International Seminar

in commemoration of the 24th Anniversary of KRIHS

Regional Competitiveness and Spatial Policy
- Comparison of Randstad, the Netherlands and the Capital Region of Korea -

September 26, 2002
Seoul, Korea

Jointly organized by

Korea Research Institute for Human Settlements
and
Utrecht University, the Netherlands
International Seminar on
Regional Competitiveness and Spatial Policy
- Comparison of Randstad, the Netherlands and the Capital Region of Korea -

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September 26 (Thursday)
Registration
8:30-8:45 Morning
Westin Chosun Hotel, Grand Ballroom (1st floor)

Opening and Welcome Remarks
8:45-9:00
Dr. Jeong-Sik Lee (President of KRIHS)
Mr. Hein de Vries (The Netherlands Ambassador to Korea)
Mr. In-Tack Lim (Minister of Construction and Transportation)

Session I: The evolution of mega-urban regions from national and international perspective
Chair: Sang-Chuel Choe (Seoul National University)
9:00-10:20
Presentation
Paper1. The morphology of the Randstad: The past and present. 
    Han Lörzing (Netherlands Institute of Spatial Research)
Paper2. The Seoul Metropolitan Region: Spatial Growth Patterns and Planning Issues. Hee-Yun Jung (Seoul Development Institute)

Discussion
Ki-Suk Lee (Seoul National University)
Jin-Ho Choi (Ajou University)

Coffee Break
10:20-10:40

Session II: Regional restructuring and regional competitiveness

Chair: Sang-Chuel Choe (Seoul National University)
10:40-12:00

Presentation
Paper1. Industrial Restructuring and changes in the spatial structure of the Seoul Metropolitan Area. Jae-Wan Huh (Chungang University)
Paper2. Deltametropolis: a new concept and a renewed agenda for the development of the Randstad. Mr. Arjen van der Burg (Ministry of Spatial Planning, Housing and Environmental Protection)

Discussion
Seoung-Hwan Suh (Yonsei University)
Cheol-Joo Cho (Chongju University)

Lunch hosted by Jeong-Sik Lee (President of KRIHS)
12:00-13:40

Session III. Regional governance
Chair: Tai-Joon Kwon (Seoul National University)  
13:40-15:00

Presentation
Won Bae Kim (KRIHS)
Paper2. Rethinking governance with regard to the Randstad region.  
Ton Kreukels (Utrecht University)

Discussion
Myung-Goo Kang (Ajou University)
Myung-Rae Cho (Dankook University)

Coffee Break
15:00-15:20

Session IV. Regional issues and policy responses

Chair: Tai-Joon Kwon (Seoul National University)  
15:20-16:40

Presentation
Paper1. Actual issues and (re)orientations in Randstad policies.  
Ton Kreukels (Utrecht University)
Paper2. Regional issues and policy responses in the Capital Region of Korea. Sang-Woo Park (KRIHS)

Discussion
Won-Yong Kwon (University of Seoul)
Sam-Ock Park (Seoul National University)

Reception hosted by the Netherlands Ambassador Hein de Vries(Cosmos room, 2nd floor)  
17:00-
The morphology of the Randstad: The past and present

Han Lörzing
Netherlands Institute of Spatial Research
Eindhoven University of Technology

1. A short history of the Randstad

It is a well-known fact that the Randstad conurbation in the Western part of the Netherlands takes the shape of a giant horseshoe, about 70 kms in diameter and opening toward the Southeast. However, the reasons why this unique form ever originated and how it survived a period of unprecedented urban growth during the 20th century are less familiar.

The Netherlands is, by European standards, a young country. At the beginning of the Christian Era, half of the country was exposed to permanent flooding, while the other half was only sparsely populated woodland. The Western part of the country, better known as "Holland" in the strict sense, was in fact a large swamp, gradually filled up with organic material known as peat. Practically all of the area which is now called the Randstad lay (and still lies) below sea level, with a narrow coastal dune ridge in the West and the hills of Utrecht Ridge in the East as the only exceptions.

In Medieval times, roughly from the year 1100, large parts of the Western peat bogs of the Western Netherlands were drained and made available for human settlement and agriculture, due to improved technology. As the peat soils were drained, they started to subside; a process which, over the centuries, made the surface of the land gradually sink by several meters. As a result, the rivers and their banks, consisting of sand and clay which both are more resistant to subsidence than peat soils, ended up as high-lying ribbons in an ever lower-lying country. So, paradoxically, the geographical situation in the Western Netherlands became one of rivers and streams being the highest points in the landscape. Unusual as it may sound, in Holland one can get a panoramic view of the country-side from the river bank.

This unusual situation offers an important explanation for the present shape of the Randstad. After all, with most of the land lying well below sea level, the founding of towns was restricted to the relatively high river banks. Furthermore, trade routes in a water-rich country like the Netherlands were mostly water-based which supported the
choice for the river banks. Practically all cities that make up the present-day Randstad Holland were founded along rivers, linked by water and separated by large peat bogs that were inhabitable but not able to support larger settlements than small rural villages. Many of these cities originated in places where one river joined another, usually after a dam was built to close off the peat land river from the larger stream. This explains why we still find so many names ending with "-dam" like Amsterdam and Rotterdam.

2. A group of complementary cities

As a second important explanation for the present structure of the Randstad, we should examine the hierarchy between its cities, or rather the lack of it. In many other European examples of large urban areas, we find a clear top position in the urban hierarchy for the central city. Paris in the Seine basin, London in Southeast England and Moscow in Central Russia are practically synonymous with the larger urban area around them, even in cases like Paris where the population of the central city is hardly more than one tenth of the agglomeration as a whole.

Map 1: history of the Randstad, important cities in 1675

The Randstad, obviously, is different. As map 1 shows, the cities in the Western Netherlands have been distributed rather evenly in the area between the Zuyderzee in the Northeast and the Delta in the South. From a purely geographical point of view, it is
virtually impossible to speak of a central city in the Western Netherlands. Of course, these cities differed substantially in population: Amsterdam, a relatively "new town" between the other Randstad cities, became the largest city in Holland (and in all of the Netherlands) during the economic boom period in the 16th century. Still, this does not mean that Amsterdam was on its way to become the undisputed central city within the Randstad.

