of the parties' intensive use of territorial strategies, the 1971 presidential election showed a very clear pattern of a SE-SW divide in the electoral outcome (see Table 4.1). Park barely won the election at the national level: a margin of only 940 thousand votes. He gained 620 thousand less votes in the southwest, but he overpowered Kim in the southeast by gaining 1.58 million more votes there. Park gained
3 times more votes than Kim in the southeast, while Kim gained 2 times more votes than Park in the southwest.

4.6. The Intensified SE-SW Political Split in the 1970s and the 1980s

The SE-SW political divide intensified in the 1970s and the 1980s. This was for two reasons: 1) increasing economic disparities between the southeast and the southwest and 2) the military regime's intensified repression of the political activities of southwesterners. This section discusses these issues.

The economic disparities between the southeast and the southwest were widened as a result of the Heavy and Chemical Industrialization Project, instigated by the *Yushin* regime in the 1970s. Though the state-led industrialization project in the 1960s resulted in rapid economic growth, it also generated diverse forms of political opposition due to increasing economic inequalities between classes and regions and the repressive nature of state regulation. Furthermore, in the late 1960s and the early 1970s, South Korea experienced an economic downturn. This was because the export-led industrialization process faced a crisis due to overinvestment and changes in international markets.

Economic decline aggravated living conditions and increased popular discontent (Park, B-G. 1998). Class conflicts became increasingly apparent from the late
1960s as the state and businesses tried to overcome the economic crisis by increasing the level of labor exploitation. The number of labor disputes rapidly increased in the early 1970s: for example, 130 and 165 cases in 1969 and 1970 respectively, but in 1971, the number increased to 1,656 (Ko, S-K. 1985, 135). Increasing political opposition to the military regime was also reflected in the outcome of the 1971 presidential election. In the election, as we have seen, President Park overcame his principal opponent by only a narrow margin. Thereafter, the power bloc found its leadership and hegemony under threat from anti-government political forces, which rapidly grew in strength from the late 1960s (Cho, M-R. 1991, 108). To overcome this political and economic crisis, the military regime installed the Korean version of the bureaucratic-authoritarian regime (Yushin) in 1972. With the establishment of the Yushin regime, President Park replaced the direct presidential election system with an indirect system in order to avoid any possibility of losing power. In addition, the regime imposed severe restrictions on the political activities of the popular sector.

In addition to the establishment of a more authoritarian state, the military regime also launched the Heavy and Chemical Industrialization Plan in 1973. This was in order to reformulate the existing accumulation strategy. The plan aimed at the deepening of the country's industrial structure. Under this plan, the state focused on the development of some heavy and chemical industrial sectors, including iron, shipbuilding,
metals, petrochemicals, non-ferrous metals and oil refining. Huge investments were concentrated in these capital-intensive branches of production. Given the state-chaebols alliance, this project resulted in an increasing concentration of economic power in the hands of the large capitalists and the share of large capitalists in the national economy rapidly increased in the 1970s. For example, if large enterprises are defined as those with over 200 employees, the employment in the large firms in 1979 was 23.1 times larger than what it had been in 1960, while employment in small and medium sized firms increased just 4.4 times from 1960 to 1978. Also, large firms, accounting for only 5.7% of total manufacturing establishments, comprised 60.5% of total manufacturing employment and produced 71.5% of total manufacturing value-added in 1979 (Cho, M-R. 1991, 210).

The Heavy and Chemical Industrialization Plan significantly affected regional economic development. In order to support the new industrialization project, the state played an active role in spatial regulation. In 1971, it formulated the First Comprehensive National Land Plan, which was the first ever overall plan for national land development with a 10-year planning period from 1972 to 1981. Drawn up in conjunction with five-year economic plans, the land plan aimed at the efficient use of national land in order to support national economic growth (KRIHS, 1996, 57). With regard to industrial development, the plan was devised to provide spatial guidance on
effective investment in social overhead capital and on the inducement of private
investment (Cho, M-R. 1991, 220). There were two general guidelines: 1) the dispersion
of industries from large metropolitan areas and 2) the establishment of new industrial
districts, which were to form the local contexts for specialization and concentration in
key industries, such as steel manufacturing, oil refining, petrochemicals, fertilizer,
machine industries, etc.

In particular, the state put a special focus on the construction of large-scale
industrial estates in the southeastern coastal areas with good access to port facilities. As
shown in Table 4.18, 8 out of eleven Heavy and Chemical Industrial Bases planned
altogether, eight were constructed there as of 1984. This unevenness can also be
observed in the regional distribution of industrial districts built in the 1970s. Table 4.19
shows that among 40 industrial districts constructed in the 1970s, 19 (47.5%) were
located in the southeast. The southwest also gained 12 industrial districts, which
accounted for 30% of industrial districts constructed in the 1970s. However, if we
examine the size of the industrial districts, the portion going to the southwest was quite
small, while the southeast was much more dominant. In the 1970s, a total of 180,942
km² of land was devoted to the construction of industrial districts. The southeast
accounted for almost 80% of that total land area.
<table>
<thead>
<tr>
<th>Location</th>
<th>Name</th>
<th>Major Industries</th>
<th>Construction Period</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Southeast</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Kyongsang</td>
<td>Ulsan-Mipo</td>
<td>Motor-vehicle &amp; Shipbuilding from 1962</td>
<td></td>
</tr>
<tr>
<td>South Kyongsang</td>
<td>Ulsan</td>
<td>Petrochemicals</td>
<td>1968-72</td>
</tr>
<tr>
<td>North Kyongsang</td>
<td>Gumi</td>
<td>Electronics</td>
<td>1973-83</td>
</tr>
<tr>
<td>North Kyongsang</td>
<td>Pohang</td>
<td>Iron and steel, machinery</td>
<td>1968-83</td>
</tr>
<tr>
<td>South Kyongsang</td>
<td>Changwon</td>
<td>Machinery</td>
<td>1974-81</td>
</tr>
<tr>
<td>South Kyongsang</td>
<td>Jukdo</td>
<td>Shipbuilding</td>
<td>1974-88</td>
</tr>
<tr>
<td>South Kyongsang</td>
<td>Onsan</td>
<td>Non-ferrous metals</td>
<td>from 1974</td>
</tr>
<tr>
<td>South Kyongsang</td>
<td>Jinhae</td>
<td>Fertilizer</td>
<td>from 1983</td>
</tr>
<tr>
<td><strong>Southwest</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Jolla</td>
<td>Yeochon</td>
<td>Petrochemicals</td>
<td>from 1967</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kyongki</td>
<td>Banwol</td>
<td>Urban manufacturing</td>
<td>1977-86</td>
</tr>
<tr>
<td>Kyongki</td>
<td>Pukpyung</td>
<td>Coal</td>
<td>from 1978</td>
</tr>
</tbody>
</table>


Table 4.18: Regional Distribution of Heavy and Chemical Industrial Bases (1984)
Table 4.19: Regional Distribution of Industrial Districts Constructed in the 1970s

As a result, the regional economic gap widened in the 1970s. The southeast and Kyongki got most of the benefits of government location policy in the 1970s. As shown in Table 4.20, the GRPs of Kyongki and the southeast accounted respectively for 10.3% and 18.2% of GNP in 1970, but those numbers increased to 13.5% and 20% respectively in 1978. It should be noted here that the growth of Kyongki region was based on the state’s efforts to disperse industries from large metropolitan areas. This drove many firms in Seoul to move their facilities to the neighboring Kyongki region. On the other hand, the growth of the southeast was mainly due to the construction of the heavy and
chemical industrial districts in the coastal areas there. In contrast, all other regions, including the southwest, experienced a decrease in their share of GNP. The increasing economic disparities between regions provided an important condition for the intensification of the already existing anti-government sentiment in the southwest.

Another important condition for the intensified SE-SW divide was the military regime's repression of the political activities of southwesterners. With the establishment of the Yushin regime, the authoritarian nature of the military regime was greatly intensified and popular political activities were harshly restricted. Specifically, the military regime harshly repressed the political activities of Kim Dae-Jung, who ran for the presidency in the 1971 election and seriously threatened the vitality of the military dictatorship. During the period of the Yushin regime (1972-1979) and the following Chun regime (1980-1987), Kim had experienced 55 instances of house arrest, 2 of imprisonment lasting a total of 5 and half years, and 2 instances of seeking refuge in other countries. However, the military regime’s continuous repression of Kim intensified anti-government sentiment in the southwest. This was because Kim had been considered as a regional hero and a symbolic representative of the region since the 1971 presidential election. Furthermore, with the increasing regional economic gap, the political difficulties that Kim was facing under the military regime greatly intensified the southwesterners’ feeling of alienation.
## Table 4.20: Changes in Gross Regional Product (GRP) in the 1970s

<table>
<thead>
<tr>
<th>Region</th>
<th>1970</th>
<th>1978</th>
<th>Growth Rate in Regional Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GRP</td>
<td>Regional Share</td>
<td>GRP</td>
</tr>
<tr>
<td>Seoul</td>
<td>686,737</td>
<td>27.7%</td>
<td>6,121,205</td>
</tr>
<tr>
<td>Kyongki</td>
<td>255,942</td>
<td>10.3%</td>
<td>3,076,130</td>
</tr>
<tr>
<td>Kangwon</td>
<td>119,948</td>
<td>4.8%</td>
<td>898,828</td>
</tr>
<tr>
<td>North Chungchong</td>
<td>103,562</td>
<td>4.2%</td>
<td>784,365</td>
</tr>
<tr>
<td>South Chungchong</td>
<td>182,763</td>
<td>7.4%</td>
<td>1,426,236</td>
</tr>
<tr>
<td>Jeju</td>
<td>24,003</td>
<td>1.0%</td>
<td>228,453</td>
</tr>
</tbody>
</table>

### Southwest

<table>
<thead>
<tr>
<th>Region</th>
<th>1970</th>
<th>1978</th>
<th>Growth Rate in Regional Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GRP</td>
<td>Regional Share</td>
<td>GRP</td>
</tr>
<tr>
<td>North Jolla</td>
<td>149,321</td>
<td>6.0%</td>
<td>1,118,068</td>
</tr>
<tr>
<td>South Jolla</td>
<td>226,331</td>
<td>9.1%</td>
<td>1,908,856</td>
</tr>
<tr>
<td>Total</td>
<td>375,652</td>
<td>15.1%</td>
<td>3,026,924</td>
</tr>
</tbody>
</table>

### Southeast

<table>
<thead>
<tr>
<th>Region</th>
<th>1970</th>
<th>1978</th>
<th>Growth Rate in Regional Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GRP</td>
<td>Regional Share</td>
<td>GRP</td>
</tr>
<tr>
<td>Pusan</td>
<td>223,143</td>
<td>9.0%</td>
<td>2,013,518</td>
</tr>
<tr>
<td>North Kyongsang</td>
<td>281,029</td>
<td>11.3%</td>
<td>2,610,065</td>
</tr>
<tr>
<td>South Kyongsang</td>
<td>229,644</td>
<td>9.3%</td>
<td>2,527,085</td>
</tr>
<tr>
<td>Total</td>
<td>452,806</td>
<td>18.2%</td>
<td>4,540,622</td>
</tr>
</tbody>
</table>

| National Total    | 2,482,423 | 100.0%   | 22,712,809 | 100.0%   | 0.0%          |

Source: Chung, C-C. (1982, 11), edited by the author.
The military forces' bloody repression of civilian protests in the Kwangju Democratic Uprising, held on May 18, 1980, was a symbolic incident, which also shows how the military regime harshly repressed the political activities of the southwesterners.

In the late 1970s, massive investment in heavy machinery and chemical industries resulted in severe overcapacity and a financial crisis for many firms (Koo and Kim, 1992). In addition, continuous political pressure on popular political activities during the Yushin regime caused increasing labor unrest and political protest. This political crisis split the ruling group internally and led to Park's assassination in 1979. However, by 1980, the military had regained its power under the leadership of General Chun. In taking power, the military violently repressed the political resistance of workers and students.

The harshest repression took place in Kwangju, the central city of the southwest. When Chun declared a new martial law and sent troops to all major cities in May 1980, workers and students throughout the country demonstrated against this new military coup, but the most organized and significant resistance took place in Kwangju on May 18, 1980 (Hart-Landsberg, 1993, 216). Given growing anti-government sentiment in the southwest, citizens and students in Kwangju strongly protested against the new military regime. Furthermore, the news that Kim Dae-Jung had been arrested by the military intensified popular resistance. This is reflected in the fact that one of the slogans the
protesters shouted was “Release Kim Dae-Jung!” (The May 18 History Compilation Committee of Kwangju City, 1998, 119). In this incident, and in order to put down the popular protest there, the military forces massacred hundreds of civilians. Combined with the growing regional economic gap, this incident deepened anti-government sentiment in the southwest.

