Society and Economy

Historical Context: A Nation Transformed

Historically, the Korean Peninsula has been called Geumsugangsan, which can best be translated into this poetic phrase: nature appearing as if it were embroidered on silk. Unfortunately, years of Japanese occupation and the subsequent Korean War divided the country into North Korea and South Korea; devastated the nation's infrastructure, industrial capability, and housing; and triggered a collapse of the national economy. Until the early 1960s, Korea was focused on recovery with the help of international aid. For the last 60 years, there have been remarkable changes to the Korean landscape stemming from government-led land development projects, urbanization, and industrialization.

In the early 1960s, the government's master plan for land development was put into action. The government based its plan on the growth-pole theory in order to quickly develop the nation, prioritizing investment in a few central development areas. This approach resulted in both people and capital flowing to a few centers, with a resulting imbalance between those centers and the rest of the country. Later plans corrected this by implementing a more balanced set of development policies.

Since the 1960s, the South Korean government has fostered economic growth through export by building industrial complexes and new cities. Beginning with the Ulsan Industrial Complex, which was completed in 1962, and the Korea Export Industrial Complex (Guro Industrial Complex), in 1964, many industrial complexes and their adjacent cities emerged in and around Yeocheon, Pohang, Gumi, Incheon, Changwon, Banwol (Ansan), and elsewhere from the late 1960s through the 1970s.

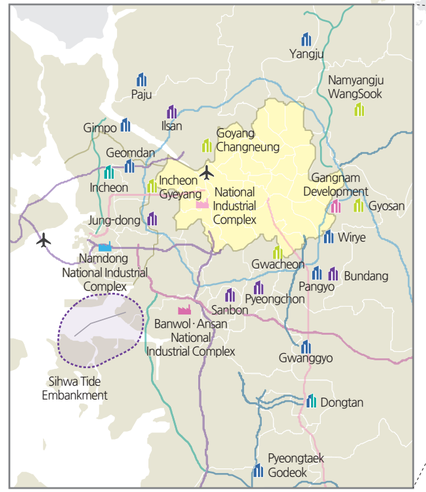
Other major development projects from the 1970s to the present include a number of natural resource and energy-related projects such as reforestation, land reclamation, multipurpose dam construction, and nuclear power plant construction. Many multi-purpose dams were built through the 1970s to the 1980s, generating hydroelectric capacity. In 1978, Korea's first nuclear power plant, the Gori Nuclear Power Plant No. 1, was built and began operating near Busan. Subsequently, more nuclear plants were built in Wolseong, Uljin, and Yeonggwang.

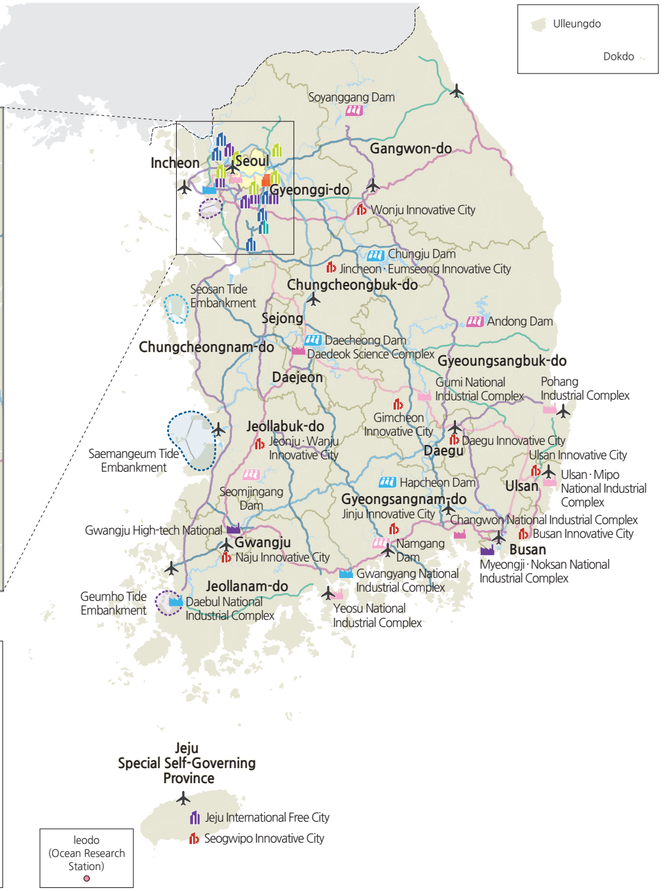
Urbanization has had significant impacts on the country's demographics, its physical landscape, its social-behavioral institutions, and its economy. As the number of cities increased, the rural population has declined, which has also led to a smaller percentage of the population engaged in agriculture and fishery activities.

The emergence of metropolitan centers is a major feature of the development of Korea and resulted primarily from the rural-to-urban migrations, especially to the capital. Seoul experienced major increases in population, but this trend has slowed since the 1990s. The population of nearby satellite cities, however, keeps growing, which has resulted in a population concentration in the greater metropolitan area surrounding Seoul.

Since 2000, various projects for balanced national development have been carried out. As a result, in 2012, Sejong Special Self-Governing City was launched as a new administrative capital. In addition, Innovation Cities were created in non-capital areas, planned around the relocation of public agencies to provincial areas.

Major Land Development Projects





Industrial Development
1960s 1970s 1980s 1990s

Major Dams
1960s 1970s 1980s

Major Land Reclamation Projects
1980s 1990s 2000s

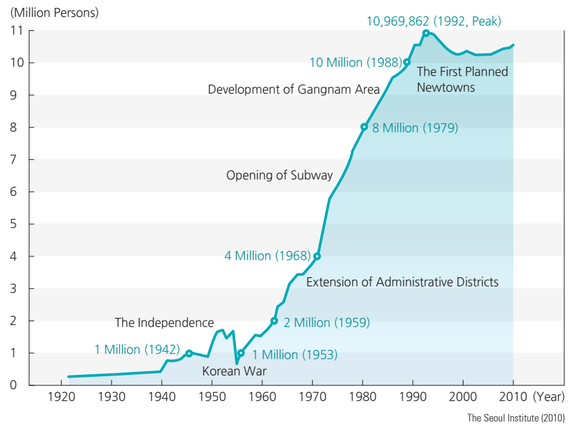
Growth of the Metropolitan Area
1970s 1990s 2000s 2010s 2020s (Projected)

Transportation Development Expressway
1960s 1970s 1980s 1990s 2000s 2010s

Airport Innovative City (2010s)

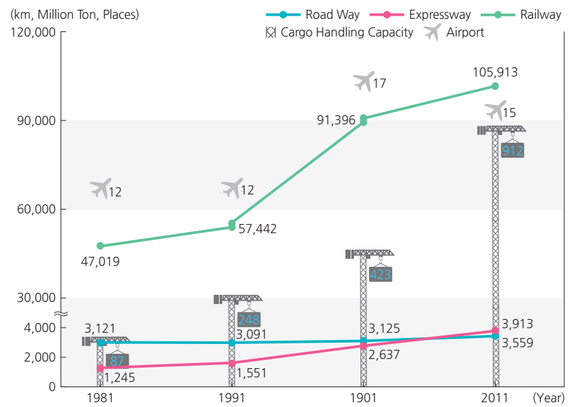
Korean Statistical Information Service (2019), Korea Transport Database (2019)

Growth of Seoul



The Seoul Institute (2010)

Development of Transportation Infrastructure



The Ministry of Land, Infrastructure and Transport-related Statistics (2014)

Changing Economic and Social Conditions and the Land in Korea

1960s—Fertilizer Plant

1970s—Gyeongbu Expressway

1980s—Gangnam Main Street

1990s—Bundang Apartment Complex

2000s—High-Speed Railroad

2010s—Urban Regeneration

Economy	Foreign Aid & Production Restoration	Economic Development Base (Light Industry)	Economic Growth Period (Heavy Industry)	Economic Vitalization (Machinery, Electronics Industry)	Steady Growth After Financial Crisis (IT & Fusion Tech Industry)	Low Growth Trends and Knowledge Base of the Economy
National Territory	Post-War Restoration & Irrigation Projects	Industrial Base & Special Area Development	Heavy Industrial City Development	Concentration in the Capital Region and Equal Development Policy	Decentralization of the Capital Region and Regional Development	Quality of Life and Realistic Space Planning
	1950	1960	1970	1980	1990	2000	2010
Transportation	Restoration of Transportation Facilities	Expressways and Industrial Railroad Construction		National Primary Transport Network Expansion and Urban Subway Construction		Eco-Friendly Transportation System	Autonomous Driving and Smart Mobility Systems

1960s—Guro Export Industry Complex

1970s—Shipyard

1980s—Seoul Olympics

1990s—Seohaedaegyo Bridge

2000s—Aerogenerator in Baekdudaegan Mountain Range

2010s—Automatic Driving

Government of South Korea

Aerial view of Sejong Metropolitan Autonomous City with central government ministries housed in the long winding building in the center of the photograph and residential high rise buildings on the upper left.

Government of the Republic of Korea

Transforming a nation also means making improvements in the governmental structure. Although the Republic of Korea has gone through six different republics since the Korean War, it is now politically stable. Korea held its first free election in 1987. The current republic is a democracy that has universal suffrage at age 19. The government is divided into three branches: the National Assembly (legislative branch), the Executive Branch, and the Judicial Branch.

The Legislative Branch: The National Assembly

The National Assembly is the legislative body of the Republic of Korea, composed of 300 members elected by the people and, on their behalf, enact laws which are the foundation of state operation. It deliberates and finalizes the budget, and makes policy decisions. With a term of four years, the cycle of the current 21st National Assembly runs from May 30, 2020, to May 29, 2024.