<Table 1>Cities in the Randstad, historical situation

<table>
<thead>
<tr>
<th>City</th>
<th>Founded (approx.)</th>
<th>Population in 1675</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utrecht</td>
<td>800</td>
<td>25.000</td>
<td>University town, trade, religious center</td>
</tr>
<tr>
<td>Amsterdam</td>
<td>1250</td>
<td>200.000</td>
<td>Sea port, center of international trade</td>
</tr>
<tr>
<td>Haarlem</td>
<td>1150</td>
<td>40.000</td>
<td>Industry, center for the arts</td>
</tr>
<tr>
<td>Leiden</td>
<td>1150</td>
<td>65.000</td>
<td>Industry, university town</td>
</tr>
<tr>
<td>The Hague</td>
<td>1250</td>
<td>&lt;25.000</td>
<td>Administrative and political center</td>
</tr>
<tr>
<td>Gouda</td>
<td>1250</td>
<td>&lt;25.000</td>
<td>Industry</td>
</tr>
<tr>
<td>Delft</td>
<td>1200</td>
<td>&lt;25.000</td>
<td>Industry</td>
</tr>
<tr>
<td>Rotterdam</td>
<td>1250</td>
<td>45.000</td>
<td>River port, industry, trade</td>
</tr>
<tr>
<td>Dordrecht</td>
<td>1150</td>
<td>&lt;25.000</td>
<td>River port, trade, religious center</td>
</tr>
</tbody>
</table>

Table 1 shows that, around 1675 (the heyday of the Netherlands as an economic and political power) Amsterdam was by far the largest city in what is now known as the Randstad. The city characteristics in the last column, however, support the idea that the sheer size of Amsterdam did not necessarily mean that other cities played an insignificant role in this part of the country. On the contrary, some characteristics like politics, religion and certain industries (like cloth manufacturing in Leiden and food processing in Gouda) gave other cities an important place in the Western Netherlands.

This phenomenon is not just a matter of socio-economic significance. We should also see the interdependence of the Randstad cities in terms of power. Within the County of Holland (to which all these cities except Utrecht belonged), the cities were important power bases. Although the situation in Holland can not be compared with the "city states" in Northern Italy that flourished in the Renaissance period, cities were often more important than their sheer size would suggest.

This balance of power between the cities within the Randstad Holland should be considered as one of the most important factors in the creation of this unique urban fabric. The secret is (and to a certain extent still is) that the importance and power of one city was always limited by the fact that other cities were complementary in their own importance and power. Characteristics, lacking in one city, could be found in another city on a short distance. Even in the present situation, with the old cities having become more multifunctional and newer cities filling the gaps between the older ones, we can still find remarkable differences between the characteristics of the Randstad cities.
3. An active planning policy

Together with the peat bog landscape in the center and the urbanization pattern with its group of interdependent cities, 20th century Dutch planning policy offers another explanation for the unusual shape of the Randstad conurbation. In the first half of the 20th century, ideas about town and country planning came up on local and regional level. In and outside the Randstad, we see cities draw up plans for urban extension and even for the future development of the city as a whole. The "General Extension Plan" for Amsterdam (1935) has internationally become a famous example, but it is by no means an exception in its field. Some provinces and regions experimented with regional development plans (streekplannen) in the 1930s.

World War II brought an end to many building activities. This did not mean that the planning system came to a standstill. On the contrary, even during the German occupation, ideas about a nation-wide planning framework were discussed. After the war, reconstruction of war-damaged cities got absolute priority. But soon the ideas about national planning surfaced again, culminating in the founding of an agency commissioned to draw up a National Plan.

Meanwhile, planners and politicians became aware of the unique urban pattern of the Randstad. It is said that the word Randstad Holland was coined by the aviator and founder of KLM Royal Dutch Airlines Albert Plesman, who, flying over the Western Netherlands, was struck by the image of an almost continuous ring of cities around a rural center. The Randstad and its planning problems became the main topic of the First Report (1956) of the Agency for the National Plan. The agency suggested that the cities of the Randstad should not expand into the "Green Heart" but, instead, within the urban ring or even into the outward direction.

The Second Report on Spatial Planning ("Tweede Nota", 1966) took these ideas even further. The Second Report, still famous in planners circles for its bold and visionary strategy, culminated in a blueprint for the development of the nation for the next 35 years. Inevitably, the long-term future of the Randstad played an important role in this vision. The designers of the Second Report paid tribute to the importance and coherence of the Randstad but they also observed a division of the urban ring into two entities: the North Wing (Utrecht, Amsterdam) and the South Wing (The Hague, Rotterdam). Both wings were supposed to avoid any expansion toward the Green Heart. For the North Wing, the recently reclaimed polders in Lake IJssel (IJsselmeer) should offer new territory for urban growth, while the South Wing should mainly develop into the rural area of the Delta to the South. An exception was made for the city of Hague, which had no possibilities for outward extension because of its position on the coast; for this purpose, a new town in the Green Heart (Zoetermeer) was planned.

So, by the end of the 1960s, planning policy for the Randstad was twofold. Apart from the one time exception of Zoetermeer, the cities of the Randstad should keep out of the Green Heart. To accommodate urban growth, the main development of the Randstad
was supposed to radiate outward, especially toward the New Polders and the Delta. Also, it was decided that new towns would be an important feature in the strategy.

To a large extent, this planning policy proved to be fairly successful in the 1970s and 1980s. Two reasons can be given as an explanation. First, the Dutch planning system was firmly supported by the Spatial Planning Act (1962). This legal framework enabled the government to enforce its restrictive policy for the Green Heart. Secondly, we should not underestimate the important role played by the Dutch authorities on all levels in the process of urban extension. Until recently, major urban developments were initiated, designed and implemented by local councils with the help of provincial authorities (assistance in the planning process) and the national government (subsidies for houses, roads and park areas). Cities bought land, drained and often raised the land (by pumping sand on the watery surface!), designed the new neighborhood, built roads and laid out park areas. In many cases, they even built houses, directly or through semi-public bodies known as corporations. The success of this system was certainly supported by the fact that in these days most of houses in urban areas in the Netherlands were rented. Even now, the percentage of owner-occupied property in Amsterdam is no higher than 20%!