The anti-government sentiment in the southwest was even more intensifi ed by the fact that the national ruling elites became much more exclusive and its regionally biased nature was intensifi ed in the 1970s. Table 4.21 shows that those originating from the southeast accounted for 35.8% of high officials in the government from 1963 to 1971, but that number increased to 44.4% in the period of the Yushin regime (1972-1979). Also, as the scores on the LQ index show, high offi cialdom became more concentrated in its origins in the southeast in the Yushin era. Furthermore, given the fact that Chun came from the southeast, the ruling elites of the Chun regime were also dominated by the southeasterners. Indeed, as we saw in Table 3.2, the dominance of the southeasterners among the ruling elites strengthened in the 1980s. In this context, anti-government and anti-southeast regionalism intensifi ed in the southwest. In contrast, the southeasterners had developed more exclusive and stronger pro-government regionalist sentiment in line with their three-decade hold on political power.
<table>
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<th></th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>(A)</td>
<td>(B)</td>
<td>(A/B)</td>
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</tr>
<tr>
<td>Seoul</td>
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</tr>
<tr>
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<td>10.6%</td>
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<tr>
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<td>6.3%</td>
<td>0.48</td>
</tr>
<tr>
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<td>5.3%</td>
<td>1.12</td>
</tr>
<tr>
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<td>6</td>
<td>9.0%</td>
<td>10.0%</td>
<td>0.90</td>
</tr>
<tr>
<td>Jeju</td>
<td>2</td>
<td>3.0%</td>
<td>1.2%</td>
<td>2.58</td>
</tr>
<tr>
<td><strong>Southwest</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Jolla</td>
<td>5</td>
<td>7.5%</td>
<td>8.6%</td>
<td>0.86</td>
</tr>
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<td>7</td>
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<td>13.9%</td>
<td>0.75</td>
</tr>
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<td>12</td>
<td>17.9%</td>
<td>22.5%</td>
<td>0.79</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td>16.4%</td>
<td>15.3%</td>
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</tr>
<tr>
<td>South Kyongsang</td>
<td>13</td>
<td>19.4%</td>
<td>15.8%</td>
<td>1.23</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>35.8%</td>
<td>31.1%</td>
<td>1.15</td>
</tr>
<tr>
<td><strong>National Total</strong></td>
<td>67</td>
<td>100.0%</td>
<td>100.0%</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Note: * This table excludes those originating from the provinces in North Korea.


Table 4.21: Regional Origin of High Officials under the Park Regime* (1963-1979)
4.7. Conclusion

This chapter has discussed how a regionalist form of local development politics emerged in South Korea, focusing on the case of the SE-SW electoral divide. The regional disparity in the 1971 presidential electoral outcome was deeply related to the politics of local economic development that was constructed in the context of an uneven development between the southeast and the southwest. The form of state regulation was greatly responsible for this uneven development. In particular, the spatial selectivity of the export-led industrialization policy and the state’s spatial regulation favored the southeast, while disadvantaging the southwest. As a result, the southeast became more industrialized, while the economy of the southwest stagnated, at least in relative terms.

In this context, local actors showed contrasting reactions to government policies. Some local actors in the southeast and the southwest organized diverse political activities in order to promote local economic development. Under the highly centralized regulatory framework, most of their efforts focused on mobilizing the power of the central government and generating more government resources for their local development projects. However, given the regionally biased nature of national ruling elites, those in the southeast tended to be more successful in mobilizing the powers of the central government than those in the southwest. As a result, those in the southwest
began to complain of the regionally biased nature of government policies, while those in the southeast became more supportive of the military regime and its policies.

In consequence, political parties saw the possibility of using the issue of regional development in order to build respective social bases. In elections, political parties used territorial strategies to gain votes by mobilizing territorial interests in the southeast and the southwest. The military regime and the ruling party mobilized a pro-government sentiment in the southeast, the home region of the President Park and some core staff members in the military regime. In contrast, the opposition party constructed an anti-government social base in the southwest by attributing economic stagnation there to the regionally biased nature of the military regime. The SE-SW electoral divide was an outcome of these territorializing processes of party politics.

In addition, throughout the 1970s and the 1980s, there were forces working to intensify the territorial cleavage based on the SE-SW divide. The “Heavy and Chemical Industrialization” project widened the economic gap between the southeast and the southwest. Also, with the establishment of the Yushin regime in 1971, the military regime harshly repressed all political activities critical of the authoritarianism, including those of Kim Dae-Jung and his followers. This was interpreted by southwesterners in regionalist terms: as their political repression by the southeasterner-dominated military regime. Furthermore, the military forces’ violent and deadly subjugation of civil protest
in Kwangju in 1980 (called the *Kwangju Uprising*) and the subsequent establishment of another southeasterner-led military regime further intensified anti-government sentiment, which was often expressed as in anti-southeast terms, in the southwest. At the same time, the southeasterners exhibited an equally intense pro-government sentiment, passionately welcoming the new military regime led by Chun, a son of Taegu.
CHAPTER 5

POLITICAL CHANGES AND THE PERSISTENCE OF REGIONALIST POLITICS IN THE 1990S: A NEW FORM OF REGIONALIST POLITICS IN TAEGU

Since the late 1980s, political democratization and government decentralization have provided a new institutional environment for the politics of local economic development. In particular, with the establishment of the so-called "local autonomy system" in the early 1990s, state power has been decentralized to some extent. Accordingly, local, bottom-up, forces have become newly emancipated in terms of what they can do. In this context, a new form of regionalist politics began to emerge from the early 1990s on. In particular, local forces have become more significant and active in the politics of local economic development.

Despite these changes, the South Korean politics of local economic development has not been able to emancipate itself from regionalist political frameworks. There has been an element of path dependence in the formation of local development politics. In
other words, regionalist politics, constructed in previous years, has influenced the formation of a politics of local economic development more recently. Especially, hegemonic regionalist discourses with regard to local and regional development and the political parties' intensified utilization of a territorial strategy to mobilize a social base have meant that the politics of local economic development still remains deeply intertwined with regionalist party politics. Furthermore, despite the efforts for government decentralization, centralism has continued to characterize state structure. In other words, the central government has continued its role in urban and regional planning, so that the mobilization of the power of the central government still remains a primary goal of local interests in many localities. Accordingly, and in the context of regionalist party politics, the unequal spatial effects of central government policies still remain as an important political issue in many cases of local development politics.

Of course, regionalist politics in the 1990s is not the same as regionalist politics in previous years. There is a significant difference in the forms assumed by it. This is related to the shift in scale at which regional conflicts are played out. In the case of the SE-SW divide in the 1960s and the 1970s, territorial conflicts based on regionalist sentiment were constituted at a fairly large geographic scale. In other words, localities formed two different broad alliances in the southeast and the southwest respectively pursuing local interests in the context of an uneven development attributable to the
regulatory role played by the central government. Local interests were not politically mobilized at relatively small, more local scales because local political interests were not strong enough to initiate bottom-up processes of local development, particularly given conditions like the authoritarian regime, a highly centralized government structure, the dominance of nation-wide big businesses in the business sphere, and the subsequent underdevelopment of localized small-and-medium sized firms. Given a party politics that was quite sensitive to territorial issues and interests, local political reactions to the regionally unequal effects of state policies were only visible through electoral processes. Also, territorial interests were constructed at the regional scale because political parties mobilized a regionally defined social base in both southeast and southwest.

Since the 1990s, however, under the more democratized and more decentralized institutional conditions, local forces have become newly emancipated in terms of what they can do. Thus, regionalist politics can be constituted at the more local scales because specific localities may be struggling for economic development at the expense of other places within the same broad region. However, since the politics of regionalism in South Korea is based on party politics, this change would not be realized without parties taking interest at more local scales. Regarding this, it needs to be noted that the tendency for a scale shift has been more clearly shown in the southeast than in the southwest. It is related to the fact that the northern and the southern parts of the southeast have been
differentiated in terms of their association with political parties. In the case of the SE-SW electoral divide, the southeast was a support base for the military regime. Since then, the northern part of the southeast has remained as a strong base for those related to previous military regimes, while a different political group succeeded in building its social base in the southern part of the southeast. In this context, when there is an inter-local conflict there, the different place-specific interests are likely to attract attention from the two political groups and it becomes more likely that political regionalism occurs at the sub-regional scale.

This chapter addresses a politics of local economic development in Taegu, which occurred in the 1990s. The case study has two analytical foci. First, it examines how a new form of regionalist politics emerged in the 1990s. Second, it explores the processes and conditions under which regionalist politics has persisted in South Korea despite the changes in the socio-political environment that have occurred since the beginning of democratization in the 1980s. As a central city in the northern part of the southeast, Taegu was a major regional base for the military regimes. When the SE-SW electoral divide developed from the 1960s through the mid 1980s, Taegu was a hotbed in the development of a pro-government regionalism. In the 1990s, under the condition of government decentralization, however, Taegu was involved in a conflict with Pusan, a major city in the southern part of the southeast, over plans to promote local economic development in
Taegu. However, this conflict became deeply embroiled with regionalist party politics. In this sense, Taegu may be one of the best sites for the analysis of the development of a new form of South Korean regionalist politics in the 1990s.

This chapter is composed of four sections. In the first section, I provide the setting of this case study by briefly introducing the political processes of the Taegu-Pusan conflict in the 1990s. Second, in order to provide the background of the politics of the Taegu-Pusan conflict, I discuss how political economic changes in the 1980s and the 1990s have constructed new institutional conditions for the politics of local economic development. The third section investigates how local actors in Taegu organized in the 1990s for local economic development under the new institutional conditions. In the fourth section, I examine how the politics of local economic development in Taegu became intertwined with the regionalist party politics.

5.1. The Setting: The Construction Project of Wichon Industrial Complex and an Interlocal Conflict between Taegu and Pusan

The emergence of a regionalist politics in Taegu in the 1990s was deeply related to conflict between Taegu and Pusan with regard to a project of Taegu City to construct an industrial complex in the Wichon area. In 1995, Taegu City made the Wichon project central to its goal of local economic revitalization. It asked the central government to
designate the Wichon Industrial Complex as a National Industrial Complex in order to
gain more financial supports from the central government. However, the Wichon project
has faced strong opposition from diverse sources, especially from Pusan City and South
Kyongsang Province.

The opposition to the Wichon project has been based on concerns about the
environmental degradation that would possibly be caused by it. In order to understand
these environmental concerns, we need to understand the geography of the Southeast
Korea (refer to Figure 3-2). There is a river, called "Nakdong", which flows from north to
south through the southeast. Taegu is located upstream, and Wichon, where it is planned
to build the industrial complex, is located right next to the river. Pusan and some
important cities in South Kyongsang are located downstream. Given this geography,
Pusan and South Kyongsang opposed the Wichon project on the grounds that the Wichon
Industrial Complex would worsen the water quality of the river, to their detriment. In
addition to local governments in Pusan and South Kyongsang, environmentalist
organizations in Pusan and South Kyongsang organized against the Wichon project along
with local media, and diverse civil activists in those areas. As a result, the central
government has not approved Taegu’s request to build a national industrial complex there.
Furthermore, and in this context, a growth coalition was organized in order to put
pressure on the central government.
Furthermore, given the prospect of a national election in 1996 and the presidential election in 1997, the Taegu-Pusan tension became highly politicized. This was because politicians and parties began to involve themselves in this debate as a way of building electoral coalitions. Initially, politicians were divided along local lines. In other words, politicians even from the same party showed different opinions on this matter if they were based in different cities. However, as electoral battles became more intense, anti-government and anti-ruling party sentiment began to emerge in Taegu. Since Kim Young-Sam, a favorite son of Pusan and South Kyongsang, became the president in 1993, people in Taegu began to be concerned about the possibility that this political change would have negative consequences for Taegu. When the Kim Young-Sam regime finally turned down the Wichon proposal in 1996, local discontent increased in Taegu. In this situation, the United Liberal Democrats (ULD), a new opposition party, tried to utilize this local sentiment for its electoral purpose by claiming that President Kim tried to favor his political base, that is, Pusan and South Kyongsang. As a result of these political processes, a growth coalition politics in Taegu ended up as a politics of regionalism.
5.2. Political Economic Changes and New Institutional Conditions for the Politics of Local Economic Development in South Korea

The politics of the Taegu-Pusan conflict was driven by local actors in Taegu and Pusan, who organized diverse activities on behalf of local economic development. This was possible with the changes in the institutional conditions in the 1980s and the 1990s, which facilitated more active role of local actors in the politics of local economic development. These changes were related to political democratization, driven by popular resistance against the authoritarian political system. This section discusses the political and economic changes in South Korea in the 1980s and the 1990s.

In the 1970s, the military regime succeeded in deepening the country’s industrial structure through the Heavy and Chemical Industrialization project. Also, the economy was booming again after a short period of recession in the early 1970s. As shown in Table 5.1, the growth rate of GDP began to increase from 1976. At the end of the 1970s, however, the South Korean economy fell into another recession. Table 5.1 shows that the growth rate began to decrease from 1978, and finally it became a negative number in 1980. According to Koo and Kim (1992, 138), this recession was due to several structural problems that originated from both external and internal sources. Externally, a recession in the world economy following the second oil shock in 1979 was a serious blow to the South Korean economy, which was by now very dependent on the world market.
Internally, the massive investment in heavy machinery and chemical industries resulted in severe overcapacity and a poor financial situation for many large firms.

<table>
<thead>
<tr>
<th>Year</th>
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<tbody>
<tr>
<td>1971</td>
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</tr>
<tr>
<td>1972</td>
<td>4.9</td>
</tr>
<tr>
<td>1973</td>
<td>12.3</td>
</tr>
<tr>
<td>1974</td>
<td>7.4</td>
</tr>
<tr>
<td>1975</td>
<td>6.5</td>
</tr>
<tr>
<td>1976</td>
<td>11.2</td>
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<td>1977</td>
<td>10.0</td>
</tr>
<tr>
<td>1978</td>
<td>9.0</td>
</tr>
<tr>
<td>1979</td>
<td>7.1</td>
</tr>
<tr>
<td>1980</td>
<td>-2.1</td>
</tr>
<tr>
<td>1981</td>
<td>6.5</td>
</tr>
<tr>
<td>1982</td>
<td>7.2</td>
</tr>
<tr>
<td>1983</td>
<td>10.7</td>
</tr>
</tbody>
</table>


Table 5.1: Growth Rate of Gross Domestic Product (1971 - 1983)

These economic problems contributed to a rising level of political resistance on the part of workers and the urban poor (Koo and Kim, 1992, 139). In 1979, a labor strike at a wig factory, the Y.H. Company, triggered a major political crisis when the striking
women workers moved to the opposition party headquarters to continue their protest subsequent to their forcible eviction from their factory by the police. The opposition party's support of the workers and the violent police repression deepened the political crisis as angry protests and labor strikes spread across major cities. Also, a growing portion of the urban middle class, whose chief complaint was the rising inflation rate, began to support these anti-government political activities (Park, B-G 2001). Faced with this crisis, the ruling group split internally, eventually leading to the assassination of President Park by his subordinates on 26 October 1979.

