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 stakeholders of each region are the businesses and residents themselves who would ideally participate in key regional development activities.

The scope of regional policy varies, but generally, it is aimed at the sub-national level, by way of local, self-governing bodies. Recently, however, as new approaches emphasize the quality of life and the socioeconomic reality beyond the existing administrative boundaries, many function-oriented regional development approaches are being brought together.

In general, the role of both the central and local governments in regional policy is very similar. Under a market economy, both structural dynamics and uneven distributions of benefits, including natural endowments, inevitably cause a spatial disparity in regional development; therefore, a government policy of intervention may be needed to fix this spatial disparity. Accordingly, the central government’s policy efforts on regional development have been carried out for a long time at various levels of government. Like other countries in the Organization for Economic Co-operation and Development (OECD), the regional development policy in Korea has focused on improving less-developed areas. The rapid modernization process that began in the 1960s has brought economies by facilitating region-specific development and inter-regional cooperation based on autonomy and creativeness, and strengthening regional competitiveness by improving the quality of life of citizens.

The special patterns of regional development in Korea continue to be very unique. The structural regional disparities between the capital region and the provinces, as well as between the urban and the rural regions, resulted from the rapid modernisation and industrialisation in Korea in the post-war decades. There have been various policies and attempts to help overcome these disparities, but thus far nothing has proved to be a long and complicated process. In the 1990s, there was a policy shift toward emphasising both regional empowerment and the significance of quality of life issues, both of which were intended to lessen the regional disparity. The Special Account for Balanced National Development, introduced in 2005, has reconstituted the Regional Development Special Account due to changes in the policy framework for regional development in the Lee Myung-bak administration. In 2013, the Park Geun-hye administration submitted to the National Assembly a draft of a new Account for regional development policy that resulted in a new focus on primary-level capacity. The enactment of projects such as the “HOPE Area” represents a new era in regional development. The paradigm shift can be seen in gestures such as the renaming of the Special Account for Regional Development. The New Special Self-Governing Province Account restores the name, but the Sejong Special Autonomy City Account has been newly created. Since the announcement of the SABND in January 2004, the regional development committee’s central control function has been strengthened with an increasing regional development budget, and the organization process has been shifting toward a bottom-up approach. Above all, consideration of city, county, and district opinions and business demands related to the promotion of local phenomena, the block grant budget has been systematically increased to promote the overall size of the regional development special accounting and to enhance the autonomy of local governments. The share of welfare and cultural projects has also increased. The Moon Jae-in administration, launched in 2017, focuses on the gap between the Seoul metropolitan area and the other regions, while maintaining sustainable growth by considering new patterns of regional issues such as low growth and deep polarization, population cliffs and local extinction crises, regional industry crises, and lack of response to the Fourth Industrial Revolution. As a solution for national development, the government is promoting a new, ambitious, and balanced national development. To this end, it sets the vision of balanced national development as “a country with a strong region and balanced Korea,” and strives to achieve the goal of “establishing a regional-led independent growth basis” through the implementation of flow strategies and cross-cutting. Strictly controlled expenditure of the national budget is being aimed at promoting welfare policies and social equality development. The government has established a policy focus on infrastructural investments such as enterprise relocation and expansion of the economic growth bases to making the quality of residents’ lives a higher priority. Launched in 2017, the Moon Jae-in administration has set a new turning point in regional development policies. The government has defined a sustainable, balanced development paradigm based on the values of democraticization, inclusion, and innovation. The sustainable balanced development guarantees the national minimum of well-being for all people, however they live. It is significant that the government has reorganised the block grant budget to redress the various regional issues, and reflected the values of democraticization, inclusion, and innovation.
Changing Regional Development Policies

The Park Geun-hye administration (2013–2017) identified three major regional problems: the deepening regional disparity due to the capital region’s polarization and the stagnation of national income at 3% GDP—both of which resulted from the skimming effect of an excessive growth strategy. In response to these problems, the government adopted a vision of regional policy that aims at realizing a multi-centered regional development network. This network of initiatives was meant to be innovative, quality-oriented, and decentralized to optimize its value to a specific region and its people. The government presented a multifaceted policy scheme that included an innovation policy, balanced-oriented policy, industrial policy, spatial policy, and quality-oriented policy. For the execution of the approach, it also established an implementation system administered by the Presidential Committee for Balanced National Development and the Special Account for Balanced National Development. In addition, the Moon Jae-in administration has organized a vision for regional policy that sought to create competitive regions in order to strengthen the status of the National Balanced Development of regions, “as described in the Constitution, as well as consi-
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The Lee Myung-bak administration (2008–2013) identified the following major problems affecting regional development: the weakening global competitiveness of regions, the widely dispersed small-scale investments by administrative units, poorly-differentiated development capability, consumption regional competition, and regional conflicts. In response to these problems, the government established a vision for regional policy that sought to create competitive regions in order to secure jobs and improve the quality of life. Furthermore, the new policy aimed to form economic regions that could respond to the globalization trend. It also aimed to develop regions based on regional features. It organized regionally based development through decentralization. It also set out to emphasize regional autonomy and cooperation and re-
development across regions. For policy execution, it established an implementation system administered by the Presidential Committee for Regional Development and the Regional Development Special Account. In addition, the government established a system of Metropolitan Cities and Provinces into separate autonomous Economic Regions. It implemented leading industry projects successively, including projects focused on the creation of talent through education, along with 50 primary social infrastructure projects. It also presented the Seoul–Gangwon–Gyeonggi Economic Region Development Plans in order to promote inter-