The National Assembly is led by one Speaker and two Deputy Speakers, each serving a two-year term. To maintain impartiality during the proceedings, the Speaker is not allowed to affiliate with any political party during his or her term of office. The regular session convenes on the first day of September every year and may not exceed one hundred days. Extraordinary sessions convene on the first day of February, April, and June every year and may not exceed thirty days.

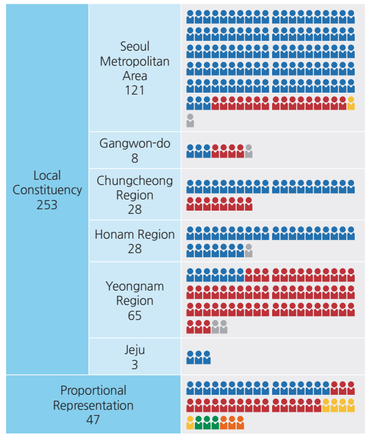
Executive Branch

The Executive Government consists of the President and the executive branch. The president is elected to a five-year term. On May 10, 2022, the 20th President, Yoon Suk-yeol, took office. The eleven executive ministries include: Home Affairs, Foreign Affairs, Justice, National Defense, Finance, Education, Agriculture and Forestry, Commerce and Industry, Transportation, Social Affairs, and Postal Services.

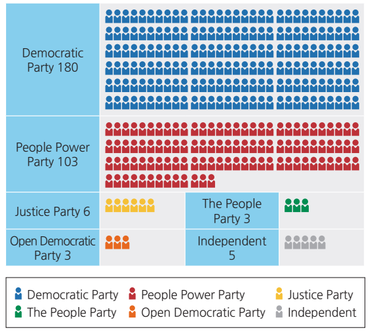
The Judiciary Branch

Courts in Korea are provided with the power to judge all legal disputes unless otherwise provided by the Constitution. The Korean judicial system adopts the basic three-tier system, which is composed of district courts, high courts, and the Supreme Court. Case trials are presided over either by a single judge or a panel of three judges. In general, all hearings and rendering of judgments are open to the public. Adjudication, including hearings and rendering judgment, is presided over by a judge or a panel of judges. Citizen participation in criminal trials has been implemented for certain types of serious criminal cases; when requested by the defendant, citizens directly participate as jurors.

Members of the National Assembly by Local Constituency and Proportional Representation

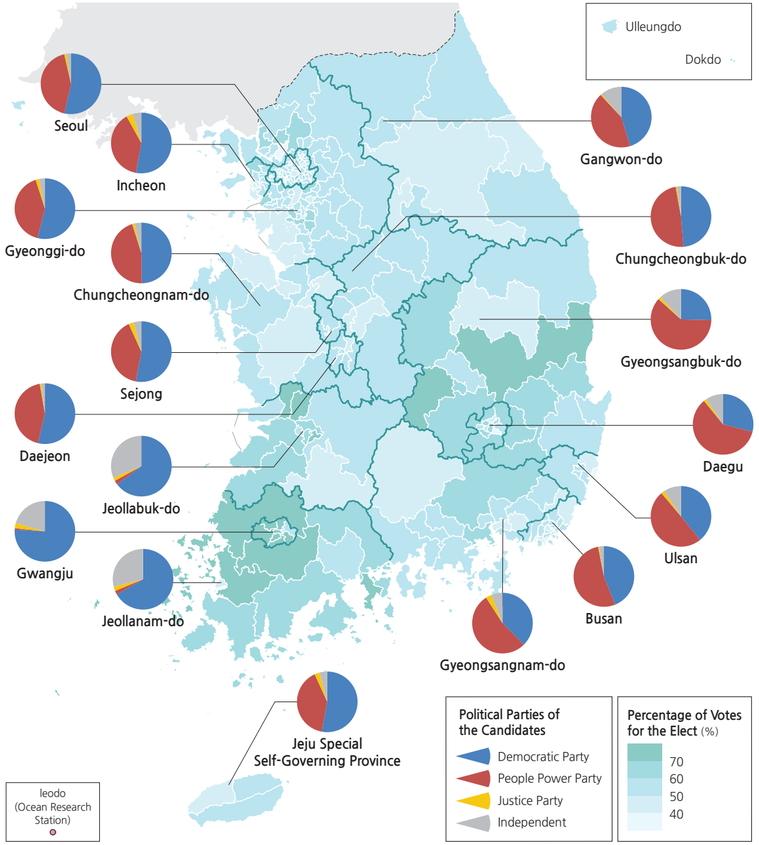


Members of the National Assembly by Party



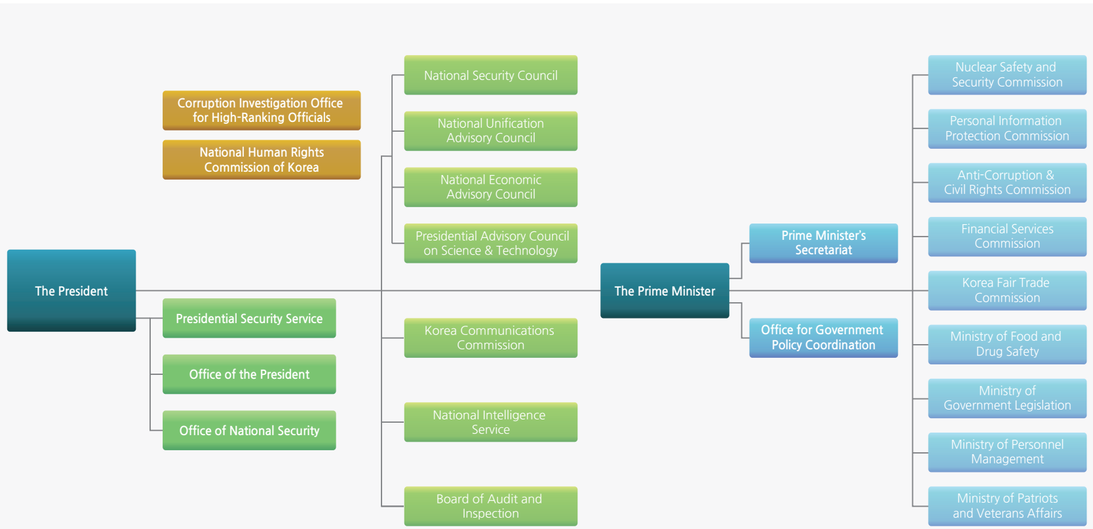
National Election Commission (2019)

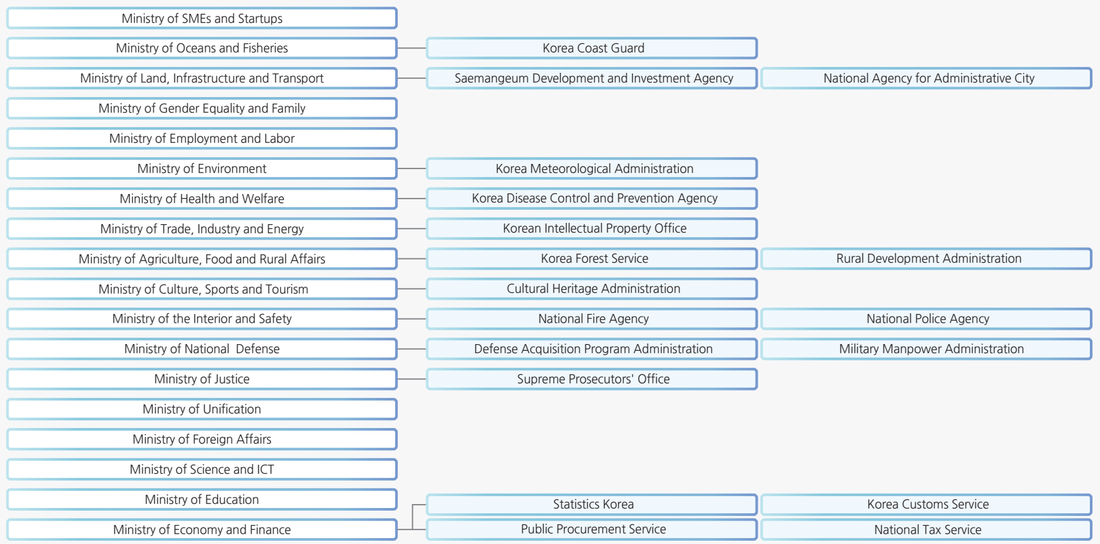
Turnout of the 21st Election (2020)



National Election Commission (2019)

Korea Organizational Chart





Population Patterns

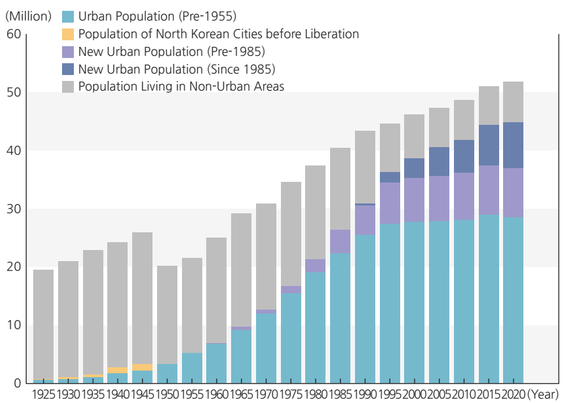
A Korean Family with Three Generations, Grandparents, Parents, and Children

South Korea is among the most densely populated countries of the world, with 51.8 million people in 2020, a population density of 520 people/km2. Among large countries with over 10 million people, Korea's population density is second only to that of Bangladesh. Population is unevenly distributed, clustering around Seoul and other large cities such as Daegu and Busan. About 50 percent of Korea's population resides in the Seoul Metropolitan Area as of 2020. Mountainous areas to the east and north are much more sparsely populated. The rural population was larger than the urban population until the 1970s. However, as the urbanization rate in -eup areas has expanded, no more than 90 percent of Korea's population lives in cities.