4. The present-day Randstad

Looking back on fifty years of planning for the Randstad, it is fair to say that the policy, laid down in the Second Report of 1966 and further elaborated in later planning documents, has been successful. Together, the cities of the Randstad still function as the "heart of the country" each in its own way with its own qualities. Internationally speaking, Amsterdam may be the best-known city of the Netherlands by far, within the country its position is best characterized as "first among its equals". Other cities, especially Hague and Rotterdam, still play a role of their own in sectors that are less developed in Amsterdam.

The lack of hierarchy that played such an important role in the 17th century Randstad, is still manifest at the beginning of the 21st century. The growth of the population of the different cities has made differences even smaller: whereas in 1675 Amsterdam was the only really large city in the Randstad, today the urban areas of Amsterdam and Rotterdam are practically equal in population, with Hague and Utrecht following closely. Table 2 gives an idea of the size and characteristics of the urban areas in the Randstad. The choice to focus on urban areas instead of cities makes sense if we look at Map 2, which shows that, different from the situation in 1675, large and smaller cities and towns have grown together to form urban agglomerations within the Randstad. In cases where urban areas have got a name of their own, the name of the main city is given in brackets.
### Cities and urban areas in the Randstad, present situation

<table>
<thead>
<tr>
<th>Urban area (main city in brackets)</th>
<th>Population in 2000</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utrecht urban area</td>
<td>600.000</td>
<td>Road and rail hub, university town, trade, consultancy, religious center</td>
</tr>
<tr>
<td>Gooi urban area (Hilversum)</td>
<td>200.000</td>
<td>Radio and television, entertainment, residential (&quot;garden city atmosphere&quot;)</td>
</tr>
<tr>
<td>Amsterdam urban area</td>
<td>1.000.000</td>
<td>Tourism, international trade, center for the arts, university town, leisure and lifestyle, banking, corporate headquarters, consultancy, sea port</td>
</tr>
<tr>
<td>Zaanstad urban area (Zaandam)</td>
<td></td>
<td>Industry</td>
</tr>
<tr>
<td>IJmond urban area (IJmuiden)</td>
<td>350.000</td>
<td>Industry, steelworks, sea port, tourism</td>
</tr>
<tr>
<td>Haarlem urban area</td>
<td></td>
<td>Residential (&quot;old town atmosphere&quot;)</td>
</tr>
<tr>
<td>Haarlemmermeer (Schiphol Airport)</td>
<td>125.000</td>
<td>International airport, high-tech industry, trade</td>
</tr>
<tr>
<td>Leiden urban area</td>
<td>300.000</td>
<td>University town, industry</td>
</tr>
<tr>
<td>Alphen a/d Rijn</td>
<td>75.000</td>
<td>Residential (&quot;new town atmosphere&quot;)</td>
</tr>
<tr>
<td>Gouda</td>
<td>100.000</td>
<td>Industry</td>
</tr>
<tr>
<td>The Hague Rijn urban area</td>
<td>875.000</td>
<td>Administrative and political center, corporate headquarters, consultancy, tourism</td>
</tr>
<tr>
<td>Zoetermeer</td>
<td></td>
<td>Residential (&quot;new town atmosphere&quot;)</td>
</tr>
<tr>
<td>Delft</td>
<td></td>
<td>University town, industry</td>
</tr>
<tr>
<td>Rijnmond urban area (Rotterdam)</td>
<td>1.125.000</td>
<td>Sea and river port, international trade, regional airport, industry, corporate headquarters, university town</td>
</tr>
<tr>
<td>Drechtsteden urban area (Dordrecht)</td>
<td>275.000</td>
<td>River port, industry, trade</td>
</tr>
</tbody>
</table>

As we can see, the urban areas of the Randstad together have a population of nearly 5 million. Alphen a/d Rijn and Gouda should not be included, as they lie in the Green Heart. On the other hand, some suburban areas that do not clearly belong to one of the Randstad urban areas should be considered part of the Randstad. If, according to international practice, a "suburban fringe" is included in the metropolitan area, the population of the Randstad will be close to 6 million.
In the Second Report (1966), a number of new towns were introduced as an important tool in the national planning strategy. As a rule, these new towns were situated outside of the Randstad cities, with the exception of the new town of Zoetermeer which, as we mentioned before, was to be built in the east of Hague into the Green Heart. Table 3 gives the most important of these new towns with an indication of their planned size and their present state of development.

<table>
<thead>
<tr>
<th>Name</th>
<th>Started</th>
<th>Planned size</th>
<th>Present size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Houten *)</td>
<td>1975</td>
<td>25.000</td>
<td>40.000</td>
</tr>
<tr>
<td>Nieuwegein</td>
<td>1970</td>
<td>50.000</td>
<td>75.000</td>
</tr>
<tr>
<td>Huizen</td>
<td>1970</td>
<td>50.000</td>
<td>50.000</td>
</tr>
<tr>
<td>Almere *)</td>
<td>1975</td>
<td>250.000</td>
<td>150.000</td>
</tr>
<tr>
<td>Haarlemmermeer *)</td>
<td>1970</td>
<td>75.000</td>
<td>125.000</td>
</tr>
<tr>
<td>Zoetermeer *)</td>
<td>1965</td>
<td>100.000</td>
<td>125.000</td>
</tr>
<tr>
<td>Capelle a/d IJssel</td>
<td>1970</td>
<td>75.000</td>
<td>75.000</td>
</tr>
<tr>
<td>Spijkenisse</td>
<td>1965</td>
<td>100.000</td>
<td>75.000</td>
</tr>
</tbody>
</table>

*) these new towns are still growing substantially

Map 2: the present Randstad, cities and urban areas in 2000
In retrospect, the new towns are definitely a phenomenon of the 1970s and (early) 1980s. In the Third Report (1973-1984), the policy gradually changed toward a strategy that favored the extension and densification of existing cities over the creation of more new towns. Especially densification (intended to intensify the urban fabric in order to insert new housing developments instead of open spaces and industrial wastelands) turned out to be an expensive and time-consuming alternative to the new town concept. Still, after more than a decade of experience, densification of cities provides a substantial part of the demand for new housing in the Randstad.