With Park's death, the Chun military regime harshly repressed popular political activities in order to consolidate its power. In addition, in order to overcome the economic crisis, it imposed more pressure on labor union activities and strongly restrained wage increases to bring down inflation and restore competitiveness (You, J-I. 1995). The Chun regime's continuing pressure on political activities, however, resulted in the explosion of civil protests in the mid 1980s. Finally, a strong opposing coalition was established, including opposition politicians, democratization movement groups, students, and workers. The opposing coalition organized a variety of campaigns for democratization, calling in particular for a restoration of direct presidential elections, which had been replaced with an indirect election system by the Yushin regime in 1973. When President Chun refused, pro-democracy protests exploded across the country.
Under enormous pressure, the Chun regime finally announced the Declaration of Democratization in June 29, 1987, promising to set up various democratization procedures, including a direct presidential election.

Since then, there have been diverse political economic changes in South Korean society. The forms of the state have also changed considerably. Two changes are especially important with regard to the politics of local economic development: 1) decentralization of state power and 2) changes in the mode of state intervention. Detailed discussion of these changes follows.

5.2.1. Political Decentralization

Historically the state in South Korea has been highly centralized. After taking over power in the early 1960s, the military regime suspended the local autonomous government system and established a highly centralized government structure under the names of strengthening national security and building a more efficient governing system for national industrialization (Lee, J-S. 1995a, 15). Based on this highly centralized government structure, the Korean state established a top-down mechanism for regulating private economic activities and various regional development processes.

This centralized governing system, however, was accompanied in the 1970s by increasing regional economic disparities and growing inter-regional tensions.
Subsequently, some politicians and scholars began to point out the problems associated with highly centralized regulatory processes, asserting that uneven regional development and the inter-regional conflict resulted from the fact that almost all decision-making powers were given to some powerful people in the center (Kook, M.-H. 1994. 146). Furthermore, with the growing popular aspiration for democratization in the 1980s, the opposing political groups began to demand the decentralization of the government structure as a form of democratization.

In this context, in the 1980s, the military regime itself began to use the "revitalization of localities" or the "era of regions" as political slogans (Kim, M.-H. 1997, 262). In particular, under the increasing social pressure for democratization, the Chun regime began to use the idea of political decentralization as a means of legitimizing its power by showing its intention to contribute to the progress in democratization (Lee, J.-S. 1995a, 15). Right after taking over power in 1980 through repressive ways, the Chun regime promised to re-establish the local autonomy system, which had been suspended by the Park regime since the early 1960s, in order to diminish the popular demand for democratization (Lee, J.-S. 1995b, 28). However, this promise turned out to be no more than that.

The announcement of the Declaration of Democratization in 1987 was a turning point, therefore. In the declaration, the military regime promised to implement the local
autonomy system, as well as various other democratization procedures. Finally, in 1991, each of the local governments began to organize the first municipal council of its own, and local residents elected council members. Also, the heads of the local governments began to be elected from 1995. Along with these procedures, the local governments have been given more autonomy and authority in their financing and decision-making.

Despite these changes toward a more decentralized government structure, the governing system in South Korea is still quite centralized. Most local governments still depend heavily on financial support from the central government (Kang, I-J. 1995, 185-187). In 1994, for example, the average rate of financial self-support of local governments was approximately 64%, but local governments in rural areas on average generated only 25% of their finance by themselves. And 12 cities and 115 counties could not make even the wages of their employees from their local tax revenue. Thus, the central government still heavily supports the finance of local governments. Furthermore, the central government substantially controls how local governments utilize the money from the central government. Thus, the autonomy of local governments is still quite limited.
5.2.2. The Changes in the Mode of State Intervention

With progress in democratization, criticism of the strict control and regulation by the state of private economic activities began to emerge. Facing this pressure, in the 1980s the government diminished its regulatory role in industrial and regional policies. The Chun regime focused its industrial policy on stabilization and deregulation rather than growth and a state-led economy (Lee, Y-S. 2001). In this regard, industrial promotion laws, stipulating the intervention of the government in the private sector, were replaced with the Industrial Development Law (IDL) in 1986, which reduced the direct intervention of the government in private industrial activities.

In addition, the government reduced its intervention in spatial regulation, especially in supplying industrial sites, although it claimed to stand for balanced territorial development through the 2nd Comprehensive National Land Development Plan (1982-1991) (Lee, Y-S. 2001). Due to the second oil crisis and economic turmoil of 1979, substantial fractions of already developed industrial land were unused for industrial activities, and enormous development costs for heavy and chemical industrial complexes placed fiscal pressures on the central government. To cut its financial burden, the government began to charge firms for the financial expenses associated with the construction of industrial complexes.
However, this movement towards deregulation and devolution was not fully accomplished in the 1980s. The military regime still retained power to regulate private economic activities and regional development processes. For example, although the IDL reduced government intervention, it allowed enough room for selective industrial policy through its provision for rationalization programs. It did not mean complete abandonment of industrial policy therefore (Chang, H-J. 1998).

However, the democratization process and the revival of the local autonomy system accelerated the state’s policy shift towards deregulation and devolution in the 1990s (Lee, Y-S. 2001). From the early 1990s, the industrial and financial policies of the South Korean government shifted significantly towards liberalization in financial regulation, exchange rate management, and investment coordination and this liberalization thus meant the demise of the “planning” and the “developmental state” (Chang, H-J. 1998). With regard to the auto industry, for example, in 1989, the government nullified the Auto Industry Rationalization Measure, which had restricted new entry into the auto industry since 1981 (Lee, Y-S. 2001). This change opened up the possibility for new entrants into the auto industry. But the government could still regulate and control private industrial investment by using the selective industrial policy, enacted in the IDL. In 1993, however, the government dismantled even the IDL. One year after the abolishment of the IDL, Samsung was allowed to enter into the auto industry.
In addition, the devolution of responsibility for economic development from central to local and provincial governments was accelerated. The central government reduced its responsibility in regional industrial development, giving more autonomy to local governments. This devolution tendency is clearly reflected in Table 5.2. In South Korea, there have been two different kinds of industrial complexes: one is the national industrial complex, and the other is the local industrial complex. For national industrial complexes, the central government is in charge of their construction, while local governments are responsible for the development of local industrial complexes.

According to Table 5.2, as a result of the devolution tendency, the numbers and the
constructed size of the national industrial complexes have been dramatically decreasing from 1972 to 1997. As a result, during the period from 1992 to 1997, local industrial complexes accounted for 97.3% of the total constructed size of industrial complexes.

There are three background forces behind this change (Lee, Y-S. 2001). First, with the revival of the local autonomy system, the control of the central over the local governments was weakened. Second, the central government wanted to reduce its financial burden to support local or regional industrial development by accelerating the devolution tendency. Third, given the fact that political opposition against the state-conditioned uneven regional development came from underdeveloped areas, especially the southwest, the central government wanted to reduce its legitimacy problem.

This devolution tendency, however, resulted in increasing competition between localities for industries and investment. When the central government strictly controlled the development of industrial complexes, it was not easy for a local government to have an industrial complex in its territory. The devolution policies have made it easy for local governments to build their own industrial complexes, but as the numbers of industrial complexes have increased in the whole country, so local governments have had difficulty in attracting businesses to fill the estates they contain.

This is not to argue that the devolution tendency means the complete destruction of the centralized regulatory framework. Central government still maintains its power to
control the processes of urban and regional planning. For example, even in order to build a local industrial complex, for the construction of which local governments are in charge, they need to get a permit from the central government (Kim and Park, 1996). In deciding whether to permit or not, various departments in the central government participate, considering various aspects of the project, such as its impacts on the environment, the housing market, national industrial policy, transportation, etc. If any of them disagrees about giving a permit to the project, the project cannot proceed.

In addition, despite the devolution tendency, in the 1990s the central government intensified its intervention in one aspect of regional development, which was about developing the backward western region. Since industrialization in the 1960s and the 1970s was concentrated in the southeast, political forces based on the southwest had criticized the regionally biased nature of government industrial and regional policies. In order to appease the inter-regional tension based on the SE-SW political divide, the government attempted to develop the west region through the so-called “West Coast Development Plan”, which was a part of the Third Comprehensive National Land Development Plan (1992-2000). Through this plan, the government attempted to moderate regional growth-rate differentials between the developed regions such as the Seoul metropolitan and southeast regions and the other regions. For this, the government
encouraged firms to build their new plants in the backward regions by providing incentives such as tax abatements and free infrastructure.

5.3. The Politics of Local Economic Development in Taegu in the 1990s

This movement towards decentralization and devolution liberated local actors to some extent in terms of what they can do. Diverse local actors, such as local governments, local businesses, local civil organizations, etc., became more active in the politics of local economic development. In this context, actors in Taegu also began to be actively involved in local development activities. This section discusses the local political and economic conditions for, and the processes of, the politics of local economic development in Taegu in the 1990s.

5.3.1. Local Political Economic Conditions

5.3.1.1. Economic Changes

As a central city in the southeast, Taegu experienced industrial development much earlier than other Korean cities. Taegu, often called the "Mecca of the Textile Industry in South Korea", began its industrialization on the basis of the development of textile industries in the Japanese colonial period (Hong, D-R. 1998. 201). Taegu was an important transportation center in the Japanese colonial era because the Kyongbu line, the
first railroad in Korea connecting Seoul and Pusan, passed through it (see Figure 4.1). And as a result of its enhanced accessibility, many textile businesses, targeting domestic markets, developed there.

An important condition for the growth of textile industries in Taegu was the Korean War. Taegu's textile businesses rapidly developed afterward since the city experienced very little damage from the war activities. The number of textile businesses in Taegu increased from 516 in 1953 to 2291 in 1957. Also, in 1954, among 732 textile companies employing more than 10 workers in the whole country, 319 of them were located in Taegu (Hong, D-R. 1998. 201).

In addition, the export-oriented industrialization strategy, driven by the military regime in the 1960s and the 1970s, further facilitated the development of Taegu's textile industries. Since the military regime considered textiles as a key industrial sector for export purpose, it provided considerable financial and institutional support to it (Chung, B-S. 2000. 188). In order to promote the export of textile products, for example, the government provided export finance. Also, as a way of avoiding the problem of over-investment, the government regulated new entries into the sector from 1967 to 1979, so that already existing textile businesses, mostly located in Taegu, were protected from new competitors. Furthermore, it even provided financial support to businesses which wanted to modernize their production facilities.
<table>
<thead>
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<th>1975</th>
<th>1995</th>
</tr>
</thead>
<tbody>
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<td></td>
<td>Number of Establishment</td>
<td>Number of Workers</td>
</tr>
<tr>
<td>Food, Beverage, &amp; Tobacco</td>
<td>164</td>
<td>5,407</td>
</tr>
<tr>
<td>Textile, Apparel &amp; Leather</td>
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<td>47,719</td>
</tr>
<tr>
<td>Wood Products</td>
<td>134</td>
<td>1,204</td>
</tr>
<tr>
<td>Paper &amp; Publishing Chemicals, Petroleum, etc.</td>
<td>160</td>
<td>3,664</td>
</tr>
<tr>
<td>Non-metallic Mineral Products</td>
<td>125</td>
<td>3,406</td>
</tr>
<tr>
<td>Basic Metal Industries</td>
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<tr>
<td>Fabricated Metal &amp; Machinery</td>
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</tr>
<tr>
<td>Others</td>
<td>539</td>
<td>14,480</td>
</tr>
<tr>
<td></td>
<td>90</td>
<td>3,901</td>
</tr>
<tr>
<td>Total</td>
<td>2,359</td>
<td>82,659</td>
</tr>
</tbody>
</table>

Source: Taegu City, The Statistical Yearbook of Taegu. Each Year.

Table 5.3: Manufacturing Composition by Industry in Taegu (1975 – 1995)

Since industrial activities in Taegu were dominated by the textile businesses, the local economy of Taegu was significantly affected by their fortunes. As shown in Table 5.3, in 1975, textile industries accounted for 42.7% of all manufacturing establishments.
and 57.7% of the whole numbers of manufacturing workers in Taegu. The rapid growth of textile businesses in Taegu resulted in the local economy booming in the 1960s and the 1970s. For example, Table 5.4 shows that while in 1968, Taegu accounted for 7.9% of manufacturing businesses in the whole nation, its share increased up to 10% in 1974. Local economic growth in Taegu is also reflected in Table 5.5, which shows the growth rate of manufacturing activities in Taegu from 1972 to 1979. During this period, the numbers of manufacturing firms and workers and the amount of manufacturing value added in Taegu increased enormously by 33%, 131.9%, and 1,380.2% respectively.