Korea's population has grown rapidly over the last century, roughly doubling since 1960. Beginning in the 1960s, many people migrated from rural to urban areas, resulting in massive population growth in the cities until the early 1990s. While the total number of people increased, there was also a shift in the population age distribution, as illustrated using population pyramids. In 1960, young people outnumbered older people. The largest age group was that of the 5–9-year-olds. By 2020, the largest group was middle-aged, 40–44-year-olds. In 1960, fewer people reached old age; few lived beyond 70. In 2020, many more lived beyond 70 years, especially women. There were fewer children, however. This shift in age distributions is a pattern typical for many countries during the past century.

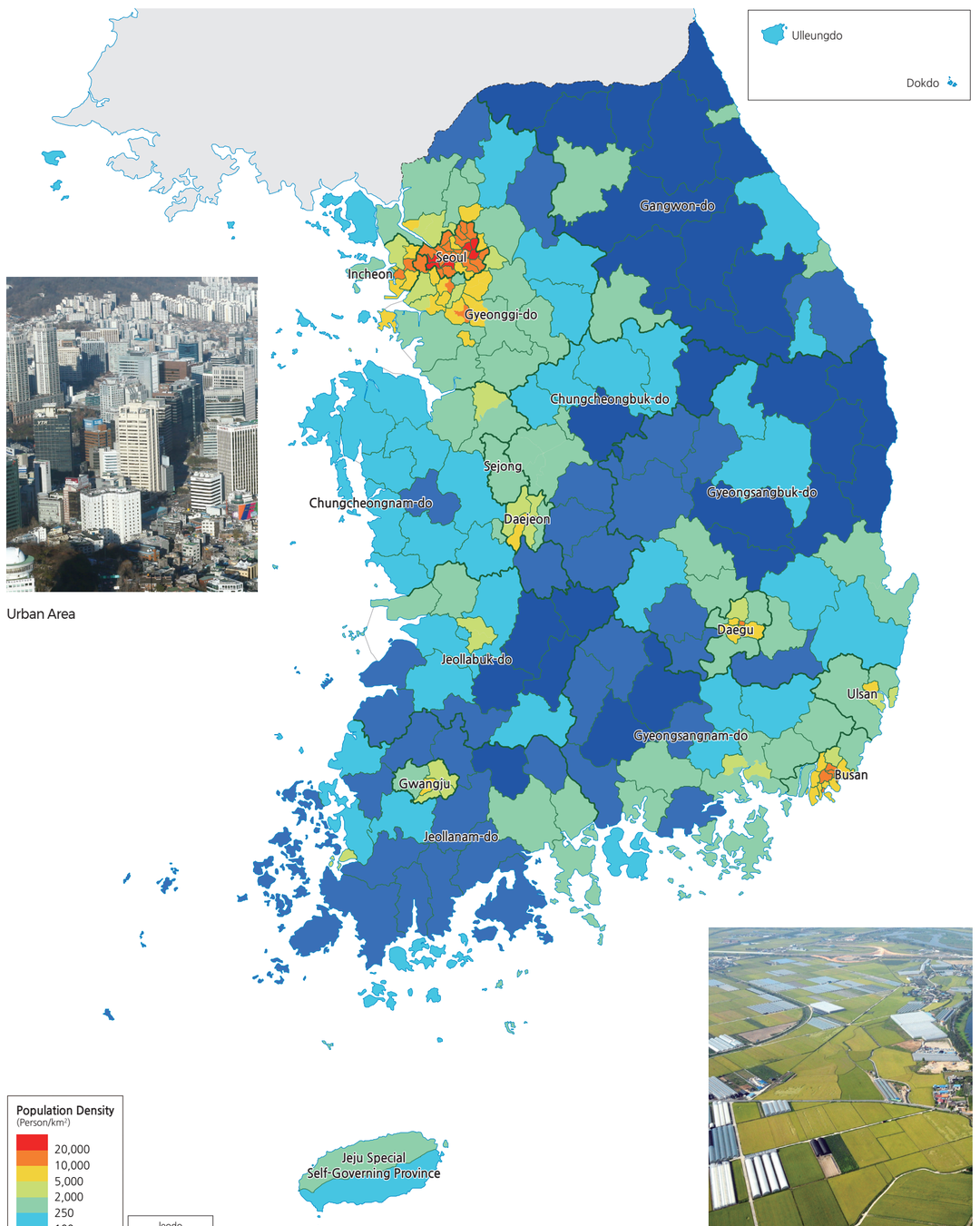
An aging population and fertility decline have drastically changed Korea's population structure. Korea's population is now aging at the fastest pace in the world due to a plummeting birth rate and extended life expectancy.

Changes in Urban Population by Period



Statistics Korea (2020)

Population Density by -Si/-Gun/-Gu (2020)



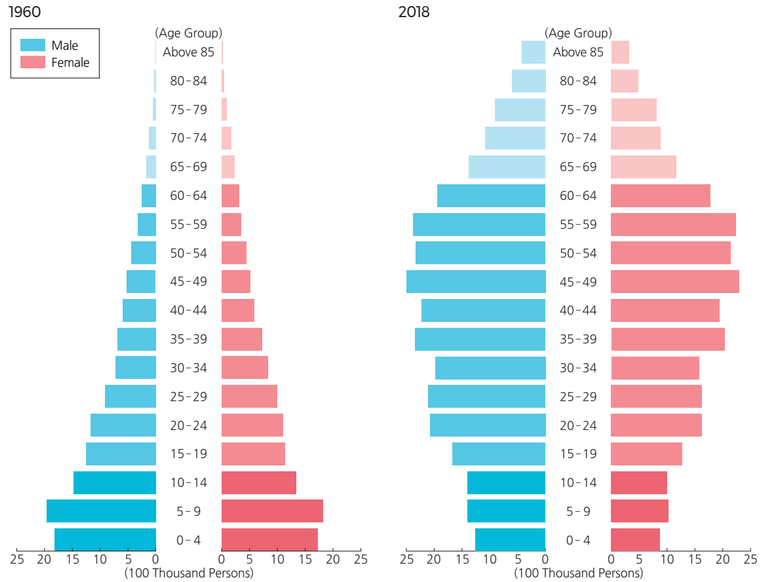
Statistics Korea (2020)

Urban Area

Rural Area

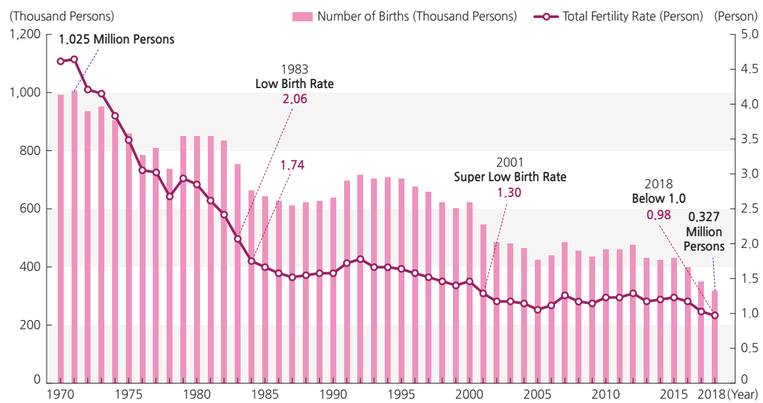
In 2000, the trend of an aging society had become apparent, with over 7% of the population aged 65 years or older; by 2017, over 14% of the population was aged 65 years or older. Although a longer life expectancy has affected the population's aging, the decline in the birthrate has played a crucial role. Total fertility rate (TFR) is a standard demographic indicator used internationally to estimate the average number of children that a woman will have over her childbearing years, based on current birth trends. In the early 1970s, the TFR was about 4.5 but had declined to below-replacement fertility in the early 1980s. According to OECD standards, the TFR is classified as a "low birth rate" if it is below 2.1 births per woman and "super low birth rate" if falls below 1.3. In 2019, Korea's total fertility rate fell below 1. The death toll decreased steeply from the 1960s to the 1970s, but it has remained unchanged since the 1980s. Due to such changes in births and deaths, Korea's natural growth in population has become lower than the averages of both the world and OECD countries, and the nation is now facing a demographic cliff. In 2019, all regions but the Seoul Metropolitan Area and Jeju-do were experiencing negative natural growth in their populations. Both TFR and the number of babies born each year rapidly decreased through the financial crisis in the late 1990s. The rapidly aging population and associated demographic changes have raised serious issues that might cause enormous social and economic effects.

Change in Population Structure



Statistics Korea (1960-2018)

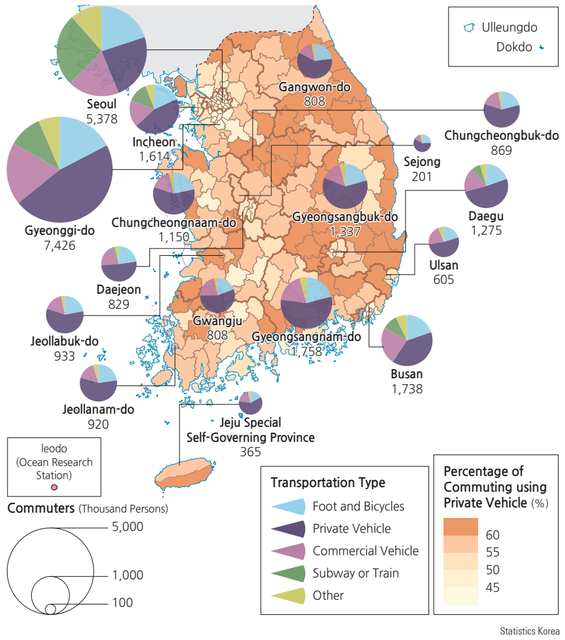
Decrease In Fertility



Statistics Korea (2019)

Transportation Infrastructure

Percentage of Commuting by Transportation Types (2020)



Statistics Korea

The development of an efficient transportation network, with highways, airports, and high-speed railways has made it possible for travelers to move from point-to-point anywhere within Korea within a half-day. Korea's entry into modern transportation began with railways and airfields that the Japanese built to invade Korea and seize its resources during the colonial period. In 1955, diesel engine locomotives and a subway system were introduced while double-track railway projects were also promoted. The modernization of rail traffic has been ongoing, and in 2004 the Seoul-Busan High Speed Railway began operation. Korea's air transportation entered a new chapter with the opening of the ultra-modern Incheon International Airport on Yeongjong Island in 2001.