In February 2019, the Moon Jae-in administration established a new national balanced development vision and strategy based on the values of decentralization, inclusion, and innovation while understanding that it is almost impossible to overcome the national issues such as low growth, polarization, low social age, aging, and local undermining with the centralized government system. The government emphasized the increase of local administration experiences, asset accumulation, and the desire for people’s participation for over 20 years, since the final election of 1995. Inclusion focuses on an equal improvement of national life, “balanced national economic growth,” and “balanced development of regions,” as described in the Constitution, as well as an entertain-

The Park Geun-hye administration has focused on the promotion of regional development that seeks to promote “happiness to people, and hope to regions.” The administration has vigorously pursued the regional HOPE Project in an attempt to bring people’s 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 residents’ partnership with the local government. Specifically, the project attempts to foster citizen participation in governmental processes and to help address and remove policy problems hindering widespread throughout the country.

In order to achieve this vision, the government presented three promotional strategies: realizing regional happiness in daily living, stimulating inclusive-based 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 local towns, and villages.

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Regional Development Outcomes: Industrial Production and Infrastructure

Since the late 1990s, Korea has been intensively promoting its regional industrial policies. These regional industrial promotion policies are similar to the general regional policies, and also include both policies initiated by the central government and those centred by the local governments. Recently, the participation of local self-governing bodies has increased. In particular, the targeting of a specific industry or industry has become the primary means of a regional industrial promotion policy; in this respect, structural promotion planning from local governments has become essential.

Today, regional industrial policy is at a crossroads. As global competition intensifies, local manufacturing competitiveness declines, and the production base weakens. In addition, due to the development of the Fourth Industrial Revolution, local economies with weak regional innovation foundations face an uncertain future. The Fourth Industrial Revolution will have a significant impact on local economies and industrial systems, increasing the importance of urban spaces while inducing their reliance on traditional locational factors. In particular, local industrial cities where device-type industries are concentrated, which depend on external economic effects of geographical concentration, could face great difficulties. Above all, it is crucial to build a flexible, connected, and converging innovation ecosystem among local economic actors, because it is the outstanding creative talent that is important in the Fourth Industrial Revolution.

Manufacturing Value Added and Sectoral Composition

In general, regional development hinges on the transformation of each region’s industrial structure. Since 1995, the industrial structure in Korea has experienced drastic transformations. Based on the contributions of local regions, the national industrial structure has experienced remarkable changes, with a rise in the service sector and a decrease in agriculture, forestry, and fisheries sectors. In particular, the rate of the manufacturing sector is higher than that of the average of OECD countries, and the extent of spatial concentration has also decreased since 1993.

Another factor that has played a role in Korea’s regional industrial growth is the increase in the number of power plants, which, in turn, provided the energy needed for fostering further industrial activities. All 22 of the nation’s nuclear power plants concentrate spatially in three regions: Busan, Gyeongangbuk-do, and Jeollanam-do. Thermoelectric power plants, on the other hand, show a comparatively even spatial distribution.

Industrial Production Composition

Change Rate of Service Manufacturing

Renewable Energy Production

KiET (2015)
Employment structures within individual provinces are experiencing remarkable transformations due to regional industrial growth. At the national level, professional, workers, clerical workers, and manual workers have increased in number rapidly to collectively become a skewed growth group of occupations. On the contrary, technicians and related technical workers, as well as heavy machinery operators, equipment workers, and assembly workers, have all decreased. People working in service and retail represent the largest share of employed workers, but this trend seems to be decreasing.

Regional Wage Disparity by Industry

Average Monthly Wage by Industry

R&D Organizations by Si · Do

With the transition to knowledge-based and creative economies, research and development (R&D) and regional innovation-related capability became critical factors in determining both the outcomes of regional development and regional growth potentials for the future. Even though research and development investment as a percentage of GDP in Korea is now higher than the OECD average, the Korean government still maintains its focus on stimulating innovation capacity for regional industrial growth. This policy to continue research and development support is based on the argument that regional innovation-oriented policies can indeed support regional innovation, promote technological growth, and regional innovation-related capability became critical factors in determining both the outcome and regional innovation-related capability became critical factors in determining both the outcome and regional innovation-related capability became critical factors in determining both the outcome and regional innovation-related capability became critical factors in determining both the outcome and regional innovation-related capability became critical factors in determining both the outcome.

Spatial disparity in research and development is also apparent in the distribution of research and development organizations across the provinces. The capital region consisting of Seoul, Incheon, and Gyeonggi-do alone accounts for 44.2% of total organizations devoted to innovation in the nation, which is far from clearly in the key hub for research and development activities in Korea.

R&D Workforce by Si · Do

R&D Workforce Project

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