<table>
<thead>
<tr>
<th>Year</th>
<th>Whole Country</th>
<th>Taegu</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968</td>
<td>24,102</td>
<td>1,914</td>
</tr>
<tr>
<td>1970</td>
<td>24,114</td>
<td>2,187</td>
</tr>
<tr>
<td>1972</td>
<td>23,729</td>
<td>2,277</td>
</tr>
<tr>
<td>1974</td>
<td>22,632</td>
<td>2,268</td>
</tr>
</tbody>
</table>

Source: Economic Planning Board, Report on Mining and Manufacturing Survey, Each Year; Taegu City, Statistical Yearbook of Taegu, Each Year.

Table 5.4: The Share of Taegu in the Numbers of National Manufacturing Establishment (1968 – 1974)
Table 5.5: The Growth Rate of Manufacturing Activities in Taegu (1972 – 1979)

<table>
<thead>
<tr>
<th></th>
<th>1972</th>
<th>1979</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Establishment</td>
<td>2,277</td>
<td>3,028</td>
<td>33.0%</td>
</tr>
<tr>
<td>Number of Workers</td>
<td>64,029</td>
<td>148,461</td>
<td>131.9%</td>
</tr>
<tr>
<td>Value Added (million won)</td>
<td>36,600</td>
<td>541,747</td>
<td>1380.2%</td>
</tr>
</tbody>
</table>


Figure 5.1: The Share of Taegu in National Manufacturing. Source: Economic Planning Board, Each Year.
Figure 5.2: The Growth Rate in the Number of Manufacturing Establishments. **Source:** Economic Planning Board, Each Year.

From the 1980s on, however, the growth of textile industries in Taegu began to decline. This was due to such reasons as the rapid growth of wage rates from the late 1980s, increasing challenges from other rapidly industrializing countries based on cheaper labor forces, and intensified trade protectionism in the US and Western Europe. Subsequently, the local economy of Taegu began to stagnate. As shown in Figure 5.1,
since the early 1980s throughout the mid 1990s, Taegu’s share in national manufacturing activities has been decreasing in terms of numbers of firms and workers and the amount of value added. As a result, by 1994, Taegu accounted for only 6.8% of national manufacturing firms, 5.1% of national manufacturing workers, and 3.5% of national manufacturing value-added. In addition, Figure 5.2 shows that Taegu’s growth rate in the number of manufacturing firms has tended to be lower than the national growth rate since 1984, except 1993 and 1995. In other words, Taegu used to be a leading city in national industrialization, but has now lost much of that significance.

Recently, the industrial composition in Taegu’s manufacturing sector has changed slightly. Though textile industries have dominated Taegu’s economy, its share in Taegu’s manufacturing activities has decreased: in 1975, textile businesses accounted for 42.7.6% of manufacturing firms in Taegu, but the share decreased to 37% in 1995. On the other hand, the fabricated metal and machinery industries have increased their share in Taegu’s manufacturing activities: in 1995, they accounted for around a third of its manufacturing firms and workers (see Table 5.3).

---

1 The share of Taegu’s manufacturing activities slightly increased in 1995. However, it does not mean that Taegu’s economy was booming at the time. The increase was due to fact that Taegu annexed one of its surrounding counties in 1995.

2 The rapid increase in Taegu’s manufacturing establishment in 1993 was based on a temporary explosion of textile exports due to favorable conditions in international textile market, especially a sudden increase in textile demand. The growth of 1995 was already explained in note 1.
5.3.1.2. The Dominance of Small-sized Businesses

An important condition that has significantly affected the politics of local economic development in Taegu is the dominance there of small local firms. Table 5.6 shows that approximately 90% of manufacturing firms in Taegu employed less than 50 workers in 1995. At the same time, only 14 firms out of a total of 6173 employed more than 500 workers.

<table>
<thead>
<tr>
<th>Size (No. of Employees)</th>
<th>Number of Firms</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-9</td>
<td>2745</td>
<td>44.5%</td>
</tr>
<tr>
<td>10-19</td>
<td>1709</td>
<td>27.7%</td>
</tr>
<tr>
<td>20-49</td>
<td>1123</td>
<td>18.2%</td>
</tr>
<tr>
<td>50-99</td>
<td>370</td>
<td>6.0%</td>
</tr>
<tr>
<td>100-199</td>
<td>149</td>
<td>2.4%</td>
</tr>
<tr>
<td>200-299</td>
<td>35</td>
<td>0.6%</td>
</tr>
<tr>
<td>300-499</td>
<td>28</td>
<td>0.5%</td>
</tr>
<tr>
<td>More than 500</td>
<td>14</td>
<td>0.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6173</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>


Table 5.6: Number of Manufacturing Firms by Size in Taegu (1995)
The significance of this is as follows. Since the military regimes pursued national industrialization on the basis of the state-*chaebol* alliance, the large conglomerates have dominated the business sphere in South Korea. In this context, most cities or localities have relied on the branch plants of those large conglomerates as the economic bases for their respective economies. If the branch plants of *chaebols* or large companies dominate a local economy, businesses may be less active in the politics of local economic development there. This is because big companies tend to be less dependent on a particular local economy or localized social relations. They operate their production and marketing processes at the national scale or, more recently, across national boundaries. Hence, their local dependence has been constituted at the national scale, and they have enjoyed high levels of locational substitutability within the national boundary. In this context, while they have actively participated in the growth coalition at the national scale, they have been less interested in activities pressing for local economic growth at sub-national scales.
<table>
<thead>
<tr>
<th></th>
<th>Workers</th>
<th>Production Volume</th>
<th>Value Added</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nation</td>
<td>78.1</td>
<td>46.5</td>
<td>46.3</td>
</tr>
</tbody>
</table>

**Major Cities**

<table>
<thead>
<tr>
<th>City</th>
<th>Workers</th>
<th>Production Volume</th>
<th>Value Added</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seoul</td>
<td>82.1</td>
<td>67.4</td>
<td>65.8</td>
</tr>
<tr>
<td>Pusan</td>
<td>81.5</td>
<td>71.8</td>
<td>74.7</td>
</tr>
<tr>
<td>Taegu</td>
<td>83.7</td>
<td>74.2</td>
<td>73.6</td>
</tr>
<tr>
<td>Inchon</td>
<td>69.7</td>
<td>51.2</td>
<td>54.7</td>
</tr>
<tr>
<td>Kwangju</td>
<td>51.0</td>
<td>33.2</td>
<td>32.8</td>
</tr>
<tr>
<td>Taejon</td>
<td>70.9</td>
<td>56.2</td>
<td>50.9</td>
</tr>
</tbody>
</table>

**Provinces**

<table>
<thead>
<tr>
<th>Province</th>
<th>Workers</th>
<th>Production Volume</th>
<th>Value Added</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kyongki</td>
<td>71.8</td>
<td>51.5</td>
<td>46.3</td>
</tr>
<tr>
<td>Kangwon</td>
<td>76.8</td>
<td>48.0</td>
<td>42.0</td>
</tr>
<tr>
<td>North Chungchong</td>
<td>62.5</td>
<td>45.2</td>
<td>38.3</td>
</tr>
<tr>
<td>South Chungchong</td>
<td>71.3</td>
<td>55.7</td>
<td>54.1</td>
</tr>
<tr>
<td>North Jolla</td>
<td>71.6</td>
<td>54.1</td>
<td>49.7</td>
</tr>
<tr>
<td>South Jolla</td>
<td>66.6</td>
<td>27.3</td>
<td>27.2</td>
</tr>
<tr>
<td>North Kyongsang</td>
<td>60.4</td>
<td>40.4</td>
<td>39.7</td>
</tr>
<tr>
<td>South Kyongsang</td>
<td>45.7</td>
<td>25.0</td>
<td>28.4</td>
</tr>
</tbody>
</table>


Table 5.7: The Share of Manufacturing Firms with Less Than 300 Employees to the Whole Manufacturing Firms in Each Place (1995)
However, those large firms have been less important in Taegu. In 1991, for example, Taegu had only 2 branch plants, affiliated with the 10 largest *chaebols* in South Korea (Hong, D-R. 1998. 204). Rather, Taegu is a rare example of a local economy based on small-and-medium sized firms in South Korea. For example, Table 5.7 shows that Taegu had much higher shares of small firms than other cities and provinces in 1995. In cities and provinces, except Seoul, Pusan, and Taegu – that is, the three biggest cities in South Korea –, the shares of small firms tended to be less than 70% in terms of number of workers, less than 50% in terms of production volume, and less than 40% in terms of value added. However, small firms accounted for 83.7% of all manufacturing employment, 74.2% of all manufacturing production, and 74.7% of all manufacturing value added in Taegu. Furthermore, even among the three big cities, the shares of small firms were the highest in Taegu in terms of number of workers and production volume.

The local textile firms or auto part producing companies in Taegu are highly dependent on localized social relations, such as local labor markets, localized inter-firm transactions, localized fixed capital, etc. Also, most of them do not have a branch office or plant in other regions or countries. Thus, due to their high level of local embeddedness and dependence, these firms are quite sensitive to issues of local or regional development. This is clear in the political processes surrounding the Wichon industrial complex, which I will now discuss.
5.3.2. The Politics of Local Economic Development: The Project for Wichon Industrial Complex and an Inter-local Conflict between Taegu and Pusan

Facing economic stagnation, local actors in Taegu, such as local chambers of commerce and local government, made diverse efforts to revitalize local industries in the 1990s. Those efforts were made in two major directions: 1) developing new high-value added local industries — for example, automobiles, electronics, etc. -- for purposes of industrial diversification and 2) upgrading the production of local textile businesses from the low-value added to the high-value added. In order to accomplish these goals, local actors pursued such diverse projects as the Wichon Industrial Complex, the Automobile Industrial Belt, the Textile Research Complex, the Textile Convention Market, etc.

Among these projects, the Wichon Industrial Complex construction project gathered the most popular political attention from both inside and outside Taegu. The subsequent politics of local economic development developed through two distinct stages. The first was related to the efforts of local textile businesses in Taegu to construct a dyeing complex in Wichon in the early 1990s. In the second stage, local actors in Taegu attempted to construct a bigger industrial complex in Wichon by generating more government support.
5.3.2.1. Stage I: The Project for Wichon Dyeing Complex

It was in the late 1980s when the idea of constructing the Wichon Dyeing Complex was initiated. In September 1989, a group of textile firms and dyeing businesses in Taegu organized the “Promoting Committee for Constructing the 3rd Dyeing Complex” for the purpose of building a dyeing complex in the Taegu area. These local businesses had special interests in such a complex at that time.

First, the dyeing businesses wanted to reduce the costs of wastewater treatment by locating their plants in an industrial complex with collective wastewater disposal equipment. That would help bring them into compliance with environmental regulations. At the time, Taegu already had two dyeing complexes filled with 112 dyeing firms, but more than 100 dyeing companies were still located outside the dyeing complexes due to limited space. The dyeing companies that were active in pursuing this project, were mostly those located outside the two already existing dyeing complexes. It was easier for companies inside the dyeing complexes to follow government environmental regulations because they already had there the necessary waste-water disposal equipment, while those outside the dyeing complexes had problems in treating the factory wastewater due to lack of facilities. Also, it was very expensive for an individual company to establish its own wastewater disposal equipment in order to comply with government regulations. As a result, those outside the dyeing complexes were often fined by the government due to
their imperfect treatment of wastewater. Furthermore, the government declared 1990 as the "First Year of Environmental Protection" and greatly strengthened environmental regulation. In this context, the dyeing businesses outside the two existing dyeing complexes in Taegu desperately needed to have another dyeing complex with collective wastewater treating facilities, in which they could run their businesses.

<table>
<thead>
<tr>
<th>Year</th>
<th>Production Volume (million won)</th>
<th>Growth Rate</th>
<th>Export Volume ($1,000)</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>1,149,947</td>
<td></td>
<td>1,225,683</td>
<td></td>
</tr>
<tr>
<td>1989</td>
<td>1,097,634</td>
<td>-4.5%</td>
<td>1,262,331</td>
<td>3.0%</td>
</tr>
<tr>
<td>1990</td>
<td>1,132,550</td>
<td>3.2%</td>
<td>1,229,901</td>
<td>-2.6%</td>
</tr>
<tr>
<td>1991</td>
<td>1,184,002</td>
<td>4.5%</td>
<td>1,268,207</td>
<td>3.1%</td>
</tr>
<tr>
<td>1992</td>
<td>1,372,539</td>
<td>15.9%</td>
<td>1,333,169</td>
<td>5.1%</td>
</tr>
<tr>
<td>1993</td>
<td>1,272,955</td>
<td>-7.3%</td>
<td>1,419,881</td>
<td>6.5%</td>
</tr>
</tbody>
</table>


Table 5.8: Volumes of Production and Export of Taegu's Textile Industries (1988 – 1993)
The textile businesses had a different kind of interest in the dyeing complex. In the late 1980s, the textile businesses in Taegu were in a prosperous, if temporary, condition. As shown in Table 5.8, the production volume of Taegu's textile businesses began to increase from 1990. In consequence, the demand for dyeing also increased. However, the existing dyeing businesses were unable to satisfy the increasing dyeing demand due to a lack of facilities. The dyeing price went up and subsequently, the production costs of textile goods increased. In order to solve this problem, there were two options. First, the existing dyeing companies in Taegu could expand their production capacity in response to increased demand. Second, new dyeing companies could be attracted from outside. However, the first option could not be realized because the existing dyeing companies were very cautious and reluctant to make new investments for expanding their production. Actually, many dyeing firms believed that the increase in the textile production was only temporary, so expanding production capacity would be risky. In this context, from the standpoint of the textile businesses in Taegu, the second option was the only possible solution. However, since the existing two dyeing complexes were already full, it was quite difficult to bring new dyeing businesses into the area. As a result, some local textile businesses in Taegu wanted to construct a new dyeing complex in the Taegu area in order to locate more dyeing factories.
Figure 5.3: Jurisdictional Boundaries of Taegu City and Dahlsung County (1993)
For the location of the dyeing complex, the textile and dyeing businesses in Taegu selected Wichon in Dahlsung County, located right next to Taegu City in the west (see Figure 5.3). Since Dahlsung County was located in North Kyongsang Province at the time, they proposed the project to the North Kyongsang Province government.