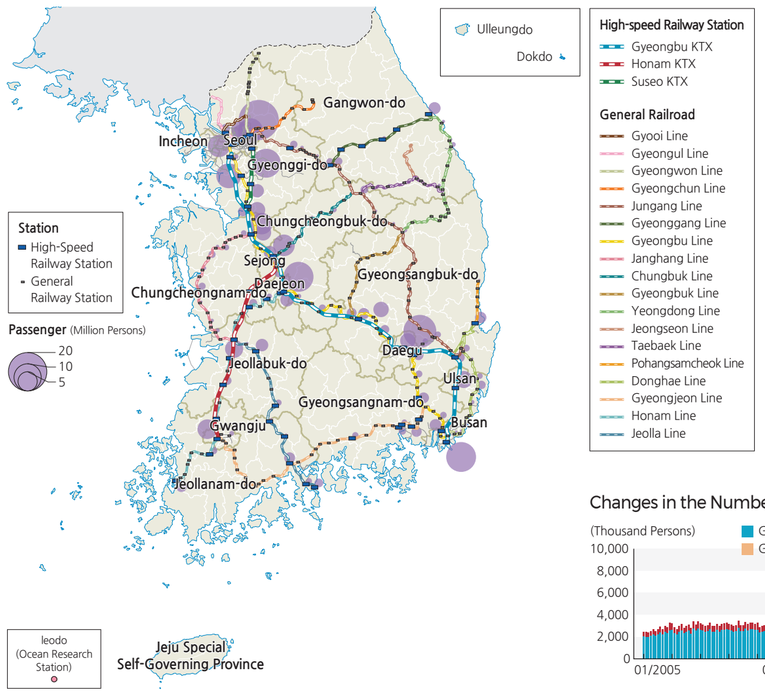
As economic development gained momentum, transportation infrastructures were rapidly built to support the transformation. Numerous important industries were developed between Seoul and Busan, and this region needed a transportation network in order to service those industries. The most notable project was the 428 km Gyeongbu Expressway, opened in 1970.

In 2020, 28.01 million people, or 61.8% of the nation's 45.34 million people aged 12 and over, were commuting to work or school. Of these, 23.29 million are work commuters, and 4.73 million are school commuters. The commuting rate for men is higher than for women. Because of the impact of COVID-19, the number of commuters and commuting rates decreased in 2020 compared to 2015. The commuting rate is highest in the Seoul Metropolitan Area and regional central cities.

The transportation methods used for commuting are private vehicles (46%), by foot and bicycle (20%), riding commercial vehicles such as buses (19%), subway or trains (10%), and others. In Seoul and other large cities, train use is higher and private vehicle use lower than in other areas. In Seoul, the most-used means of transportation is the subway, which accounts for 26% of trips to work or school.

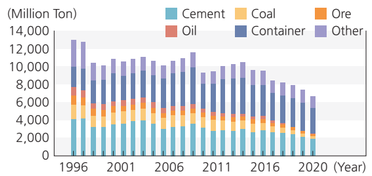
Meanwhile, the national average commute time is 30 minutes one way. Daily commutes are longest in -do areas, followed by metropolitan cities, and the Seoul Metropolitan Area, in order of average commute time. In the Seoul Metropolitan Area, 22% of commuters take more than 60 minutes one way, and 7% take more than 90 minutes. Korea's average commuting time is more than twice that of the Organization for Economic Co-operation and Development (OECD) countries.

Railroads

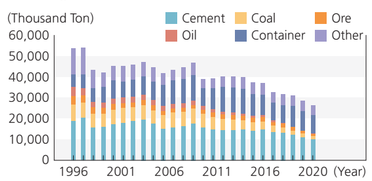


Changes in Rail Freight Volume

Rail Freight Transport Performance

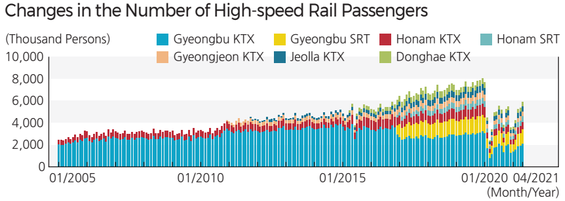


Rail Freight Volume



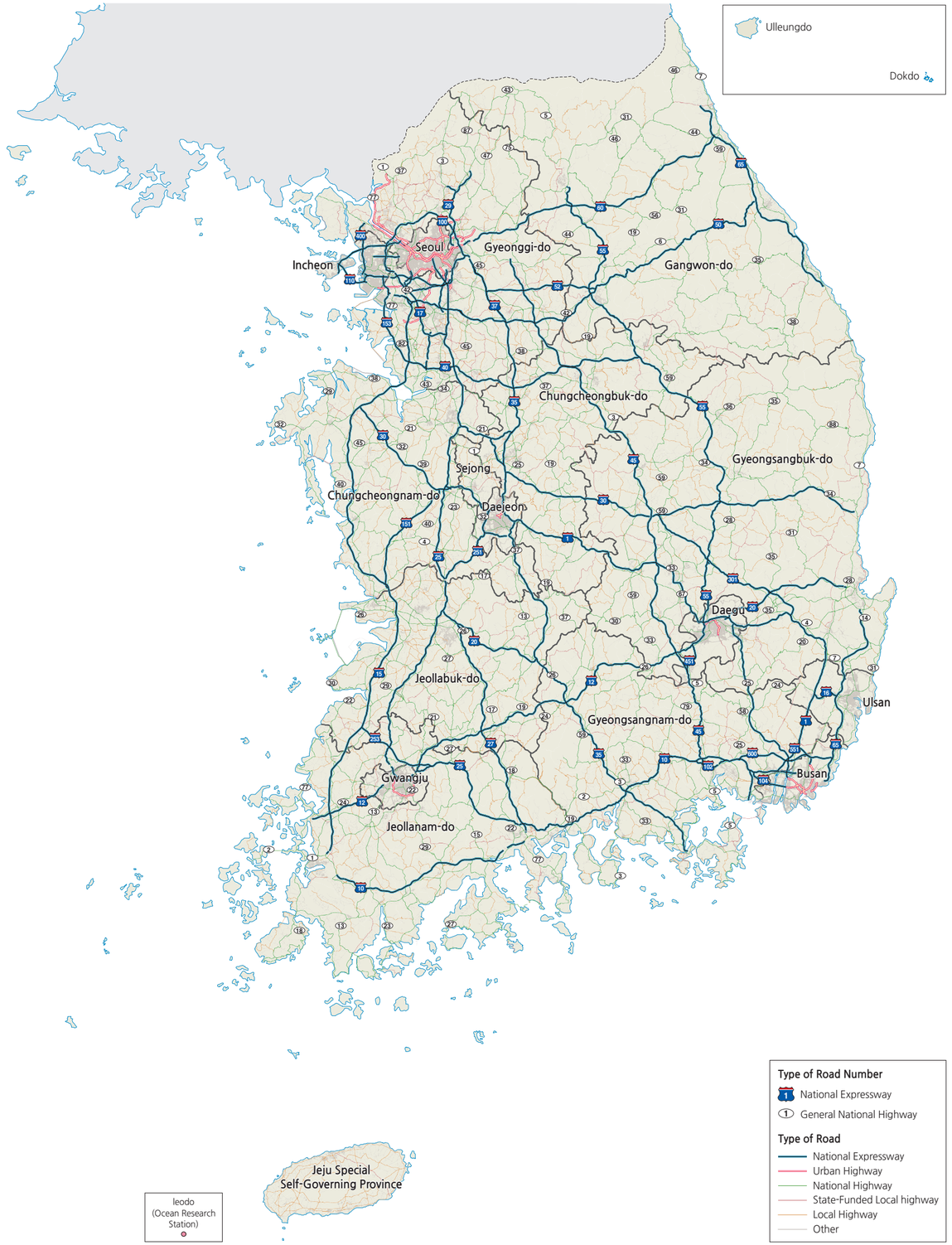
Korail (2020)

Changes in the Number of High-speed Rail Passengers



Korail (2020)