Existing new towns and densification projects together, however, cannot cope with the ever-growing need for new housing. In the 1990s, the Fourth Report (1988-1994) called for new extensions to the cities in the Randstad. Some of these, which are still under construction in these days, are spectacular in size and design. West of Utrecht, a new residential area for 125,000 inhabitants is being built. This area, known as Leidsche Rijn, will be connected with the old city by a business district that will be built on a viaduct over an existing freeway. On the eastern outskirts of Amsterdam, an archipelago of artificial sand islands is being pumped up to provide a residential area for 100,000 people. This project, called IJburg, is designed to give 21st century Amsterdammers the kind of living environment that has been so typical for the 17th century city: canals, islands and a feeling of wide, open space with a view of surrounding lakes. Even floating houses will be part of this old-and-new urban development.

In the present morphology of the Randstad, we see an ongoing concentration in and near the cities of the Randstad. In spite of serious building activities, the Green Heart is still reasonably preserved. Even if some of the cities in the center of the Green Heart (like Gouda and Alphen aan den Rijn) have grown more than originally foreseen, the average population density of the Green Heart is now approximately 450 inh/sqkm. In itself, this is by no means a low density: in fact, the figure is close to the national average for the Netherlands as a whole. But, to put things in perspective, the density for the Randstad is roughly four times higher than the figure for the Green Heart.

Recent Randstad planning shows a gradual change in policy regarding the preservation of the Green Heart. Although the general concept of the Green Heart as a rural entity in the center of the Randstad is still regarded as official policy, new residential districts, road bound services and commercial activities tend to invade the Green Heart. This phenomenon is partly accepted by the national planning authorities, as the official boundary of the Green Heart (which is indicated on maps in national planning reports!) has been withdrawn in some occasions in favor of the surrounding cities.

Another recent development that is worth mentioning, is the strengthening of ties between different part of the Randstad and nearby urban (or even rural) areas outside. In terms of both commuting and commercial activities, we see rather close relations between the Rijnmond and Drechtsteden urban areas (i.e. Rotterdam and Dordrecht with their environs) on the one hand, and the Western part of Brabant Province on the other. A similar relationship can be found between the Amsterdam area and the North of North Holland Province. The most important relations are shown in Map 3.
What we see happen here is that the old concept of the two Randstad wings (as indicated in the Second Report) is gaining importance as a realistic concept for the beginning of the 21st century. This concept has been further explored in the Fourth Report, which suggested a major urban field covering most of the West and central Netherlands. Although this idea was hardly elaborated in the Fourth Report (and practically abandoned in the recent Fifth Report of 2001), it remained a stimulating thought to imagine a Dutch supercity stretching from Amsterdam and Rotterdam in the West to Arnhem in the East (near the German border) and Eindhoven in the South (near the Belgian border).

5. The Randstad compared

After a planning history of several centuries, the Randstad now shows a unique urbanization pattern that stands out in comparison with patterns of other large conurbations. The horseshoe-like urban ring and the primarily rural Green Heart in the center, provide a typical contrast of city and landscape that is rare among urban areas of similar size.

Finally, I will compare the morphology of the Randstad with three other urban areas in Western Europe. These are Greater London, the Paris Region and the Rhine-Ruhr Area in Germany. Of these, Greater London is by any standard the largest (with a population of well over 10 million), with the Paris Region following closely. The Rhine-Ruhr Area, with some 8 million inhabitants, is still large than the Randstad Holland with its 5-6
million.

Seen from a morphological point of view, the four urban areas can be divided into two groups:

- **Mononuclear** urban areas, built around one, clearly distinguishable central city (Greater London and the Paris region);
- **Multinuclear** urban areas, which consist of a number of cities that, each in its own way, play an important role in the area as a whole (the Rhine-Ruhr Area and the Randstad Holland).

A closer look at the two mononuclear urban areas reveals clear underlying difference.

- The **Greater London** area has a relatively simple morphology, with a core city which has most of the metropolitan function and a large suburban area which is primarily residential in nature. Green belts separate most of the suburban area from the surrounding countryside, where we find a large number of new towns. A similar morphology can be found in and around **Moscow**, where the satellite towns are known as **gorod sputnik**. As this type of urban area has one clear center I suggest to call this type **mononodal**.

- The **Paris Region** however, has a more delicate hierarchy within its urban area. Due to consistent planning since the famous Delouvrier plans from the 1960ies, urban development in this area to a certain extent has been guided toward four new towns (**villes nouvelles** in French). The essential difference with new towns in the UK (and Dutch) examples is that the four new towns of Cergy-Pontoise, St-Quentin-en-Yvelines, Melun-Senart and Marne-la-Vallée are an integral part of the Paris urban fabric. They are not merely residential areas but also play an important role as subcenters in the Paris region, being strong commercial and administrative centers linked with Paris by rapid transit. Examples following the urban pattern of the Paris Region are hard to find, which is at least in part due to the need for a highly developed planning system to implement the chosen solution. The Paris type of urban area can be described as **multinodal**.

Differences between the Randstad Holland and the Rhine-Rhur Area are less obvious. Both conurbations show a remarkable lack of hierarchy in the position of their cities. The real difference can not be found in their urban areas but in their rural surroundings.

- The **Rhine-Rhur Area** is surrounded by rural areas in all directions. New towns, serving as residential satellite cities, are virtually nonexistent. Only a small number of older cities at short distance of the Rhine-Rhur have expanded over the years, notably Krefeld and Wuppertal. Some of the rural areas, especially those to the South of the conurbation, represent a significant scenic beauty (valleys, reservoir lakes, forested hills). The morphology of the Rhine-Rhur Area is typical for relatively “young” urban areas that originated in the coal-and-steel period of the industrial revolution on Europe, roughly coinciding with the late 18th and most of the 19th century. Similar examples can found in the Walloon coal basin in Southern Belgium, the mining region in the North of France and, impressive in its sheer size, the **Donbass** coal and steel belt in the Eastern Ukraine.
Unlike the Rhine-Rhur, the character of the **Randstad Holland** lies in the fact that a large part of the rural surroundings can be found right in the middle of the conurbation, just between its the cities. The reason for this unusual pattern has its roots, as we have seen before, in a unique history. If we ignore the typical shape of the Randstad and its Green Heart, we fine a roughly similar historical situation in Northern Italy and Central Belgium, where powerful and practically independent cities were situated at short distance of each other. Especially the Belgium parallel is interesting, as the conurbation of the cities of Brussels (**Brussel/Bruxelles**), Ghent (**Gent**), Antwerp (**Antwerpen**) and Louvain (**Leuven**) have been indentified as the **Flemish Diamond** (**Vlaamse Ruit**) in the recent Flanders Structure Plan. Just like the Randstad, these four cities are situated around a primarily rural and suburban area.