Supporting the Wichon project, in 1990, North Kyongsang Province changed the zoning of the area from agricultural to urban in order to make the construction of an industrial complex possible there.\(^3\) In September 1991, the North Kyongsang Province government set up a basic plan for the Wichon Dyeing Complex and asked the Ministry of Construction in the central government for approval of its construction.

The project, however, faced strong resistance from diverse extra-local sources. Objections to the project were mostly related to environmental concerns, particularly pollution. In particular, local actors in Pusan and South Kyongsang were strongly opposed. The Wichon area is located right next to the upper reaches of the Nakdong River,

\(\footnote{However, this project did not proceed smoothly due to an internal challenge. The dyeing companies, located in the existing dyeing complexes, opposed the project because they did not want to lose their advantageous relation with the textile businesses that derived from their limited numbers. They argued that the construction of the Wichon dyeing complex would bring lots of new dyeing companies to the Taegu area and hence it would result in a problem of over-production in the dyeing industry. However, this intra-local conflict did not last long because the shortage of dyeing facilities continued and the whole textile industry in Taegu suffered from it. Furthermore, as the production and export volumes of Taegu's textile businesses rapidly increased in 1992 (see Table 5.8), the demand for dyeing production also rapidly increased. In this context, local media strongly supported the Wichon project, emphasizing the necessity of more dyeing companies in the Taegu area for enhancing the competitiveness of local economy. As a result, the project proceeded smoothly.}
while Pusan and South Kyongsang are located along its lower ones. Since Pusan and South Kyongsang mainly depended on the Nakdong River for drinking water, there was serious concern that the water quality would be severely degraded as a result of the Wichon Dyeing Complex. Local civil organizations, local governments, and municipal councils in Pusan and South Kyongsang were all active in the anti-Wichon campaign, urging the central government to disapprove the project.

In addition, some national organizations supported the anti-Wichon campaign. The "Anti-Pollution Civilian Alliance", the biggest environment organization in South Korea at the time, and the Ministry of Environment in the central government strongly supported the opposition from Pusan and South Kyongsang against the Wichon project. Thus, an anti-Wichon coalition was formed, centered on local governments, local councils, civil organizations, environmental activists, and the Ministry of Environment in the central government.

In reaction, a growth coalition, based on the participation of local textile firms, local dyeing businesses located outside the existing dyeing complexes, local governments, and local media, was formed in the Taegu area to fight for the project. And since it could not proceed without government approval under the centralized government structure, the result, the internal challenge to the dyeing complex project was weakened.
most important task of the growth coalition was to receive approval from the central government.

In order to do so, the growth coalition tried to build understandings with officials in the central government. Until 1992, it was easy for local actors in Taegu to make allies in the central government because people from Taegu and North Kyongsang occupied important positions under President Chun (1981-1987) and President Roh (1988-1992), both of whom were originally from Taegu. Actually, the Ministry of Construction and the Ministry of Commerce and Industry supported the Wichon project. But due to an environmental law, the central government could not approve an industrial development project without the agreement of the Ministry of Environment. As discussed above, the Ministry of Environment opposed the Wichon project. As a result, there was a tension within central government with regard to it, resulting in delay.

Furthermore, the nature of the regime changed in 1993. Kim Young-Sam, a favorite son of Pusan and South Kyongsang, became the president. As a result, the regionally biased nature of the bureaucrats dramatically changed. The dominance of those from Taegu and North Kyongsang in the national bureaucracies was weakened. Instead, those from Pusan and South Kyongsang became relatively more powerful in the central government. Thus, the space of engagement, which the local actors in Taegu had constructed with government officials in order to generate support from the central
government, shrank. As a result, from 1993 on, the Ministry of Construction and the Ministry of Commerce and Industry became less supportive to the Wichon project.

5.3.2.2. Stage II: The Project for Wichon National Industrial Complex

As the dyeing complex project seemed impossible to realize, local actors in Taegu began to see another possibility for the Wichon area. In April 1995, the Taegu Chamber of Commerce proposed to Taegu City a project to construct an industrial complex in Wichon to accommodate some new high-tech industries, such as automobiles and electronics. There were two important background conditions for this change of plan.

On the one hand, local demand for a dyeing complex diminished in Taegu because the production of textile goods began to decrease from 1994 on (see Table 5.8). Also, some dyeing firms found their location in the Sungsuh Industrial Complex, an existing industrial complex in Taegu. On the other hand, there was an increasing local demand for industrial estates to accommodate diverse other industrial activities. At the time, the lack of cheap industrial estates was a bottleneck for local economic growth and as a result, increasing numbers of businesses had left Taegu in search of affordable industrial estates elsewhere. As shown in Table 5-9, from 1991 to 1994, the number of firms, employing more than 100 workers, declined in Taegu by 37 (-17.2%), but increased in North Kyongsang by 35 (10.9%). Also, at the same time, the cities and
counties surrounding Taegu showed much higher growth rates (65.1% overall) than Taegu City (23.4% overall) in terms of firm numbers (Figure 5.4). This suggests that many firms left Taegu City and some of them ended up in the surrounding cities and counties in North Kyongsang. Moreover, according to a survey conducted by Taegu City (reported by Maeil News on April 30, 1996), among 106 firms, which left Taegu from 1990 to February 1996, 79 firms did so because they could not find an affordable industrial estate there. This movement severely weakened the manufacturing base of the local economy. Furthermore, since most firms moving out of Taegu in search of cheap land were relatively big in size – as implied by the fact that only the number of the firms employing more than 100 workers decreased in Taegu from 1991 to 1994 (see Table 5-9), the damage to the city’s economy was more severe.
<table>
<thead>
<tr>
<th>City</th>
<th>1991</th>
<th>1994</th>
<th>Change Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taegu City</td>
<td>5007</td>
<td>6179</td>
<td>23.4%</td>
</tr>
<tr>
<td><strong>Firm Size (employees)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5-99</td>
<td>4734</td>
<td>5947</td>
<td>25.6%</td>
</tr>
<tr>
<td>More than 100</td>
<td>273</td>
<td>226</td>
<td>-17.2%</td>
</tr>
<tr>
<td>North Kyongsang</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3708</td>
<td>5542</td>
<td>49.5%</td>
</tr>
<tr>
<td><strong>Firm Size (employees)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5-99</td>
<td>3387</td>
<td>5033</td>
<td>48.6%</td>
</tr>
<tr>
<td>More than 100</td>
<td>321</td>
<td>356</td>
<td>10.9%</td>
</tr>
<tr>
<td><strong>Cities and Counties Neighboring Taegu City</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yongchun City</td>
<td>85</td>
<td>110</td>
<td>29.4%</td>
</tr>
<tr>
<td>Kyongsang City</td>
<td>163</td>
<td>155</td>
<td>-4.9%</td>
</tr>
<tr>
<td>Dalsung County</td>
<td>714</td>
<td>1023</td>
<td>43.3%</td>
</tr>
<tr>
<td>Kunwhee County</td>
<td>28</td>
<td>44</td>
<td>57.1%</td>
</tr>
<tr>
<td>Yongchun County</td>
<td>85</td>
<td>179</td>
<td>110.6%</td>
</tr>
<tr>
<td>Kyongsan County</td>
<td>345</td>
<td>761</td>
<td>120.6%</td>
</tr>
<tr>
<td>Chungdo County</td>
<td>36</td>
<td>57</td>
<td>58.3%</td>
</tr>
<tr>
<td>Koryong County</td>
<td>111</td>
<td>153</td>
<td>37.8%</td>
</tr>
<tr>
<td>Sungju County</td>
<td>63</td>
<td>109</td>
<td>73.0%</td>
</tr>
<tr>
<td>Chilgok County</td>
<td>195</td>
<td>422</td>
<td>116.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1825</td>
<td>3013</td>
<td>65.1%</td>
</tr>
</tbody>
</table>

| The Rest                    | 1883 | 2376 | 26.2%       |


Table 5.9: Changes in Firm Numbers in Taegu and North Kyongsang by City and County
Figure 5.4: Growth Rate of Manufacturing Firms of Taegu and Counties in North Kyongsang. Source: National Statistical Office (1991, 1994).
The Taegu Chamber of Commerce had a more direct interest in keeping businesses within the municipal boundary of Taegu City. According to a staff member of the chamber (based on an interview conducted on November 11, 1998), the movement of firms from Taegu City meant that the number of member firms of Taegu Chamber of Commerce was decreasing, which was a problem for it. In this context, locally dependent agents in Taegu, especially the Taegu Chamber of Commerce, saw the solution as one of cheap industrial estates for a new industrial complex within the municipal boundary.

In addition, local demand for new industrial estates was further increased by the decision of Samsung to build its commercial vehicle assembly plant in Sungsuh Industrial Complex in Taegu. This was announced in 1994. Local actors in Taegu, especially the Taegu Chamber of Commerce, thought that they needed to invite as many supplier firms as possible to locate their plants in Taegu in order to maximize the development effect of the commercial vehicle plant on Taegu's economy. As a way of attracting auto suppliers to Taegu, the Taegu Chamber of Commerce proposed the construction of an auto parts manufacturing complex there (Taegu Chamber of Commerce, 1994).

However, it was quite difficult to find cheap industrial estates within Taegu because Taegu was already fully developed. There was, however, a turning point, which made the idea of developing cheap industrial estates real. Dahlsung County, located in the west of Taegu City, was annexed to Taegu in March 1995. This was in the course of a
nation-wide restructuring of jurisdictional boundaries, implemented as a way of preparing for the “Local Autonomy System”, scheduled to begin in June 1995. Dahlsung County had much cheaper land simply because it was so relatively undeveloped. Furthermore, the Wichon area, which was considered as a site for an industrial complex, was also located in Dahlsung County. As a result, the Taegu Chamber of Commerce initiated the construction project of the Wichon Industrial Complex.

Taegu City also played an important role in promoting this project. Moon Hee-Gap, the new mayor of Taegu City, emphasized local economic revitalization as the most important goal of his government. Pursuing diverse local economic development projects, he considered the Wichon project as the key to Taegu’s economic revitalization, as well as to his own political popularity. Eager for fame, however, he was too ambitious in its planning. For when the Taegu Chamber of Commerce had originally proposed the project, the planned size of the industrial complex had only been 729 acres, whereas Taegu City, at the Mayor’s prompting, wanted to build a much bigger industrial complex of 2480 acres. Furthermore, in order to gain more government financial support for the construction project, the city asked the central government to build the Wichon Industrial Complex not as a Local Industrial Complex, but as a National Industrial Complex.

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4 It is based on an interview with a former member of an economic advisory committee of Taegu City, conducted in September 1998.
5 According to a planning law in South Korea, the financial responsibility for the
This ambitious new project provoked massive resistance from Pusan and South Kyongsang. Agitated by the fact that the new project pursued by Taegu City planned to build a much bigger industrial complex in Wichon, local governments, politicians, environment movement organizations, local media, etc., strongly opposed it on the grounds that any kind of industrial activity in the upper parts of the Nakdong river basin would pollute the water in the river, and so create negative environmental impacts for the regions downstream. In response, actors in Taegu organized various political activities to accomplish the Wichon project. Again, mobilizing the power of the central government was the major goal of those activities. As a result, the Taegu-Pusan tension re-emerged and even intensified.

5.4. Old Wine in a New Bottle: The Politics of Regionalism

At first blush it would seem that the political processes surrounding the Wichon project were quite similar to the bottom-up growth coalition politics characteristic of the US. But while it is true that local actors, such as local chambers of commerce, local business organizations, local governments, local media, local politicians, etc., initiated construction of an industrial complex — regardless whether it is a local industrial complex or a national industrial complex — is basically given to the local governments. For a national industrial complex, however, the central government should support the construction of roads and the supply of industrial water. Thus, usually the central government is in charge of around 20% of the construction costs of a national industrial
the Wichon project and organized growth coalitions to pursue it, this does not mean that a new form of local development politics has occurred in South Korea or that the forms of local development politics are converging between the US and South Korea. There was still an important difference between the political processes surrounding the Wichon project and the American politics of growth coalitions. That difference is the emergence of a politics of regionalism. Like the SE-SW political divide in the 1960s and the 1970s, the politics of the Wichon project was also deeply intertwined with regionalist party politics.

5.4.1. Development of a Regionalist Politics in Taegu

From the perspective of interested parties in Taegu, the most important goal for the successful accomplishment of the Wichon project was to gain a permit from the government to develop a national industrial complex there. Thus, local agents in Taegu – mostly local representatives in National Parliament, Taegu City, and the Taegu Chamber of Commerce – focused mainly on mobilizing the power of influential officials and politicians in the government and the ruling party to affect the permitting decision. National parliament members from the ruling party were particularly active.
However, the election of President Kim changed the territoriality of the state representation. Those from Pusan and South Kyongsang became more powerful in the central government and the ruling party than those from Taegu and North Kyongsang. Accordingly, those in Taegu had more difficulty engaging with those with power in the government and the ruling party and representing their local interests in the state.