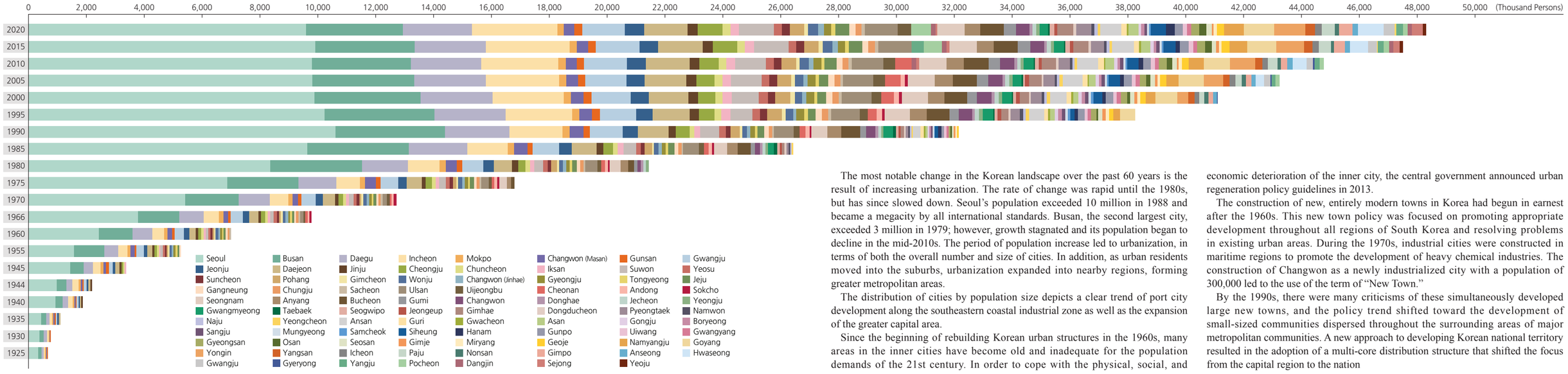
National Expressways



Korea Expressway Corporation (2020)

Urban Geography

Changes in Urban Population



The most notable change in the Korean landscape over the past 60 years is the result of increasing urbanization. The rate of change was rapid until the 1980s, but has since slowed down. Seoul's population exceeded 10 million in 1988 and became a megacity by all international standards. Busan, the second largest city, exceeded 3 million in 1979; however, growth stagnated and its population began to decline in the mid-2010s. The period of population increase led to urbanization, in terms of both the overall number and size of cities. In addition, as urban residents moved into the suburbs, urbanization expanded into nearby regions, forming greater metropolitan areas.

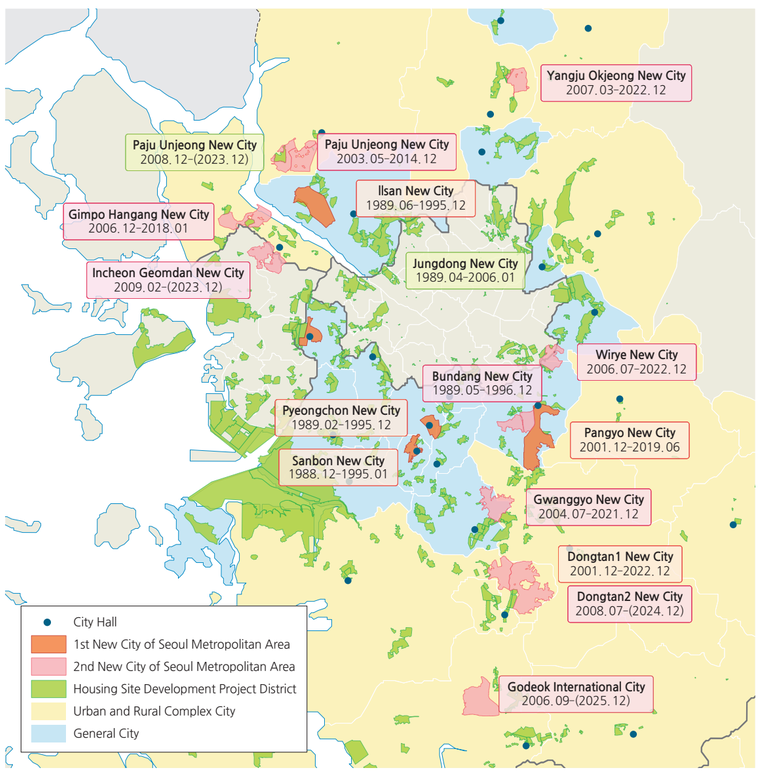
The distribution of cities by population size depicts a clear trend of port city development along the southeastern coastal industrial zone as well as the expansion of the greater capital area.

Since the beginning of rebuilding Korean urban structures in the 1960s, many areas in the inner cities have become old and inadequate for the population demands of the 21st century. In order to cope with the physical, social, and economic deterioration of the inner city, the central government announced urban regeneration policy guidelines in 2013.

The construction of new, entirely modern towns in Korea had begun in earnest after the 1960s. This new town policy was focused on promoting appropriate development throughout all regions of South Korea and resolving problems in existing urban areas. During the 1970s, industrial cities were constructed in maritime regions to promote the development of heavy chemical industries. The construction of Changwon as a newly industrialized city with a population of 300,000 led to the use of the term of "New Town."

By the 1990s, there were many criticisms of these simultaneously developed large new towns, and the policy trend shifted toward the development of small-sized communities dispersed throughout the surrounding areas of major metropolitan communities. A new approach to developing Korean national territory resulted in the adoption of a multi-core distribution structure that shifted the focus from the capital region to the nation

New Town (Housing Site Development)

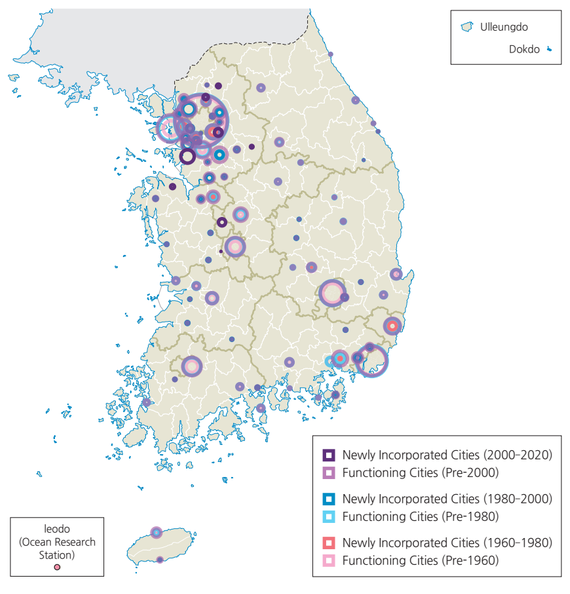


Pyeongchon

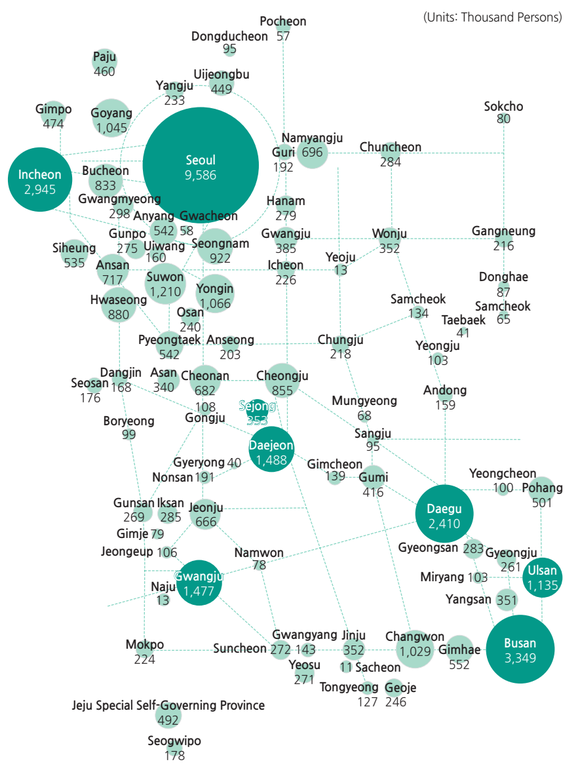
Bundang

Gimpo Hangang

Spatial Pattern of Cities



at large, thereby allowing more balance among regions. This approach to decentralization can be seen in projects such as the construction of multiple "Enterprise Cities" in the late 2000s that were key to the government strategy of fostering five mega-regional economic zones and two individual economic zones. The goal was to provide a broader distribution of development initiatives that might help to create competitive agglomeration economies. The main strategy was to attract private investments in order to expand the growth potential of each mega-regional economic zone.



Economy and Industry

Samsung D'light is a showroom that displays all the latest innovations for Samsung electronic products.

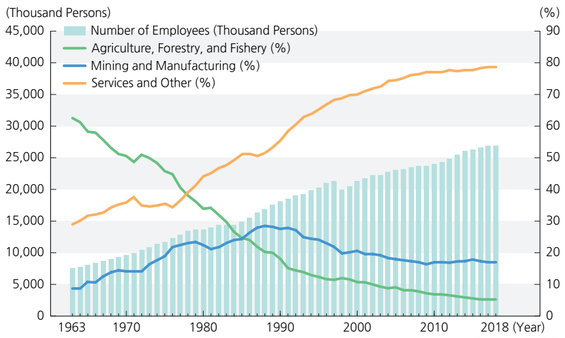
The story of Korea's economic development is remarkable. Prior to the 1960s, South Korea was one of the poorest nations. But after several decades of rapid growth (see the chart below), South Korea now ranks among the world's most powerful economies. According to the World Bank (2014), Korea's gross domestic product (GDP), the total value of everything produced, was ranked 12th in the world in 2014 at 1 trillion won, or 1,410 billion US dollars. In terms of international trading, the highest volume of exports went to China, followed by the United States, Japan, Singapore, and Vietnam. Meanwhile, China was also the country from which Korea received the most imports, followed by Japan, the United States, and Saudi Arabia. China has been Korea's most important trading partner since 2007.

South Korea has followed a common trend that has occurred in many industrialized countries as their economy grows. Primary industries (such as agricultural, forestry, and livestock industries) are the most important at the outset, but over time they make up a smaller and smaller percentage of the total national production, as secondary industries (such as manufacturing) increase in importance. Then, as manufacturing declines in relative importance, the service industries grow. Service industries provide non-material products including commerce, food and lodging, tourism, transportation, communication, finance, real estate, health and medical care, and so forth. Service activities are diverse, varying from simple labor to complex knowledge dissemination, and from satisfying individual needs to assisting with various other production activities.