It is tempting to go through the pros and cons of four types of conurbations as we described before. Still, I would suggest to let this wait until our discussions during the conference, in order to do justice to the professional experience of those present at the conference.

Han Lörzing

Netherlands Institute for Spatial research
Eindhoven University of Technology
The Seoul Metropolitan Region: Spatial Growth Patterns and Planning Issues

Hee-Yun Jung
Seoul Development Institute

Introduction

The Seoul Metropolitan Region (SMR) consists of the central city of Seoul, Inchon city and surrounding Kyonggi province. The conurbation, the total area of 11,753 km², extends outwards within a radius of 70km from the center of Seoul. The population of the SMR in 2000 is 21.3 million which is 46.3% of the total national population within 11.8% of national land. Since the early 1960's at the beginning of the industrialization of Korea, the SMR has been one of the most dynamic and rapidly growing region in the world. Particularly, Seoul as growth engine experienced a tremendous rapid growth and change over the course of the late twentieth century. From a town devastated by the Korean War, it has grown to become a modern metropolis with a population of some 10 million, leading the fast growing economy during the recent decades. Once an unknown regional city, Seoul now ranks among the largest global cities in world city system (Friedmann, 1998). However, though impressive, the abrupt and phenomenal growth of Seoul has caused one of the most acute contemporary growth management problems for the SMR.

A marked process of population de-concentration within the SMR emerged from the middle of the 1980's. Outlying fringe areas within the commuting distance from Seoul began to exhibit a strikingly high rate of growth, receiving overspill population and economic activities from the saturated central Seoul. The population of Inchon and Kyonggi province increased from 4.9 million in 1980 to 8 million in 1990. Supported by the improved transportation network of the SMR, the ensuing urban extension has taken place further into the remote and sparsely populated outlying hinterland. The population of Inchon and Kyonggi grew to 11.4 million in 2000.

On the process of the excess concentration of population and socio-economic activities into
the SMR, the SMR have suffered from intra-regional problems such as housing shortage and overcrowding, high land price and speculation, traffic congestion, air pollution and environmental disruption, urban sprawl, degrading quality of urban amenities and fiscal plight of local governments.

This paper is intended to study the spatial growth patterns of the SMR and to identify key policy issues. For the purpose, the first part of the paper analyses the growth patterns of the SMR including physical growth patterns, population and industrial location patterns as well as urban hierarchy system. The second part addresses inter-regional mobility patterns and related problems of the SMR. This part includes analyses of general traffic patterns, commuting patterns, traffic modes and urban linkage patterns. Based on these analyses, the paper suggests key growth management issues that need to be addressed in the Seoul Metropolitan Region.

**Growth Patterns of the SMR**

*Physical Growth Patterns*

> Figure 1 > Satellite image of SMR, 1985, 2000

The satellite images of 1985 and 2000 give us a sense of how physical development patterns of the SMR have changed. First, the growth pattern of the built-up areas in the SMR clearly shows the process of metropolitanization. While the development of 1985 took place mainly within 25km radial distance from the center of Seoul, recent development is extended to the 40km radial distance from Seoul.
Secondly, recent spatial structure of the SMR exhibits more dispersed development patterns along with major arterial roads. In 1985, development activities were concentrated mainly on Seoul-Inchon corridor and Seoul-Suwon-Pyongteak corridor. Recent development activities show more dispersed patterns along with new development corridors such as Seoul-Songnam-Yongin, Seoul-Koyang-Paju and Seoul-Ichon-Youju. Thirdly, housing land development has taken the form of leap-frogged type sprawl along major arterial roads beyond the Restricted Development Zone (RDZ, otherwise known as green-belt) around Seoul.

In the process of the metropolitanization of SMR, the conversion of agricultural land into urban use has increased significantly, and it has further expanded into the outlying interland. That is, the built-up area of the SMR increased from 777.7 $km^2$ in 1985 to 1,172.6 $km^2$ in 1998 (about 1.5 times). The built-up area of Seoul, Inchon and Kyonggi province has been increased by 22%, 66%, 65%, respectively. In the same period of time, 444 $km^2$ of green and open spaces have been disappeared in the SMR. It is as much as 75% of Seoul's total administrative area (605 $km^2$).

About 2.9 million housing units increased between 1980 and 1999. Among them, about 1.5 million housing units have been provided through the designation of Housing Land Development Areas by the central government. These housing developments have been extended from existing built-up areas to Seoul metropolitan fringe areas at about 30-40km radial distance from the center of Seoul.

On the other hand, private housing developments overflowed into the areas classified as Semi-Agricultural-Forest Zone\(^1\) beyond the RDZ. This was possible because, with the revision of the National Land Use and Management Law in 1993\(^2\), urban development was allowed in dominantly agricultural areas to increase the supply of developable housing land. Many small-scaled private housing developments along the arterial roads in adjacent area of Seoul such as Yongin or Paju occurred in sporadic manner without the necessary provision of urban infrastructure and detailed zoning regulation. Consequently, the conversion of agricultural and forest land to urban uses began to burst out.

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\(^1\) The Semi-Agricultural-Forest Zone is mainly designated for agricultural and forestry uses where planned urban development and necessary urban infrastructure provisions are not explicitly required.

\(^2\) Coming into the late 1980s, the so-called housing crisis was paramount, being coupled with the shortage of affordable housing in terms of quality and price, an upturn of land price and spiraling land speculation which, by then, threatened the economic and social stability of the nation. Thus, the central government took a radical turn by the developing of new towns and large residential estates beyond the greenbelt around Seoul. However, the government soon realized that the National Land Use and Management Law was not permissive enough to develop a large scale urban development in the sub-urban areas of the SMR. The government had to revise the Law to allow urban development on dominantly agricultural areas, and also to increase the supply of developable land beyond the greenbelt.
Population Growth Patterns of the SMR
The growth of the SMR has tended to coincide with industrialization of Korea since the early 1960's (S.Y.Park, 1995). The population of Seoul rapidly increased from 2.4 million in 1960 to 5.4 million in 1970 and 8.4 million in 1980. The annual rate of increase was about 10% between 1960 - 1970 and 5.4% between 1970 -1980, while the annual growth rates of national population in the same periods were 2.2% and 1.9%, respectively. At that time, Korea’s economic growth was well on its way, enjoying successive record-breaking years of foreign trade and national wealth: a 250-dollar GNP per capita in 1970 rose to 1,000-dollar in 1977. At the center of this achievement were Seoul’s export-driven light industries.
Throughout the 1980's, Seoul experienced a marked slow-down in in-migration and increase of out-migration into the outlying suburban areas near Seoul. Although the population growth rate of Seoul tapered off, the absolute size was further on the increase from 8.4 million in 1980 to 10.6 million in 1990. Accordingly, the national share of Seoul's population increased from 22.3% in 1980 to 24.4% in 1990, as contrasted to 18% in 1970 and merely 10% in 1960.
Compared with the population growth of major world cities, Seoul has indeed experienced a rapid and condensed transformation in relatively short periods of time(Figure 2). At the dawn of the twentieth century, when London and New York were mega cities populated by millions, Seoul was an unknown pre-industrial city of some 300,000 residents. A century later, Seoul, with nearly 10 million inhabitants, ranks among the largest cities in the world.