As a result, and with the national parliament election upcoming in April 1996, the Taegu-Pusan conflict became highly politicized in Taegu as politicians began to utilize the issue for electoral purposes. Politicians from the opposing parties tended to use it in order to criticize the Kim Young-Sam regime and the ruling party, asserting that the government was not supportive of the Wichon project since the Kim regime was politically based on support from Pusan and South Kyongsang.

However, and despite this, the Wichon issue did not fully generate a regionalist politics in Taegu until 1996. This was because the central government was very cautious in making a decision on it. Facing the national parliament election in 1996, the ruling party and the government thought that a decision would result in a decrease in votes in either Taegu or Pusan, depending on which way the decision went. After the election, however, the central government announced in August 1996 that the Wichon Industrial Complex could be constructed but only after the water quality of the Nakdong River was
greatly improved. This was regarded as a victory for interests in Pusan and South Kyongsang.

In response, anti-government sentiment became widespread in Taegu and assumed regionalist forms. Local actors in Taegu organized a growth coalition, called the “Promotion Committee of the Wichon National Industrial Complex” in order to urge the government to change its decision and support the Wichon project unconditionally. Diverse local agents participated in the committee, including local politicians, labor unions, local chambers of commerce, and civic organizations, such as the YMCA, YWCA, Lions Club, etc.

The activities of this committee were quite different in nature from previous ones. Previously they had focused mainly on soliciting the central government and the ruling party for their support of the Wichon project. Now, local actors were more aggressive in criticizing the Kim regime and the ruling party for their unfair treatment of Taegu. Believing that government rejection of the Wichon project was due to the regionally biased nature of the Kim regime, the committee organized diverse campaign activities to put political pressure on the government to change its decision, such as signature collecting campaigns, protest rallies, etc.

Interestingly, Taegu City and politicians from the ruling party, who had been active in pursuing the Wichon project, did not join the activities of the committee because
they did not want to be a part of an anti-regime political movement (based on an interview with a former representative of the committee conducted on November 18, 1998). Also, business organizations like the Taegu Chamber of Commerce were not that active in the committee even though they put their names to it. It was because they did not want to ruin what was left of their good relationship with the government and the ruling party. On the contrary, local politicians from the United Liberal Democrats (ULD), an opposition party, and local labor unions played a leadership role in organizing committee activities.

These intensified regionalist sentiment in Taegu. Moreover, and due to the intensified regionalist sentiment, civilian participation in committee activities was massive. For example, more than 30,000 citizens joined a rally, held in September 22, 1996, to protest against the government's decision on the Wichon project. As such, by the late 1996, growth coalition politics in Taegu to promote the Wichon project turned out to be a politics of regionalism. In particular, an anti-government regionalist sentiment emerged in Taegu, and on the basis of it, the ULD strengthened its supporting base in Taegu.
5.4.2. Conditions Facilitating Political Regionalism

Why has regionalist politics persisted despite the considerable changes in socio-political context subsequent to democratization in the 1980s? This section is devoted to answering this question by explaining why and how a regionalist politics occurred in Taegu regarding the Wichon project. I discuss three important conditions that facilitated this: 1) hegemonic regionalist discourses, 2) the territorial strategies of parties, and 3) the territorialized nature of the labor movement.

5.4.2.1. Regionalist Discourses

We saw earlier how, since the SE-SW political divide emerged in the late 1960s, regionalist discourses have shaped the ways in which South Koreans represent and interpret the political economic realities of their regions or localities. In other words, it has been widely believed that the economic fortunes of a region or a locality are heavily affected by the spatiality of government policies, which is in turn determined by the regionally biased nature of the national ruling elites. This kind of interpretive framework has been influential in Taegu. As discussed in the previous chapter, in the 1960s and the 1970s, and in the context of uneven development, there developed in Taegu a sentiment to the effect that the economic growth of the city was mainly owing to the special attention of President Park and his core staff members. Based on this belief, regionalist
discourses dominated the ways in which Taegu people understood local economic realities.

Due to their sense of being favored by the government, moreover, they had been quite supportive of the military regimes and the ruling party. Even after the death of President Park in 1979, Taegu people continued to support the ruling party. This was because those from Taegu and North Kyongsang maintained their influence over the government. From 1981 to 1992, both presidents – President Chun and President Roh – originated from Taegu. Also, during the period, most important positions in the government were filled with the people from Taegu and North Kyongsang. As shown in Table 3.2, the share of those from North Kyongsang (including Taegu) among high officials in executive bodies of the Korean government sharply increased from the years prior to 1981 to the period from 1981 to 1992. Also, the LQ index of North Kyongsang rapidly increased from 1.33 to 2.09, which suggests that North Kyongsang became highly over-represented in the Chun and Roh regimes relative to its share of the national population.

Under the then prevailing regionalist discourses, however, when Kim Young-Sam became president in 1993, people in Taegu began to be concerned about the possibility that this would have negative effects on the local economy. Logically enough, based on their own past experience, the belief developed that President Kim would favor
his hometown, Pusan and South Kyongsang, while disadvantaging Taegu and North Kyongsang.

Moreover, this feeling of crisis intensified in Taegu as a result of competition with Pusan for a new Samsung auto plant. In the early 1990s, prior to Kim Young-Sam's accession, Samsung had tried to gain permission from the government to enter the auto industry. The government, however, was concerned that any new investment would cause problems of over-capacity and over-production in the Korean auto sector. Nevertheless and as a result of Samsung's continuous lobbying, in 1992, the government allowed Samsung to start constructing commercial vehicles, and Samsung decided to build the factory in Taegu. Moreover, it was widely believed that the Roh regime permitted Samsung to enter commercial vehicle production, on condition that it would locate its plant in Taegu, the hometown of President Roh.

Expecting that Samsung would eventually have its own consumer vehicle manufacturing business, however, local actors in Taegu anticipated that the assembly plant would also be located in Taegu. Thus, when Samsung officially asked the government to enter consumer vehicle production in 1993, actors in Taegu attempted to

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6 Until the early 1990s, the Korean government maintained the policy of investment coordination. Especially, for some key industrial sectors, firms needed to gain a permit from the government in order to enter those industries, in which they had not run a business before.
attract the factory, which was expected to be much bigger and hence have a much greater impact on the local economy than the commercial vehicle production factory. However, Pusan also wanted to bring in Samsung's consumer vehicle production factory. As a result, there was competition between the two cities, and with President Kim elected in 1993, Pusan won. In 1994, the Kim regime finally gave a permit to Samsung to participate in the auto industry under the condition that Samsung would locate its plant in Pusan, the hometown and the political base of President Kim.

Through this political process, regionalist discourses were greatly intensified in Taegu. Local media began to complain of unfair treatment on the part of the Kim regime. A feeling of alienation was widespread in the city. This is reflected in the result of a survey conducted in 1995 by Taegu Social Research Institute. According to the survey outcome, among 718 respondents in Taegu, 536 people (74.6%) agreed absolutely or to a certain degree that Taegu and North Kyongsang were badly treated by the Kim regime (Lee, S-I. 1995, 19). This local atmosphere worsened further when the central government rejected Taegu's proposal to construct a national industrial complex in Wichon, favoring Pusan and South Kyongsang. This provided the ground on which an opposition party mobilized an anti-government regionalism in Taegu in the mid 1990s.
5.4.2.2. Territorialized Party Politics

5.4.2.2.1. Increasing and More Fragmented Territorialization of Party Politics after Democratization

The democratization processes have changed the nature of party politics in South Korea. Under the military regimes, even though the territorial cleavage based on the SE-SW divide provided a complementary source for political mobilization, the primary cleavage in party politics was that of pro-authoritarianism vs. anti-authoritarianism. Based on this cleavage, party politics was characterized as the one-dominant-with-one-opposition-party system (Ahn and Jaung, 1999).

With progress in democratization in the 1980s, however, the ideological distinction between pro-authoritarianism and anti-authoritarianism was losing its significance as a party political cleavage. As a result, the territorial cleavage became more significant in party politics. This was because of the path dependent nature of the respective regionalist political frameworks. As the SE-SW political divide emerged and regionalist discourses became hegemonic, a particular opportunity set emerged, one which parties and politicians were quick to take advantage of. Furthermore, the decreasing significance of the distinction between pro-authoritarianism and anti-authoritarianism lent additional impetus to the territorial strategies of the political parties. Thus, party politics became primarily based on territorial cleavages.
After democratization, however, territorial cleavages became more fragmented. In the case of the SE-SW electoral divide, only two parties, the ruling party and an opposition party, built their support base in two regions, that is, the southeast and the southwest, while after democratization, multiple political groups and political groups have built their support base in several different regions.

In territorializing party politics, three politicians have been especially important: Kim Dae-Jung, Kim Young-Sam, and Kim Jong-Pil (collectively called the “three Kims”). Previously, Kim Dae-Jung and Kim Young-Sam had been the leaders of the anti-authoritarianism movement, while Kim Jong-Pil had been a core member of the military regime. After the collapse of the cleavage based on the distinction between pro-authoritarianism and anti-authoritarianism, however, these three politicians constructed their own political groups by building respective support bases in their home regions; Kim Dae-Jung in the southwest, Kim Young-Sam in the southern part of the southeast (including South Kyongsang and Pusan), and Kim Jong-Pil in South Chungchong.

In fact, Kim Dae-Jung was the first of the “three Kims” to build a territorialized support base. His political link to the southwest was first established in the early 1970s with the emergence of the SE-SW divide. Since then, he had built his base there. Observing Kim Dae-Jung’s increasing popularity on the basis of the support from the southwest, Kim Young-Sam, a long-time political rival to Kim Dae-Jung in the
democratization movement camp, reacted in an interactive manner. He had found a political base in his home region, Pusan and South Kyongsang. Furthermore, under hegemonic regionalist discourses, and in reaction to this emergent territorialized politics in the southwest and the southeast, people in South Chungchong supported Kim Jong-Pil, who used to be considered as the second most powerful figure following President Park in the military regime, as their representative and political leader.

The territorialization of the political bases of Kim Dae-Jung and Kim Young-Sam significantly facilitated the internal split of the opposing political group after the June 29 Declaration of Democratization in 1987. When the Chun regime promised to set up democratization procedures, especially the direct presidential election in 1987

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7 This internal split of the democratic political forces helped Roh Tae-Woo, the successor to the military regime, to win the 1987 presidential election. Why did the two Kims decide to separate from each other at the expense of winning the election in 1987? According to Lee, G-Y (1998), both of them seemed quite confident of winning the election on the basis of their solid territorialized political bases. Under the condition that there was no solid political cleavage except the regional, especially after democratization, if all three, Kim Dae-Jung, Kim Young-Sam and Roh Tae-Woo, ran for the presidency, the votes would be evenly split and the winner would gain no more than 40% of the overall votes. Given the fact that the southwesterners and people in Pusan and South Kyongsang, who would be the solid supporting bases of the two Kims, accounted for approximately 30% of the overall votes, each of them would be able to gain at least 25% of the overall votes from their home regions. In addition, since the frame of confrontation between the pro-authoritarianism and the anti-authoritarianism was still useful in some extent in mobilizing political support, they thought that they could manage to generate some additional supporting votes from those in other regions who were opposed to Roh Tae-Woo. In reality, however, while they were successful in generating overwhelming supporting votes from their home regions, they failed to gain votes from other regions sufficient to win over Roh Tae-Woo.
under the enormous civilian pressure for democratization, Kim Dae-Jung and Kim Young-Sam shared the leadership of the RDP (Reunification Democratic Party), the primary opposition party at the time. Facing the presidential election in December 1987, however, this party was split on the question of who would run for the presidency. As a result of the subsequent standoff, Kim Dae-Jung established his own party, the Party for Peaceful Democracy (PPD), and became its presidential candidate, while Kim Young-Sam remained in the RDP as its presidential candidate.

Running for the presidency, both Kims actively utilized territorial strategies to secure support from their home regions. In reaction to the increasingly territorialized nature of party politics, and on the basis of the territorialized support from his home region, South Chungchong, Kim Jong-Pil also established his own party, the New Democratic Republican Party (NDRP), and ran for the presidency. As the “Three Kims” were successful in developing their supporting bases in this way, Roh Tae-Woo, the candidate of the Democratic Justice Party (DJP), the government party at the time, also tried to construct his own support base in North Kyongsang and Taegu, known as the “stronghold of the military regime”.

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Party Acronyms: DJP (Democratic Justice Party), RDP (Reunification Democratic Party), PPD (Party for Peaceful Democracy), NDRP (New Democratic Republican Party)


Table 5-10: Percentages of Supporting Votes for Parties by Region in the 1987 Presidential Election and the 1988 National Parliament Election
As a result, 4 primary candidates from 4 parties competed in the 1987 presidential election. As shown in Table 5-10, each of them gained overwhelming support from each of their home regions. Though neither of the three Kims won the election, all of them were actually quite successful in building their social bases on the basis of the overwhelming support of their home regions. This is clearly apparent in the voting pattern of the 1988 national parliament election (see Table 5-10). In the national parliament election held right after the presidential election, all of the 4 parties gained solid supports from those regions, which had overwhelmingly supported the respective presidential representatives of the different parties in the 1987 presidential election.

As a result, four regionally based political groups emerged in the late 1980s. Since then, these four groups and their changing alignments have dominated South Korean party politics and the region has been the primary cleavage in South Korean politics.