Compared to other developed countries, the shift away from primary industries occurred rapidly in Korea. Agricultural production fell from 40% to 7% of national production in only 26 years in Korea, compared to 100 years in Britain, the Netherlands, and Denmark, and over 90 years in the United States, Germany, and France. In Japan, this shift took close to 73 years. In South Korea, manufacturing reached its peak in the 1990s; currently service industries are growing and have become the main foundation of the Korean economy. The economic sectors of agriculture, forestry, fishery, mining, and manufacturing have continued to decline since 1993, while service sectors have increased.

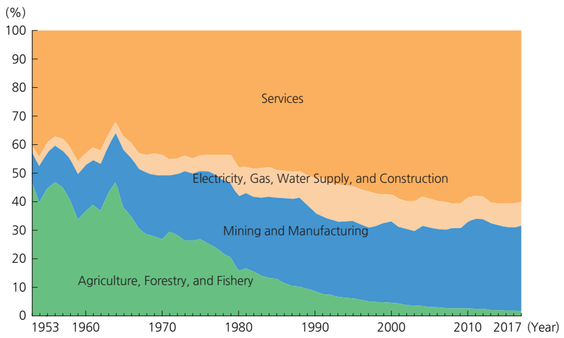
The decline and structural changes in the primary industries did not occur uniformly across regions. Most rural areas did not have enough local jobs to absorb the surplus agricultural labor force. Therefore, there was mass migration to the cities, with almost no migration to rural areas. As a result, there are still some areas that maintain a high proportion of employment in the primary industries. During the early industrialization stage in the 1960s, Seoul was the most important manufacturing center in the country. Since the 1980s, however, manufacturing has become suburbanized and decentralized outside of the Greater Seoul Metropolitan area.

Change in Industrial Structure



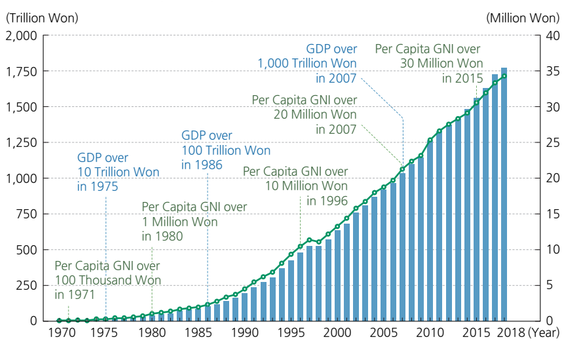
Statistics Korea (2019)

Share of Value Added by Industry



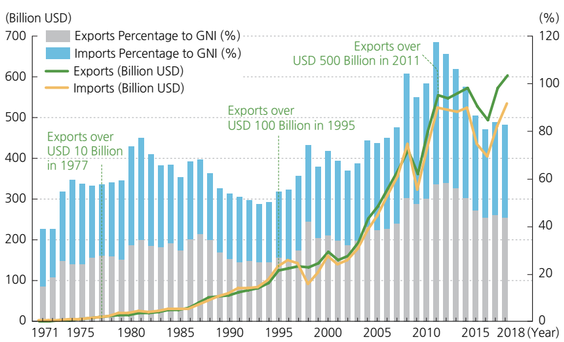
The Bank of Korea (2019)

Growth of GDP and per Capita GNI



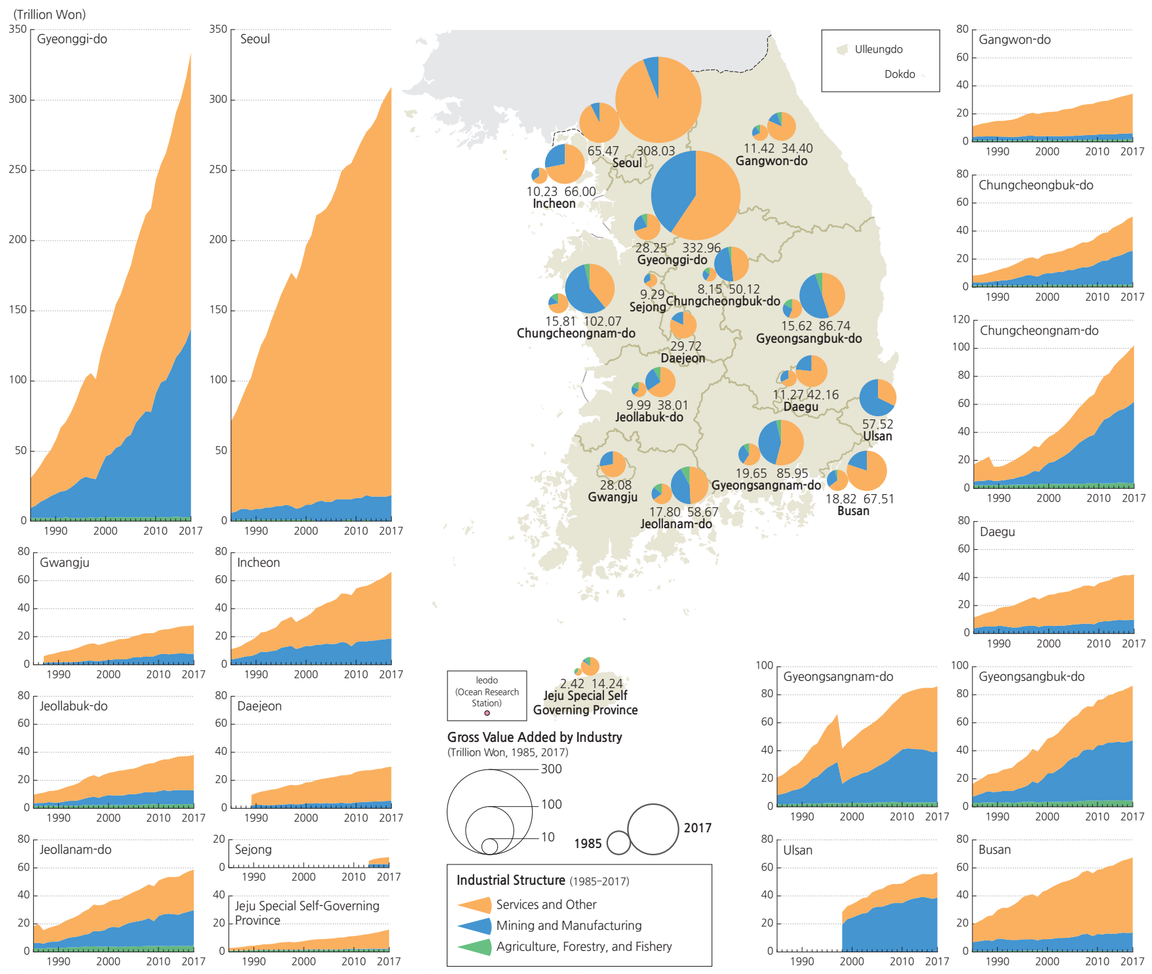
The Bank of Korea (2019)

Growth of Export and Import



The Bank of Korea (2019), Korea International Trade Association (2019)

Growth of Gross Regional Value Added by Industry



• Note: The region with only one diagram indicates GRVA in 2017. •• Note: The price is based on the year 2005.
Statistics Korea (2019)


Traditional Farmng in a Rice Paddy

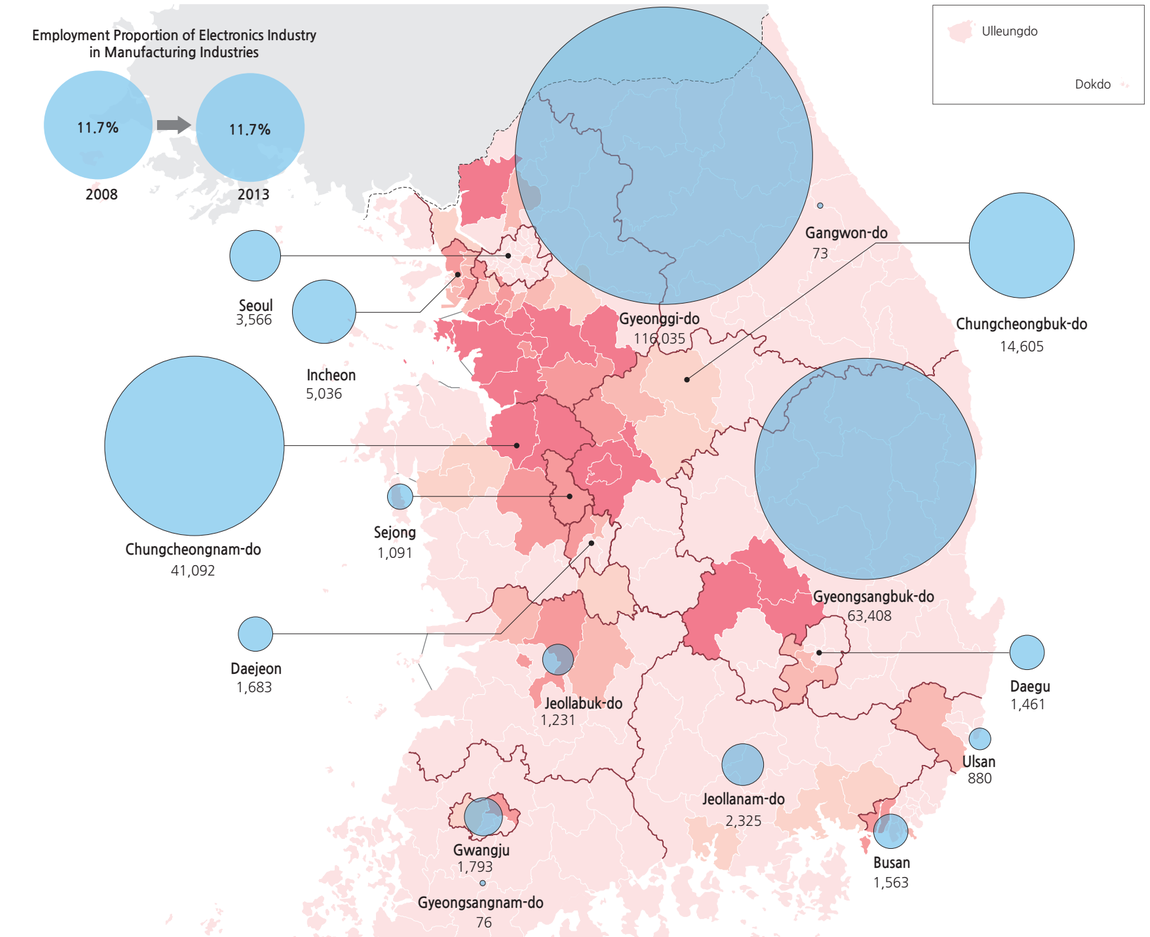
The Hyundai Automobile Assembly Plant and Office Building in Ulsan