A marked population deconcentration within the SMR emerged from the middle of the 1980's. The outlying fringe areas began to rapidly grow through receiving over-spill population and economic activities from the saturated Seoul, while the trend of growth in Seoul subsequently leveled off. As more people began to move out of Seoul, the '90s witnessed a decline in the absolute size of population in Seoul for the first time; from 10.6

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*Figure 2* Population Growth Trends of Major World Cities
Unit : 1,000 Persons

![Population Growth Trends of Major World Cities](source.png)

Source : Seoul Development Institute, 2002
million in 1990 to 9.9 million in 2000. Seoul's share of the SMR's population also decreased from 62.9% in 1980 to 46.3% in 2000. However, population growth rates of Inchon city and Kyonggi province between 1990 and 2000 exhibit 36.2% and 45.9%, respectively despite of the government efforts to decentralize the SMR. Especially, the share of the SMR's population in Kyonggi province was significantly increased from 29.0% in 1980 to 42.1% in 2000 (Figure 3 and 4).

According to the population growth patterns of the SMR between 1980 and 1990, major development was located mainly within 30km radial distance from the center of Seoul. However, major development of 1990's are mainly outside of 30km radial distance from the center of Seoul with new development corridors such as Seoul-Songnam-Yongin, Seoul-Koyang-Paju and Seoul-Ichon-Yoju (Figure 5).
Recent migration pattern of the SMR shows that the number of inter-regional migration within the SMR is much more than that of the nation as a whole. Particularly, the number of inter-regional migration between Seoul and Kyonggi province mounted up to 3.96 million in the period of 1995 to 1999. This is quite an interesting phenomenon because internal migration has been dominated by the centripetal movement of population from all over the country towards Seoul and the SMR. The net out-migration from Seoul to Inchon (81 thousand) and Kyonggi province (1.03 million) reached 1.1 million between 1995 and 1999. While the number of in-migration to Inchon city is similar to that of out-migration from Inchon city, the net in-migration to Kyonggi province mounted up to 1.1 million during the same period of time.

Cities receiving large amount of net out-migration from Seoul are mainly found to be new towns and Housing Land Development Areas of Kyonggi province within 30km radial distance from the center of Seoul. While the number of out-migration from Seoul is significant, the number of net in-migration has a decreasing tendency. Whereas the number of net in-migration to Inchon city has shown somewhat constant, that of net in-migration to Kyonggi province has an increasing tendency again in recent years (Figure 6 and 7).

As population has concentrated into the SMR, the population density of the SMR has consistently been increased. In 1999, the net population density, measured by the built-up areas of the SMR, is 245 persons/ha; 293 persons/ha in Seoul; 173 persons/ha in Inchon; and 225 persons/ha in Kyonggi province. While the net-population density of Seoul has a decreasing tendency, that of Inchon city and Kyonggi province show tendency to increase constantly since 1990.


Compared with the population density (based on the administrative area) of major cities in
the world, that of Seoul in 2000 (164 persons/ha) was 1.3 times that of Tokyo (23 special wards) and 1.7 times the density of New York city (Table 1).

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Population Densities of Major World Cities^3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Seoul</td>
</tr>
<tr>
<td><strong>Urban Area</strong></td>
<td></td>
</tr>
<tr>
<td>Area (㎢)</td>
<td>605</td>
</tr>
<tr>
<td>Population (mil.)</td>
<td>9.9</td>
</tr>
<tr>
<td>Population Density (/ha)</td>
<td>163.6</td>
</tr>
</tbody>
</table>

| **Metropolitan Region** | | | | | |
| Area (㎢) | 11,753 | 13,494 | 26,976 | 12,072 | 32,792 |
| Population (mil.) | 21.4 | 33.5 | 18.2 | 11.0 | 29.3 |
| Population Density (/ha) | 18.2 | 24.8 | 6.8 | 9.1 | 8.9 |

Source: Seoul Development Institute, 2002

Considering 27.5% of Seoul's area is designated as the RDZ, it is clear that Seoul is relatively over-crowded. While the population density of the SMR (18.2 persons/ha) is much higher than those of the London (6.8 persons/ha), New York (8.9 persons/ha) and Paris (9.1 persons/ha) metropolitan areas, it is somewhat lower than the population density of Tokyo metropolitan area (24.8 persons/ha). This is largely because Tokyo metropolitan area is situated on the Kanto plain which is flatland areas.

**Industrial Location Patterns of the SMR**
The absolute size of business establishments and employment in Seoul showed an increasing tendency between 1981 and 1996 (i.e.360,000 of business establishments and 2.4 million of employment in 1981; 700,000 and 4.1 million in 1996). In 1997 and 1998, however, Seoul experienced a dramatic decrease in the employment (10% to 20% decrease compared to the year 1996) due to foreign exchange crisis at the end of 1997. Currently, the

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3 Notes:
1. Seoul: Urban area - City of Seoul; Metropolitan Region - City of Seoul, Inchon City and Kyonggi Province.
2. Tokyo: Urban area - Ward area including 23 wards; Metropolitan Region - Ward area, Tama area, and 3 prefectures of Sitama, Chiba and Kanagawa.
3. London: Urban area - Greater London; Metropolitan Region - Southeast Region
4. Paris: Urban area - Paris and Petite-Couronne containing 3 departments of Hauts-de-Seine, Seine-Saint-Denis and Val-de-Marne; Metropolitan Region - Ile-de-France.
number of business establishments and employment in Seoul is on the increase from 660,000 and 3.4 million in 1998 to 720,000 and 3.6 million in 2000. As the population of Inchon and Kyonggi province has rapidly increased, the employment of those regions has also rapidly grown. Especially, the employment of Kyonggi province has markedly increased with annual growth rates of 14% between 1981 -1991 and 6.1% between 1991 -2000. The share of employment in the SMR has maintained a half of national total since 1980, while the share of Seoul's employment to total employment in the SMR has been consistently decreased from 72% in 1981 to 63% in 1991 and 54% in 2000. On the other hand, the share of employment of Kyonggi province has increased from 22% in 1981 to 29% in 1991 and 36% in 2000 (Figure 8 and 9).