8 Figure 5-5 illustrates the changing alignments of these four groups. From 1987 to 1997, there were two major changes. The first big change occurred in the early 1990s. While the DJP won the presidential election in 1987, it failed to win a majority of seats at the 1988 national parliament election. Moreover, ex-President Chun was found guilty of wrongdoing and abuse of his presidential powers. To give the impression that the party had been rejuvenated and cleaned up, President Roh succeeded in attracting to his party both Kim Young-Sam's RDP and Kim Jong-Pil's NDRP and renamed it the "Democratic Liberal Party (DLP)" in 1990 (Ahn and Jaung, 1999). Almost immediately after the DLP was set up, however, the leaders of the major factions which had been brought together to form the party became presidential contenders. Kim Young-Sam finally emerged as the presidential candidate and won the election in 1992. Despite this political alliance of Kim Young-Sam, Kim Jong-Pil, and Roh Tae-Woo, Kim Dae-Jung's PPD remained as a primary opposition party and it absorbed some RDP members who refused to join the DLP and changed its name to the "Democratic Party (DP)" in 1992. Thus, in the 1992
party politics. To win in elections, parties have mainly utilized territorial strategies to mobilize regionalist sentiment and generate support from particular regions. Even though in some elections certain parties were successful in generating cross-regional support bases, those successes were made possible only through cross-regional alliances of territorialized political forces. For example, Kim Young-Sam's victory in the 1992 presidential election was based on a political alliance with Roh Tae-Woo and Kim Jong-Pil (refer to note 8). Even though Kim Young-Sam and his group were based on regional support from Pusan and South Kyongsang, while lacking a nation-wide political support, on the basis of this alliance, Kim Young-Sam was able to generate sufficient support across the country to win the election in 1992 (see Table 5-11).

In addition, there was another significant party, called the Reunification National Party (RNP), which was established by Chung Joo-Young, the former chairperson of Hyundai Group, one of the biggest conglomerates in South Korea. This party gained substantial support in the 1992 election on the basis of Chung's economic power. However, this party did not last long due to lack of solid support base.

The second major change began to happen from 1995. Kim Jong-Pil's NDRP, having joined the DLP in 1990, defected from it 1995 and adopted a new name, that is, the "United Liberal Democrats (ULD)". After expelling the Kim Jong-Pil faction from his party, Kim Young-Sam changed the name of his party from the DLP to the "New Korea Party (NKP)" in 1996. Also, there was a big change in the DP, which had suffered from a severe internal tension. In order to avoid the internal battle, Kim Dae-Jung established a new party, named the "National Congress for New Politics (NCNP)", in 1996. As a result, the DP became a small party. In 1997, the NKP merged with this small DP in the course of the 1997 presidential election and changed its name to the "Grand National Party (GNP)".
Figure 5.5: Changing Alignment of South Korean Major Parties after Democratization (1987-1997). Source: Ahn and Jaung (1999, 150), edited by the author.
Table 5.11: Percentages of Supporting Votes for Parties by Region in the 1992 Presidential Election and the National Parliament Election

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Note: * PRE refers to presidential election.
** RAR refers to national parliament election.

Party Acronyms: DLR (Democratic Liberal Party), DP (Democratic Party), RNP (Reunification National Party)

5.4.2.2.2. The Territorial Strategies of Parties and Political Regionalism in Taegu

In the course of the fragmentation of territorial cleavages in party politics, Taegu and Pusan, both of which used to be included in a same political region in the case of the SE-SW divide, became differentiated in terms of their association with territorialized political groups. In the 1992 elections, Taegu and North Kyongsang also strongly supported Kim Young-Sam and his party; almost 50% of the voters supported Kim Young-Sam in the presidential election and the DLP candidates gained more than 60% of the votes in the national parliament election. However, the local atmosphere in Taegu and North Kyongsang changed dramatically after the election. This was related to several political events in the mid 1990s.

In point of fact, within the DLP – the ruling party that was established on the basis of the alliance of Kim Young-Sam, Kim Jong-Pil, and Roh Tae-Woo in 1990 –, there had been continuous internal battles among the faction based on Pusan and South Kyongsang (called the “PK faction” or the “Kim Young-Sam faction”), the “Kim Jong-Pil faction”, and the faction of the remnants of the military regime based on Taegu and North Kyongsang (called the “TK faction”). Feeling alienated by President Kim, in 1995, those in the Kim Jong-Pil faction and some key members of the TK faction defected from the DLP and formed their own party, the ULD, under the leadership of Kim Jong-Pil. With this event, the supporting base for the Kim Young-Sam regime became quite weakened in
Taegu and North Kyongsang. Furthermore, in 1996, in order to increase his popularity, President Kim put Chun Doo-Hwan and Roh Tae-Woo, former presidents and generals, in jail, accusing them of being responsible for the bloody repression of civilian protests in the Kwangju Democratic Uprising held in 1980 and for some incidents of corruption while in office. Since both Chun and Roh came from Taegu, a feeling of political crisis developed there. Even an anti-Kim Young-Sam sentiment began to emerge in Taegu.

On the other hand, the ULD, led by Kim Jong-Pil and the TK faction, tried to build its social base in Taegu and North Kyongsang. Also, given the fact that most of the leaders of the ULD used to work for the military regimes under President Park, Chun, and Roh, the Taegu electorate felt more comfortable with the ULD. Those in Taegu, who felt alienated after the election of President Kim, thought that the ULD might represent well the territorial interest of Taegu because those from the city played a leadership role in the party. As a result, the southeast became divided into two different political regions (on the one hand, Taegu and North Kyongsang, and on the other, Pusan and South Kyongsang), each of which became a supporting base for different political groups.

In this context, responding to the tension between Taegu and Pusan, political parties, especially the ruling party and the ULD, became actively involved in the issue of the Wichon industrial complex. It was in the early 1995 when the Wichon issue became the primary political issue in Taegu for the first time. The momentum was provided by
the local government election held in June 1995. Right before the election, the Taegu
Chamber of Commerce made a recommendation to the central government to construct a
national industrial complex in Wichon. In the subsequent election campaign, all
candidates for mayor of Taegu City used this issue, committing themselves to bring a
national industrial complex to Wichon. As a result, the Wichon project gathered lots of
popular attention in Taegu. However, the issue was not yet politicized enough to generate
a politics of regionalism.

As discussed in the previous section, a feeling of alienation was widespread in
Taegu right before the mayoral election, as the location of Samsung’s consumer vehicle
production plant had been decided in favor of Pusan. As a result, the candidate from the
ruling party, DLP (Democratic Liberal Party), lost the election. In this context, the
national parliament members from the ruling party representing Taegu began to be
concerned about the possibility that they would lose their seats in the upcoming national
parliament election, scheduled to be held in April 1996. In order to change anti-
government local sentiment, they strongly urged the ruling party and the central
government to permit the Wichon proposal. Their efforts, however, faced strong
resistance from ruling party representatives from Pusan and South Kyongsang. In other
words, there was an internal tension between the TK faction and the PK faction within
the ruling party with regard to the Wichon project. Also, given the fact of a national
parliament election in April 1996, the ruling party did not want to make a decision on the Wichon project prior to the election date. The fear was that it would damage the electoral campaigns of the candidates from the ruling party in either of two regions.

This indecision of the ruling party and the central government, however, seemed to aggravate the situation in Taegu. In particular, in the rallies for the 1996 national parliament election, the candidates from the ULD actively utilized territorial strategies by mobilizing regionalist sentiment in Taegu. In doing so, they praised the former dictator, Park Jung-Hee, and his achievements for national economic growth. They also strongly criticized the Kim Young-Sam regime and the ruling party for their indecision on the Wichon project, arguing that the ruling party and the government would eventually favor Pusan and South Kyongsang and hence only the ULD could help Taegu. Thanks to the territorial strategies, the ULD received more votes than the ruling party in Taegu and became the majority party there, gaining 8 seats out of 11. It was a stunning blow to the ruling party because before this time, more opposing party candidates than ruling party candidates had ever been elected from Taegu since the establishment of the military regime in 1963.

Based on its victory in Taegu, and facing the presidential election in 1997, the ULD wanted to consolidate its support base there. In this context, the ULD became very active in supporting the Wichon project. And as the ruling party announced its rejection
of the Wichon proposal in August 1996 after the parliamentary election, the ULD made an official statement supporting it and criticizing the regime for its regional favoritism. For example, Kim Jong-Pil, the leader of the ULD, publicly mentioned that the ULD had to raise hopes in Taegu by supporting the Wichon project (reported by Maeil News on August 30, 1996). As a result, the ULD increased its popularity in Taegu, while anti-ruling party and anti-Kim Young-Sam emotion intensified there.

In addition, when the “Promotion Committee of the Wichon National Industrial Complex” was formed in Taegu to urge the central government and the ruling party to change their decision on the Wichon project in September 1996, the ULD was very supportive of its activities, and some members of the ULD played a leading role in organizing it. A member of Taegu Municipal Council, affiliated with the ULD, worked as the council’s representative on the committee, while national parliament members of the ULD actively participated in the rallies organized by it.

As the anti-government emotion developed in Taegu, politicians in the ruling party from Taegu and North Kyongsang began to urge both the central government and the ruling party to change their policy on the Wichon project, warning that otherwise Taegu voters would not support the ruling party candidate in the 1997 presidential election. However, the PK faction in the ruling party still strongly opposed the Wichon project, arguing that the number of votes in Pusan and South Kyongsang was higher than
that in Taegu and North Kyongsang. Also, most key positions in the ruling party were filled with those in the PK faction. In this context, the central office of the ruling party strongly discouraged its members in Taegu from participating in the “Promotion Committee of the Wichon National Industrial Complex”, asserting that the activities of the committee would split the nation along regional lines.

5.4.2.3. The Territorialized Nature of the Labor Movement

The growth of a regionalist politics in Taegu was also related to some institutional features of South Korean labor unions, ones which made it more susceptible to regionalist sentiment. Regarding this issue, we need to pay attention to the fact that local labor unions in Taegu, especially the Taegu Local of the Federation of Korean Trade Unions (FKTU), played a very active role in the “Promotion Committee of the Wichon National Industrial Complex.” Even before the formation of the committee, it was quite active in supporting the project. In July 1996, for example, the staff members of the Taegu FKTU visited the Minister of Construction and Transportation to urge the government’s support for the Wichon project, even warning that if the government did not permit it before August 1996, the member unions of Taegu FKTU would go on strike. In this context, when the government and the ruling party announced their decision to
disapprove the Wichon proposal, the union local strongly urged the other local agents to organize a struggle committee to force the government and the ruling party to change their decision. In addition, the Taegu FKTU was much more active than other agents on the committee.

This active participation was to some extent based on the fact that local workers in Taegu might benefit from the Wichon Industrial Complex. According to an interview with a staff member of the Taegu FKTU (conducted on December 4, 1998), there was the belief that the Wichon project would enhance the interests of local workers in Taegu, as well as those of local labor unions, for the following three reasons. First, the construction of a new industrial complex would bring more businesses to the area, which would in turn increase the local demand for workers and hence wages. Second, the new plants and facilities in the new industrial complex would contribute to the improvement of the working environment. Third, local labor unions could be able to increase their memberships because the Wichon industrial complex would bring more workers to the Taegu area.

In addition to these interests, the prevailing regionalist sentiment in Taegu significantly affected the activities of the Taegu FKTU. As mentioned in the previous section, as Kim Young-Sam expelled the TK faction from the ruling party and Samsung

9 The FKTU is one of two nationally organized federations of labor unions.
decided to locate its consumer vehicle assembly plant in Pusan instead of Taegu, a feeling of political alienation arose in Taegu. This influenced the workers and the leaders of labor unions in Taegu, and is reflected in a survey outcome. According to a survey conducted by Taegu Labor Policy Research Institute and Taegu Social Research Institute (1994), 62.4% of 162 responding union leaders in Taegu thought that President Kim treated the TK faction badly due to the regionally biased nature of his political base. In this context, when the government and the ruling party rejected the Wichon proposal, the leaders of the Taegu Local of the FKTU believed that the Kim regime wanted to consolidate its political base in Pusan and South Kyongsang at the expense of workers and the citizens in Taegu (based on a public statement of the Taegu FKTU, announced on August 27, 1996). In other words, under the influence of regionalist discourses, the Taegu FKTU identified the territorial interests of Taegu with working class interests there.

This process of territorializing labor movement activities, however, cannot be explained only in terms of prevailing regionalist discourses. Not all local unions in Taegu participated in the activities of the Wichon committee. Indeed, the activities of the Taegu FKTU generated criticism from other labor unions – not only local unions, but also extra-local unions. This was as a result of the belief that its activities prioritized territorial interests over working class ones. Given this tension between territorial interests and class interests, how and why in fact were the activities of the Taegu Local of the FKTU
territorialized? In order to answer this question, we need to understand two important historical and institutional conditions for the activities of the FKTU.

First, the leadership of the FKTU has been weak in its class-consciousness. The FKTU was established by the military regime right after the coup in 1961 as an organizational tool to ensure the emergence of politically docile trade unions. With the process of democratization, the FKTU has reformed itself, but it has still been limited in truly representing the interests of workers. Thus, the Taegu FKTU and its member unions were more easily mobilized on the basis of territorial interests.