A Large Number of Cars Waiting to be Loaded onto a Shipping Vessel Bound for Overseas Markets


Software Developer

Technology and the Electronics Industry

Electronics Industry (2013)



Statistics Korea (2013)

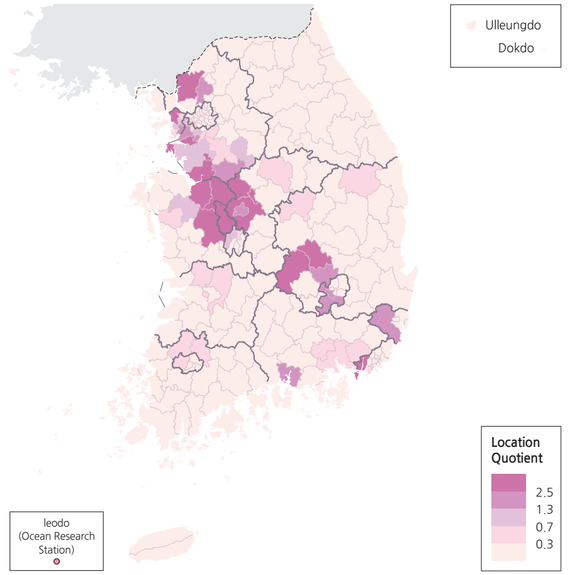
In the 1980s, the electrical and electronics industries, which centered on household electrical appliances as well as industrial products, were the driving force of the Korean economy. Major sectors were the household electronic appliance industry, semiconductor industry, computer and telecommunication industry, and electronic components industry.

These trends have continued. Location quotients for electronic industries (indices for quantifying how concentrated an industry is by location) indicate that the regional concentrations are clearly in Gyeonggi-do, Chungcheongnam-do, and Gyeongsangbuk-do. The dense concentration of this industry reflects economies of scale and associations old companies rely on and new firms use to grow. In many such high value product sectors, rapid communication contributes to success.

Communication and broadcasting apparatus includes wire communication such as mobile phones. The category mapped as “semiconductor manufacturing” includes electronic integrated circuits, diodes, transistors, and similar semiconductor devices.

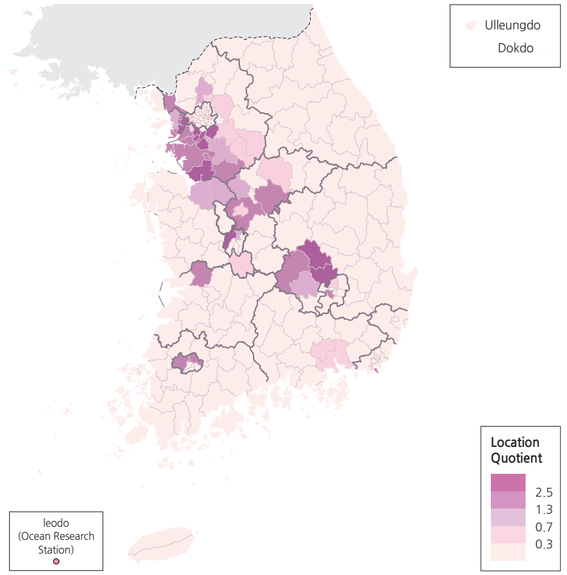
The next generation semiconductor industry designs and manufactures semiconductors that are used as cutting-edge core industries, such as artificial intelligence robots, virtual reality or augmented reality contents, autonomous vehicles, and next generation mobile communications. Subdivisions within the next generation semiconductor manufacturing sector are memory semiconductors, system semiconductors, semiconductor manufacturing processes and facilities, and semiconductor materials.

Electronic Components Industry



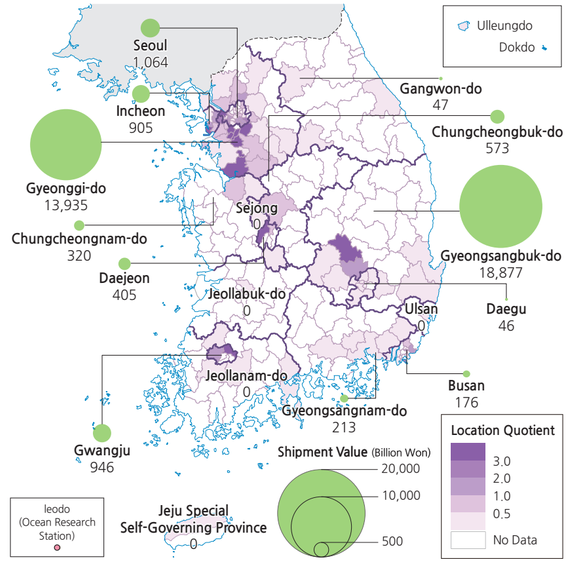
Statistics Korea (2013)

Computer and Telecommunication Industry



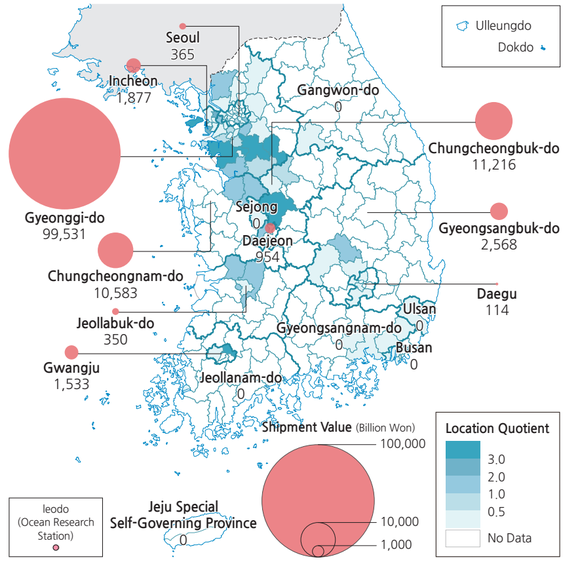
Statistics Korea (2013)

Communication and Broadcasting Apparatuses Manufacturing (2019)

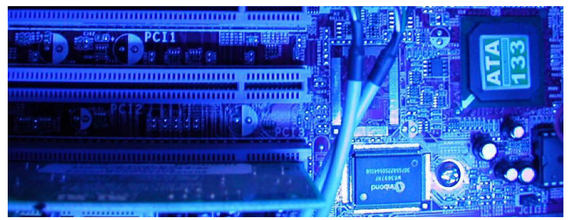


Statistics Korea (2019)

Semiconductor Manufacturing (2019)

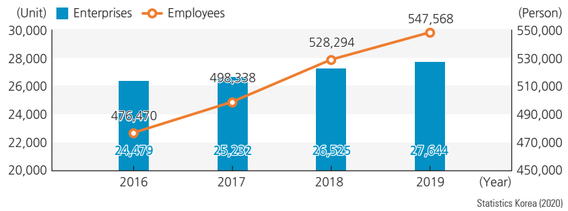


Statistics Korea (2019)



Computer Board

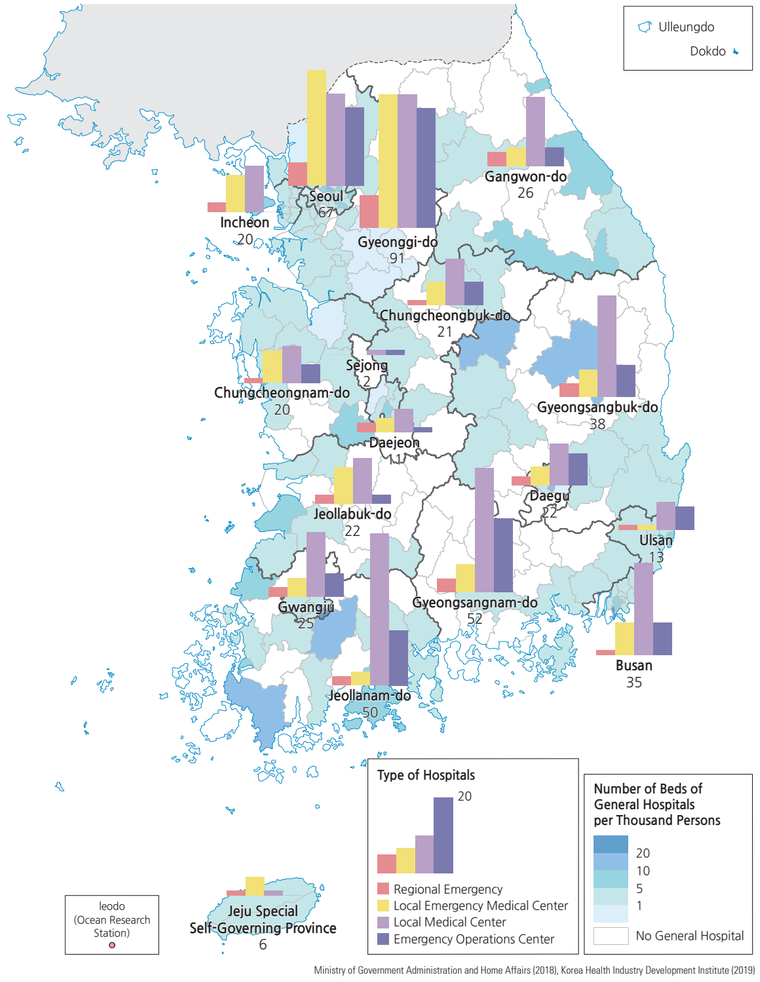
Changes in Next Generation Semiconductor Industry