*Figure 8* No. of Employment by Regions  
*Figure 9* Employment shares of the SMR by Regions

The employment shares of the SMR by major industries in 2000 are shown in Table 2. Construction, wholesale and retail trade, transport, storage & communication, producer service and business service are concentrated in Seoul. On the other hand, the major industries of Kyonggi province are identified such as manufacturing, electricity, gas & water supply, public administration service, and other social & personal service. Inchon is specialized on the industry of manufacturing, and electricity, gas & water supply.

While factories, assembly lines and branch offices have a decentralization tendency from Seoul, head offices of firms, regardless of industrial sectors, tend to agglomerate in Seoul. Considering the head office share of Seoul by employment, Seoul still functions as dominant job center of white-collar and location of head offices of business firms. These industrial structures also indicate the spatial division of labor within the SMR.

## Table 2: No. of Employment by Region(2000)

| Industry                        | Seoul       | Inchon      | Kyonggi     | SMR        | Seoul        | Inchon      | Kyonggi     | SMR        | Head Office | Seoul        | Inchon      | Kyonggi     | SMR        |
|---------------------------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|------------|------------|
| AGRICULTURE AND FORESTRY        | 0.5         | 0.2         | 2.3         | 2.9        | 0.3         | 0.1         | 0.8         | 1.2        | 0.5         | 0.2         | 2.3         | 2.9        | 0.3        | 0.1        | 0.8        | 1.2        |
| MINING AND QUARRYING            | 1.2         | 0.6         | 1.7         | 3.5        | 1.2         | 0.6         | 1.7         | 3.5        | 1.2         | 0.6         | 1.7         | 3.5        | 1.2        | 0.6        | 1.7        | 3.5        |
| MANUFACTURING                   | 368         | 237         | 845         | 1,650      | 176,646     | 237         | 845         | 1,650      | 176,646     | 237         | 845         | 1,650      | 176,646    | 237        | 845        | 1,650      | 176,646    |
| ELECTRICITY, GAS AND WATER SUPPLY| 11          | 3           | 9           | 23         | 2,872       | 0           | 23          | 1,427      | 2,872       | 0           | 23          | 1,427      | 2,872      | 0          | 23         | 1,427      | 2,872      |
| CONSTRUCTION                    | 237         | 17          | 77          | 331        | 48,744      | 0           | 23          | 2,499      | 48,744      | 0           | 23          | 2,499      | 48,744     | 0          | 23         | 2,499      | 48,744     |
| WHOLESALE AND RETAIL TRADE      | 817         | 100         | 356         | 1,273      | 62,815      | 77          | 331         | 55,346     | 62,815      | 77          | 331         | 55,346     | 62,815     | 77         | 331        | 55,346     | 62,815     |
| HOTELS AND RESTAURANTS          | 363         | 70          | 256         | 688        | 6,732       | 137         | 272         | 7,141      | 6,732       | 137         | 272         | 7,141      | 6,732      | 137        | 272        | 7,141      | 6,732      |
| TRANSPORT AND TELECOMMUNICATIONS| 270         | 43          | 125         | 439        | 32,603      | 2,246       | 7,132       | 41,981     | 32,603      | 2,246       | 7,132       | 41,981      | 32,603     | 2,246      | 7,132      | 41,981     |
| FINANCIAL INSTITUTIONS, INSURANCE AND REAL ESTATE | 369 | 40 | 137 | 505 | 57,007 | 1,171 | 4,856 | 63,054 | 369 | 40 | 137 | 505 | 57,007 | 1,171 | 4,856 | 63,054 |
| PUBLIC, SOCIAL WORK AND CULTURAL ACTIVITIES | 510 | 102 | 382 | 994 | 14,087 | 1,162 | 5,431 | 20,680 | 510 | 102 | 382 | 994 | 14,087 | 1,162 | 5,431 | 20,680 |
| OTHER COMMUNITY, REPAIR AND PERSONAL SERVICE ACTIVITIES | 169 | 37 | 125 | 331 | 7,806 | 219 | 1,025 | 9,050 | 169 | 37 | 125 | 331 | 7,806 | 219 | 1,025 | 9,050 |


Note: * Employment shares of the SMR by Regions
** Employment share of the SMR to National Total

### Urban Hierarchy System of the SMR

Average employment share of population in the SMR was about 28% in 1998. That of Seoul was 33%; Inchon 23%; and Kyonggi province 23%. Seoul CBD and southeastern part of Seoul seem to have sustainable job base. In these areas, the employment share of population is more than 50% with high employment density. Western part of Inchon and southwestern region of Kyonggi province (i.e. Ansan, eastern part of Suwon, Kimpo etc.) also show relatively stable job base in terms of employment share to their populations. These regions are so-called employment centers of the SMR. However, most suburban areas located in inner-ring of the SMR show shrinking job-base (Figure 10 and 11).
As shown in Table 3, the job-housing balance ratio of Seoul has a tendency to increase from 1.03 in 1980 to 1.15 in 1997. Particularly, the job-housing balance ratio of the Seoul's CBD (4.6) and southeastern region of Seoul (1.59) is comparatively high. However, the job-housing balance ratio of Kyonggi province has a tendency to decrease since 1980. Especially, the ratios of cities located within 30km radial distance from the center of Seoul exhibit less than 1, which means a lack of self-sufficiency or bed-towns. The job-housing balance ratio of Inchon city has been slightly less than 1 and there has been no visible change of the ratio since 1990.