On the other hand, some local unions in Taegu did not support the activities of the “Promotion Committee of the Wichon National Industrial Complex”. These were mostly affiliated with the Korean Confederation of Trade Unions (KCTU), another nationally organized federation of labor unions in South Korea. The KCTU was much more rigid in pursuing the class interests of workers than the FKTU. The KCTU was established in 1995 as a counterpart to the FKTU on the basis of a strong tradition of democratic labor unionism in South Korea. In the course of fighting against the military regimes and the capitalists, who have tried to disorganize or even destroy the activities of the democratic labor movement, the members of the KCTU have developed a quite strong working class consciousness. According to an interview with a staff member of the Taegu KCTU (conducted on November 20, 1998), the leaders of the Taegu KCTU
considered the Wichon project as a matter of local capital, which had nothing to do with workers. Also, they had a strong negative feeling regarding union activities based on territorial interests. These, they believed, could weaken the solidarity of workers at the national level.

Another consideration was that the central headquarters of the FKTU was uncomfortable with the participation of its Taegu Local in the activities of the Wichon committee. According to an interview with a high-order staff member in the central headquarters of the FKTU (conducted on August 28, 2000), there was a concern that the participation of the Taegu Local in growth coalition activities might result in tension with member unions in Pusan and South Kyongsang and hence harm the nationally organized activities of the FKTU. However, the central headquarters could not control the activities of the Taegu headquarters. Why was that so?

In order to answer this question, we need to understand an institutional condition, as a result of which national labor organizations in South Korea are limited in incorporating diverse workers’ interests into a working class interest at the national scale. Nationally organized labor unions in South Korea – both the FKTU and the KCTU – have problems in controlling or disciplining their local headquarters or member unions because under the current labor laws, they do not enjoy a substantial power in bargaining over wages and benefits. In South Korea, most labor unions bargain contracts at the firm
level. There have been several efforts to amend labor laws and build industry-wide
bargains at the national scale, but these have been so far unsuccessful. This is because:
(1) businesses have strongly opposed the proposal; and (2) some unions in big companies
— mostly belonging to chaebols — have been more or less reluctant to support it, on the
grounds that an industry-wide bargain at the national scale would reduce their wage rates,
given the big wage gap between big companies and small-and-medium sized firms. In
this context, when territorial interests and national class interests confront each other, the
local branches or individual member unions are more susceptible to interests of a
territorial sort.

5.5. Summary

With the progress in democratization and decentralization, and since the 1990s,
locally organized interests have become more active in the politics of local economic
development in South Korea. In this context, a politics of growth coalitions emerged in
Taegu with regard to the Wichon project. Diverse bottom-up forces initiated and
organized — either collectively or individually — in order to promote the Wichon project.
However, since the tendency of centralism remained strong in the regulatory framework,
the political activities of the growth coalition still mainly focused on mobilizing the
power of the central government. Also, the more decentralized political activities of the
growth coalitions were still deeply intertwined with regionalist party politics, inherited in
turn from the SE-SW political divide.

There were three important institutional conditions, which facilitated the
persistence of regionalist politics in South Korea in the 1990s. First, regionalist
discourses have shaped the ways in which people and political actors understand,
interpret, and represent the political economic realities and establish their subsequent
political strategies. Thus, when the central government and the ruling party refused to
support the Wichon project, there was the immediate emergence of a sense of political
alienation in Taegu.

Second, after democratization, and due to the influences of prevailing regionalist
discourses, party politics has become increasingly territorialized. Under the highly
territorialized form of party politics thus prevailing, parties were divided in their
approaches to the Wichon project. The Kim Young-Sam regime and the ruling party,
strongly dependent on political support from Pusan and South Kyongsang, opposed it,
while the ULD supported the project in order to construct its social base in Taegu. The
ULD was successful in generating an anti-ruling party sentiment in Taegu, based on
political regionalism. As a result, the Wichon issue became highly politicized and subject
to contestation along regional lines.
Third, a territorialized labor movement further facilitated this territorialized political process. Since national labor organizations in South Korea have lacked centralized control over local branches, this has made union activities susceptible to territorial appeals. In addition, the weak class-consciousness of the leadership in the FKTU made the Taegu FKTU easily mobilized on the basis of a regionalist ideology.
CHAPTER 6

CONCLUSION

This dissertation set out to examine the relation between conditions and diverse forms of local development politics. For this purpose, I have explored the social and institutional conditions that have facilitated the emergence and persistence of regionalist forms of local development politics in South Korea through two case studies. As a conclusion, this chapter has two goals. First, it summarizes what I have found from my case studies. Second, it discusses how my findings can contribute to the understanding of local development politics.

6.1. Research Findings

Based on two case studies, I argue that the following four aspects are important in understanding the regionalist forms of local development politics in South Korea.
First, regionalist politics in South Korea has emerged with respect to the geographically unequal effects of state regulation. In the case of the southeast-southwest divide, regionalist politics was materially based on uneven development between the southeast and the southwest. This unevenness was substantially attributable to the geographically unequal effects of the government’s industrialization policies. With the state-led capitalist development project, the military regime actively intervened in industrial and regional development and also established a highly centralized government structure in order to increase its regulatory capacity. Thus, the policies of the central government significantly affected local or regional economies. However, the government industrialization policies (e.g. export-oriented industrialization policies in the 1960s and heavy and chemical industrialization policies in the 1970s) had a very clear spatial selectivity, favoring the southeast, while disadvantaging the southwest. This provided a material basis for the emergence of an inter-regional tension between the southeast and the southwest in the late 1960s and the early 1970s.

Also, in the case of the Taegu-Pusan conflict, a politics developed around the government decision on the Wichon project. Even though local actors in Taegu initiated the Wichon project, its realization depended on the central government’s approval because regional development processes were still quite centralized despite the efforts of government decentralization. Since the two cities had contrasting material interests with
respect to the Wichon project, state regulation regarding the project was contested by respective growth interests in the two cities.

Second, in the South Korean regionalist forms of local development politics, political parties and politicians have played a key role in mobilizing territorial interests. Even though different regions or localities have different material interests in the regulatory role played by the state, territorial interests would not be constructed without political practices of defining and mobilizing interests in the territorial terms. Since parties and politicians have been the main movers of territorial politics in South Korea, the politics of local economic development have been deeply intertwined with party politics. This is mainly because party politics have been highly territorialized.

In South Korea, class cleavages have been insignificant in party politics because labor movements have not been strongly organized at the national scale. Therefore, parties have searched for alternative sources of political cleavage. In the years of the military regimes, the primary cleavage in party politics was based on the ideological distinction between pro-authoritarianism and anti-authoritarianism. Due to chance juxtaposition of several conditions, however, a territorial cleavage began to be constructed in the party politics from the late 1960s. In particular, the pro-authoritarianism vs. anti-authoritarianism cleavage happened to coincide with the issue of the state-conditioned uneven regional development and the regionally biased nature of
the national ruling elites. In this context, parties began to utilize regional development
issues to gain votes in elections by interpreting uneven development in terms of regional
bias in the composition of ruling elites. In particular, the ruling party tried to build a pro-
government social base in the southeast by ascribing the economic development there to
special supports from the regime and the ruling party, dominated by the southeasterners,
including President Park. On the other hand, the opposition party mobilized an anti-
military regime base in the southwest by attributing the economic stagnation there to the
regionally biased nature of the ruling elites. The southeast-southwest electoral divide was
constituted in this context.

The emergence of regionalist politics in the case of the Taegu-Pusan conflict was
related to an increasing and more fragmented territorialization of party politics. With
progress in democratization, the pro-authoritarianism vs. anti-authoritarianism cleavage
became unimportant in party politics. In this context, due to the path dependence of party
political frameworks that had been already territorialized to some extent since the
emergence of the southeast-southwest electoral divide, major parties and political groups
became more dependent on territorial cleavages.

Furthermore, the territorial cleavages became more fragmented. In the case of
the southeast-southwest electoral divide, only two parties, the ruling party and the
opposition party, built their support base in two regions, that is, the southeast and the
southwest, while after democratization, multiple parties and political groups have built their support base in several different regions. In this context, two different political parties – the ruling party and an opposition party – built their social bases differently in the northern (including Taegu) and the southern (including Pusan) parts of the southeast in the mid 1990s. Seeing conflicting material interests of the two cities with respect to the Wichon project, these two parties supported different cities in order to consolidate their social bases there. In particular, when the central government disapproved the Wichon project, an opposition party mobilized an anti-ruling party regionalism in Taegu, criticizing the regime and the ruling party for the regionally biased nature of their decision-making.

Third, the political parties have played a crucial role in mobilizing territorial interests in South Korea, while local actors, such as local governments, local businesses, etc., have been relatively insignificant in the politics of local economic development there. In particular, in the case of the southeast-southwest electoral divide, the role of local actors was rarely visible in mobilizing territorial politics. This was due to the institutional conditions that discouraged the bottom-up initiation of the politics of local economic development.

With a highly centralized government structure, under which the power to raise revenue and deciding growth policies was transferred to the central levels of the state,
local governments were insulated from bottom-up growth pressures and hence they did
not have much incentive to promote activities on behalf of local development. Another
condition was related to the fact that large conglomerates dominated the local and
national economies in South Korea. These large businesses tend to be less interested in
the activities pressing for local economic growth at smaller, sub-national, scales, because
their local dependence has tended to be constructed at broader spatial scales. Since these
firms dominated the business sphere, the role of businesses was less significant in the
regulatory processes for local development at smaller scales.

However, with progress in democratization and government decentralization in
the 1980s and the 1990s, local actors became newly emancipated in terms of what they
could do. Thus, as shown in the case of the Taegu-Pusan tension, the role of local actors
was more visible in the political processes. In this context, regionalist politics got to be
played out at smaller and more local scales because specific localities were struggling for
economic development at the expense of other places within the same broad region. In
other words, in the case of the southeast-southwest divide, both Taegu and Pusan were
included in the same region and people there had a same kind of regionalist sentiment.
But in the mid 1990s, they were struggling on the basis of different territorial identities
and different kinds of regionalist sentiment.
Fourth, regionalist discourses have been quite important in mobilizing territorial interests because they have shaped the ways in which actors and political organizations interpret and represent their political economic realities as well as form particular political actions. They first emerged in the political processes of the southeast-southwest electoral divide. In the context of the state-conditioned uneven development and the regionally biased nature of the national ruling elites, it became widely believed that: 1) the economic growth or decline of a region was dependent on the supports from the central government; 2) whether a particular locality benefited in this way was determined by whether people from the locality assumed important positions of power in the government and the ruling party.

Due to the path dependent nature of institutional development, once this kind of interpretive framework prevailed, a particular opportunity set emerged, one which political actors and organizations were to take advantage of. Accordingly, political activities became more constrained by regionalist political frameworks. The persistence of regionalist politics in the 1990s, as shown in the case of the Taegu-Pusan conflict, was related to this.

There are three aspects of the influence of regionalist discourses on the political processes unfolding in the course of the Taegu-Pusan conflict. First, political parties became more interested in exploiting regional development issues in order to consolidate
their territorialized support bases, especially when the other influential cleavage – one based on the pro-authoritarianism vs. anti-authoritarianism distinction – lost its significance for political mobilization. Second, when the Kim Young-Sam regime rejected the Wichon proposal, it was interpreted in terms of the regionalist framework. Accordingly, an anti-government sentiment was easy to arouse in Taegu. Third, the prevailing regionalist discourses affected labor movement activities, so that workers and unions became more susceptible to territorial interests. As a result, some local labor unions in Taegu actively participated in growth coalition politics there.

6.2. Research Contribution

This research contributes to the understanding of diverse forms of local development politics. I have argued that 1) social and institutional conditions are very diverse among countries and societies and hence 2) the forms of local development politics may vary due to differences in these conditions. More importantly, however, this study sees the existence of diverse conditions and institutions in different societies in terms of the ways in which they are historically constructed through social processes. Regarding this, this study emphasizes two notions; 1) the totalizing nature of capitalist development and 2) the path dependent development of institutions.
First, with respect to the notion of a capitalist totalizing process, I emphasize that the construction of conditions and institutions is deeply related to the capitalist development processes. In this sense, I have attempted to explain the construction of the conditions facilitating the emergence of regionalist politics in South Korea in terms of state-led capitalist development. The construction of important conditions, such as the highly centralized regulatory framework, the state's strong intervention in industrial and regional development, the underdevelopment of labor movements, the development of large businesses, etc., have been explained in relation to the state-led capitalist development process in South Korea.

Second, however, this study also emphasizes that the processes through which capitalist development processes affect the construction of social conditions and institutions are also mediated by historical and geographical contingencies. The notion of path dependence is important in this sense. According to this notion, institutions are constructed in their connection to the past. Also, institutional conditions are historically

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1 The notion of a capitalist totalizing process needs to be attended to. This notion is based on a historical materialist understanding of human geography provided by Harvey (1996) and Cox (2001). They emphasize the processes through which space is internally related to capitalist development and the ways in which contingent social relations and institutions that on first sight appear as external and arbitrary phenomena are transformed into structured internal elements of the encompassing social logic of capitalism. In other words, capital is continually striving to internalize and subordinate to its own social relations what remains contingent to it.
constituted in diverse ways in different countries out of the accidental juxtapositions of social relations and institutions. Based on this notion, I have tried to show how state-led capitalist development processes have been mediated by existing social relations and institutions, such as the existing geography of uneven development, cultural significance of region-based social networks, etc. Some important conditions, such as the spatial selectivity of government policies and the regionally biased nature of national ruling elites, were constituted in this context. Furthermore, I have relied on the notion of path dependence in explaining the persistence of regionalist politics in the 1990s. I have tried to show how regionalist politics and surrounding institutions have shaped the ways in which people and political actors represent, interpret and understand political economic realities and establish subsequent political activities.
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