Statistics Korea (2020)

Public Health

Number of Beds of General Hospitals and Distribution of Emergency Hospitals

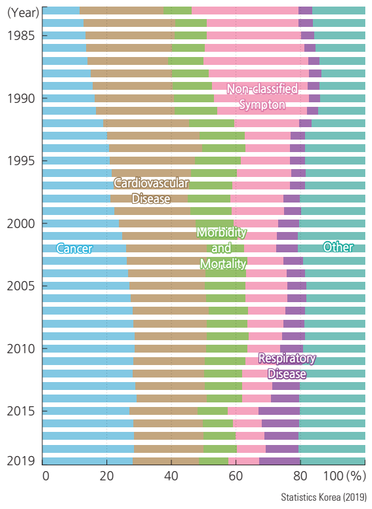


Ministry of Government Administration and Home Affairs (2018), Korea Health Industry Development Institute (2019)

The expansion of modern medical science in Korea has paralleled economic growth over the last half century. With an abundance of well-trained medical personnel, high-tech equipped medical facilities, and a systemically maintained health screening system, life expectancy in Korea is among the highest compared with other nations around the world. Through the introduction of a universal health insurance system, all citizens enjoy the benefits of health insurance. Medical expenses have increased, however, due to an aging population and health span (the number of years that one lives in good health) that is shorter than it is for other OECD countries.

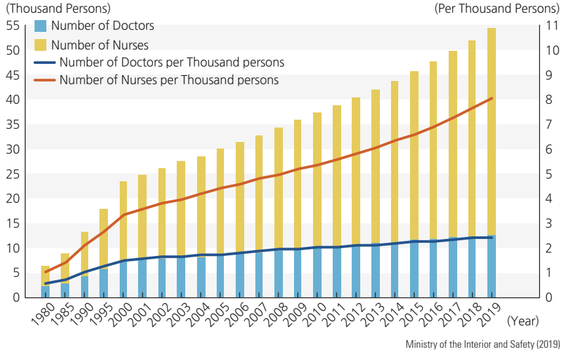
Access to medical care has greatly increased because general clinics have become more evenly distributed nationwide. In contrast, general hospitals continue to be preferentially located in large metropolitan areas. Most medical institutions in Korea are private, comprising around 94% of health institutions, the lowest among OECD countries.

Change in the Causes of Death



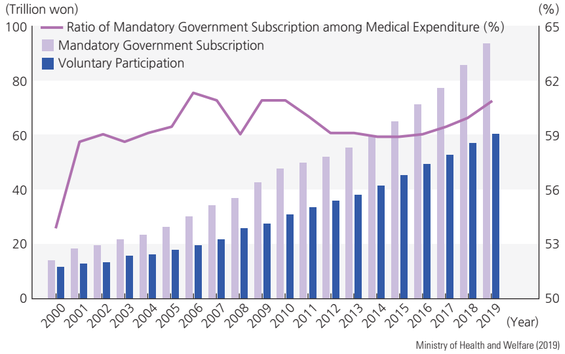
Statistics Korea (2019)

Change in the Number of Medical Personnel per Thousand Persons (1980–2019)



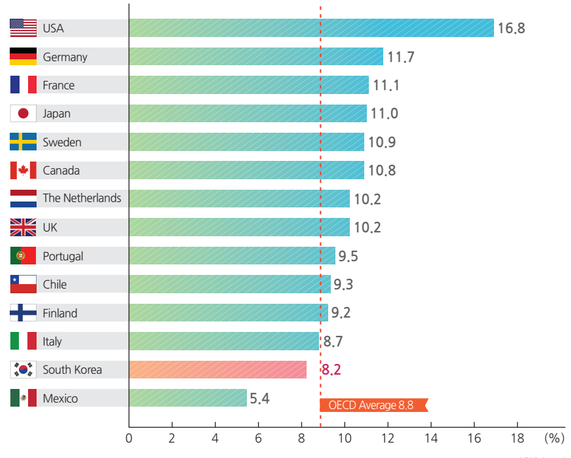
Ministry of the Interior and Safety (2019)

Medical Expenditure (2000–2019)



Ministry of Health and Welfare (2019)

Proportion of Medical Expenditure to GDP in OECD Countries (2019)

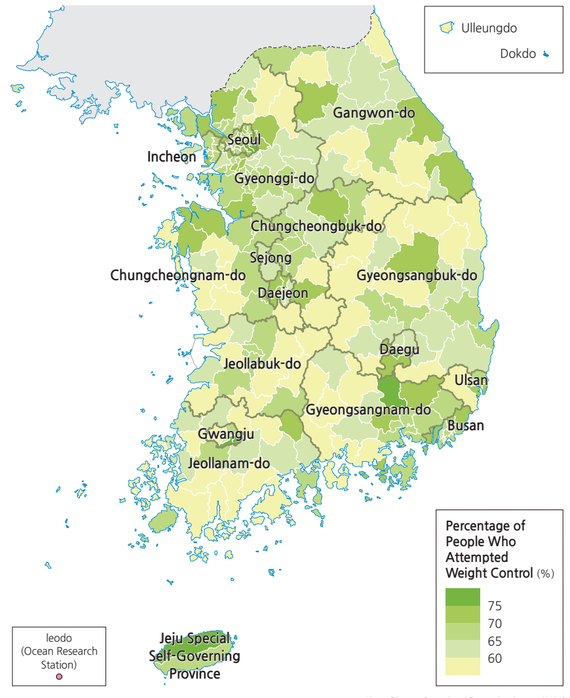


OECD (2021)

Biking is a fun way to get aerobic exercise.

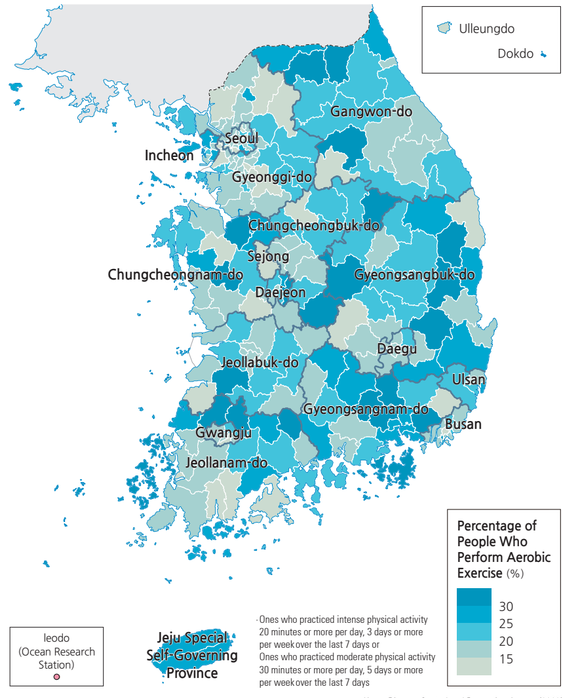
There is a growing awareness of the importance of diet and exercise for maintaining general health and well-being. An emphasis on creating greenspace and walkable, bike-friendly communities helps to foster environments that encourage routine exercise. The geographic patterns of obesity and participation in aerobic exercise are in part reflective of local opportunities for outdoor pursuits. Another factor in obesity rates is the shift toward a Western-style diet, especially among young people, which unfortunately tends to increase rates of obesity.

Weight Control (2020)



Korea Disease Control and Prevention Agency (2020)

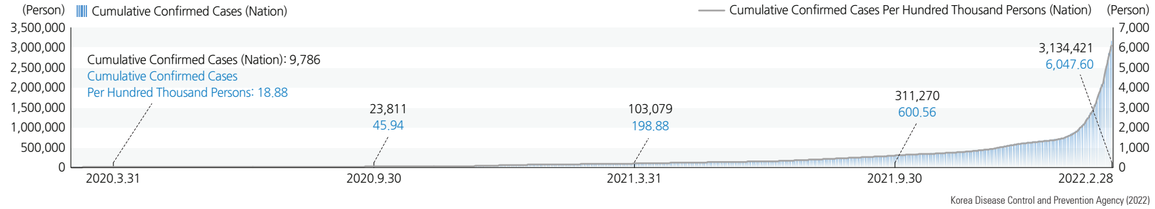
Aerobic Exercise (2020)



- Ones who practiced intense physical activity 20 minutes or more per day, 3 days or more per week over the last 7 days or
Ones who practiced moderate physical activity 30 minutes or more per day, 5 days or more per week over the last 7 days

Korea Disease Control and Prevention Agency (2020)

Cumulative Trend of COVID-19 Confirmed Cases per Hundred Thousand Persons (2020. 3.–2022. 2.)



Korea Disease Control and Prevention Agency (2022)