Regional Development

The goal of regional development is to foster activities and outcomes that promote economic growth and to build foundations that will improve the quality of life for residents in the region. The transformation of regional economies has been an ongoing process in the post-war decades. There have been various challenges and opportunities (both regional and local) that/process/that can be identified with the transformation of regional economies. The transformation of economic patterns of the city region and the provincial region and between urban and rural areas still remains quite serious. In addition, some changes in regional development areas, such as economic globalization, changing intra-regional competition, and the demand for greater local autonomy (which complicates the development process). The pursuit and promotion of economic effectiveness and spatial disparities between regions and their residents is an ever increasing task. In the current context, there has been a lack of policy paradigms for addressing the challenges of urban and rural areas. It is necessary for regions to identify, address, and resolve the challenges of urban and rural disparities. The shift towards emphasizing both regional empowerment and cooperation-based autonomy and creativity, and the significance of quality of life issues, has been identified with the transformation of regional economies.

In the Special Act on Balanced National Development (SABND) that provides an institutional basis for regional development policy in Korea, regional development is defined as “activating regional economies by highlighting region-specific development and urban-regional cooperation based on autonomy and competitiveness,” and strengthening regional competitiveness by improving the quality of life for residents. In the SABND, regional development is defined as “enhancing positive effects on regions by focusing on urbanization and regional economic disparity, and supporting region-specific development and urban-regional cooperation based on autonomy and competitiveness,” and strengthening regional competitiveness by improving the quality of life for residents.

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Korea has 50 years of experience in modernization, but there have been positive and negative aspects. During this last half century, the national income has increased by 100 times. Korea has moved from being an agricultural and industrial economy to becoming an industrialized and advanced society, which is the first such case in world history. However, regional development policies have faced both positive and negative aspects. During this last half century, Korea’s experience in modernizing its positive and negative aspects. During this last half century, Korea’s experience in modernizing the land has played a crucial role in shaping the country’s economic growth. The Korean government has been working to improve quality of life through various initiatives including education, health care, and infrastructure projects. As a result, the demand for social services like welfare and public education has increased and has the expectation of female cultural activities. The government has implemented various local autonomy, and the creation of talent through education along with 30 differentiated development. Furthermore, the new policy forces the existing administrative units of metropolitan areas and districts to improve quality of life. The Lee Myung-bak government (2008-2013) established an implementation system administered by the Regional Development Policy of the Roh Moo-hyun Government. In addition, the government reclassified the 16 existing metropolitan areas and provinces into seven separate economic spheres. The government presented a multifaceted policy scheme in order to promote regional development, to improve quality of life.
Outline of Regional Development Policy during the Park Geun-hye Government

The Park Geun-hye government (2013-present) has created a new vision of regional development that seeks to promote “happiness in people, and keen to regions.” This administration has significantly pursued the regional HOPE project as an attempt to help people realize happiness and hope in their real lives. The idea behind this approach is that the opportunity for a happy life can be achieved through the project attempts to foster citizen participation in governmental processes and to help address and overcome policy blind spots throughout the country. In order to achieve this vision, the government presented three promotional strategies: creating regional happiness (1) by incorporating people-oriented policy support toward this end, and enforcing regionally-based cooperation. The “happy living sphere” specifically refers to an attempt to ensure that the basic social, cultural, and physical needs are provided for all residents. The approach is comprehensive and incorporates central cities, rural central towns, and villages.

Regional Development Outcomes: Industrial Production and Infrastructure

Since the late 1990s, Korea has been intensively pursuing regional industrial policies. These regional industrial promotion policies are similar to the general regional policies, and also include local policies initiated by the central government as well as those created by the local governments. Recently, the participation of local self-governing bodies has increased. In particular, the targeting of certain industry or industries has become a new measure of regional industrial promotion policy. In this respect, bottom-up regional planning from local governments has become absolutely essential. In 1994, four regional industrial development plans were established. At that time, the central government established the promotion plan and provided financial support for constructing industrial facilities in various local governments. The participation of numerous local governments expanded.

Manufacturing Value-added and Sectoral Composition

The Transformation of Regional Industrial Promotion Policies (1982 – 2012)
Regional development, in general, brings about the transformation of each region’s industrial structure. Since 1995, the industrial structures of all provinces in Korea have experienced profound transformations. Based on the contributions of local regions, the national industrial structure also experienced remarkable changes with a rise in the service sector and a decrease in agriculture, forestry, and the fisheries sectors. In particular, the ratio of the manufacturing sector is higher than that of the average of OECD countries, and the extent of spatial concentration also has increased since 1995.

The procedure of regional development entails the investment in infrastructure in local regions. Since 1995, the total fixed capital formation increased by 5.1%, equipment investment by 6.5%, and intangible assets investment by 13.8%. During the same period, the increase of total fixed capital formation was higher in traditionally industrial regions such as Chungcheongnam-do, Ulsan, Incheon, and Gyeonggi-do. In addition, the spatial concentration of all total fixed capital formation, equipment investment, and intangible assets investment has increased, which indicates that infrastructure investment trends not only in increases but also to concentrate spatially.

Another factor that has played a role in Korea’s regional industrial growth is the increase in the number of plants, which has been far exceeding the energy needed for feeding further industrial activities. No. 3 of the nation’s nuclear power plants concentration spatially in those regions Busan Gyeongsangnam-do, and Ulsan Gyeongsangbuk-do. However, power plants, on the other hand, show a comparatively even spatial distribution.

Since 1962, when the first national industrial complex was built in Ulsan, the years that followed witnessed the construction of a thousand industrial complexes. During three years, these industrial complexes were among the most important players in transforming Korea from one of the poorest countries in the world to the economic powerhouse that now provides 23,000 USD per capita income as well as of 1 trillion USD in trade volume.