**Table 3** Job-Housing Balance by Regions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Seoul</td>
<td>1.03</td>
<td>1.09</td>
<td>1.12</td>
<td>1.15</td>
</tr>
<tr>
<td>Inchon</td>
<td>0.97</td>
<td>0.89</td>
<td>0.90</td>
<td>0.89</td>
</tr>
<tr>
<td>Kyonggi</td>
<td>0.92</td>
<td>0.85</td>
<td>0.86</td>
<td>0.84</td>
</tr>
</tbody>
</table>

Government of Kyonggi Province, Report on Household Travel Survey, 1998
Note: Job-Housing Balance = Employment No. by workplace/Employment No. by residence
The current urban hierarchy system of the SMR is analyzed by Benison's Method. The analysis shows that Seoul still plays a role of the metropolitan center as well as national with strikingly high primacy. The centrality index of Seoul (3,240) is about eight times as high as that of Inchon which has the second highest index (388). Inchon and Suwon (155 of the centrality index, respectively) could be classified as sub-centers of the SMR. Songnam, Puchon, Anyang, Ansan and Koyang within 30km radial distance from Seoul and Pyongtaek, Yangpyong outside of 50km radial distance are found to be regional centers according to their centrality indices (Figure 12).

<Figure 12> Urban Hierarchy by Centrality Index

Mobility Patterns of the SMR

General Traffic Patterns of the SMR
In 1997, number of total trips for all purposes in the SMR is 43 million per weekday. Number of trips per capita is 2.16. If number of trips for returning home is excluded, 31.9% of the total trips is trips for commuting, 20.1% for school, 16.8% for business, 14.4% for personal matters, 8.5% for entertainment and recreation and 8.4% for shopping. Number of interregional trips among Seoul, Inchon and Kyonggi Province in the SMR reaches to 2.9
million excepting trips for returning home. Of these trips, 48.9% is for commuting, 20.5% for business, 12.1% for personal matters, 8.0% for school, 6.5% for entertainment and recreation, and 3.8% for shopping (Figure 13 and 14). That is, about one-half of all interregional trips are made for commuting.

![Figure 13] Proportion of Trip Purposes in the SMR (except trips for returning home)

![Figure 14] Proportion of Interregional Trip Purposes in the SMR (except trips for returning home)

Source: Government of Kyonggi Province, Report on Household Travel Survey, 1998

Number of total trips by all modes in the SMR is about 48 million per weekday. Number of trips by modes per capita is 2.24. 28.5% of the trips is trips by bus, 26% by automobile, 11.1% by subway and suburban rail, and 8.9% by taxi, respectively. For interregional trips by modes, 43% is by car, 25% by bus, 21.6% by subway and suburban rail, and 4.5% by taxi. These statistics tell us automobile is major traffic mode for inter-regional trip in the SMR (Figure 15 and 16).

![Figure 15] Mode shares of Trips in the SMR

![Figure 16] Mode shares of Inter-regional Trips in the SMR

Source: Government of Kyonggi Province, Report on Household Travel Survey, 1998

The number of vehicles in the SMR is enormously increased in the comparatively short period of time with rising per capita income. Between 1990 and 1998, the number of vehicle was increased from 1.8 million to 4.8 million which is an increase of 170%. In the same period, however, the length of pavement roads was increased 40% only (from
14,700km to 20,528km) and the area of roads made an increase of 29% (from 298 to 385 ). Also, the length of subway/rail was increased from 236km to 390km, which is an increase of 65%. Rapid increase of vehicle without proper infrastructure has brought about many urban problems such as severe traffic congestions and air pollution. This trend is anticipated to be continued in the near future, and is aggravating traffic conditions.

The proportion of traffic volume at peak times (between 7:00 to 9:00 in the morning and between 5:00 to 8:00 in the afternoon) to the total volume takes up to 24.5% and 21.2%, respectively. Even, at times other than rush hours, the traffic volume is still consistently heavy. There are many places showing traffic congestion for whole day. Especially, traffic volume increases significantly on every roads at the outskirts of Seoul's administrative boundary. This is because the largest number of trips to Seoul are accumulated at these points, bringing about severe traffic congestions. These traffic congestions has mainly been caused by numerous leapfrog type housing developments along arterial roads to Seoul without proper investment of region-wide public transit system. Road-oriented investment system of the central government also seems to exacerbate congestion of the SMR.

**Interregional Mobility Patterns in the SMR**

Due to the mono-centric spatial structure, there is a growing interregional mobility in commuting over ever greater distances. The rates of intraregional work trips within Seoul, Inchon and Kyonggi province have been continuously decreased from 1980 to 1997, while the rate of inter-regional work trips among Seoul, Inchon and Kyonggi increased significantly. For instance, the number of inter-regional work trips from Kyonggi province to Seoul has been increased from 480 thousand in 1990 to 810 thousand in 1997 (Figure 17 and Figure 18). The proportion of cross commuting between Seoul and adjacent area to total number of commuting trips of the SMR is also increased remarkably from 9.8% in 1980 to 17.2% in 1997.

![Figure 17](image1.png) Interregional work trip patterns of the SMR in 1990  ![Figure 18](image2.png) Interregional work trip patterns of the SMR in 1997

In terms of the commuting reliance to Seoul, most cities located within 35-40km radial distance from central Seoul seem to be under the strong influence of Seoul (Figure 19). For these suburban cities, commuting shares to Seoul out of the total work trips generated in each cities, depending on the distance from central Seoul, reach in the range of at least 10% up to 68% in 1997 (Figure 20 and 21). Moreover, commuting shares to Seoul in these jurisdictions have been consistently increasing since 1980. These have especially been the cases for five new towns developed within 25km radial distance from Seoul due to the job-housing mismatch (Figure 22).

However, no significant change in the rate of work trips to Seoul is found in most cities located outside the radius of 40km from central Seoul. Thus, overall commuting patterns of the SMR indicate that most cities within the radius of 35-40km from central Seoul are characterized as bed-towns for Seoul and Seoul and its adjacent areas are actually functioning as a cohesive daily living sphere.
Regarding to the urban linkages, five major daily living areas within Seoul are found to have the strongest connections to each other by showing interregional trips over 200 thousand (Figure 23). It is also found that there are strong interregional linkages between Seoul and its adjacent new towns like Koyang, Songnam as well as suburban cities of
Puchon, Kwangmyong. On the other hand, Inchon city seems to be a self-reliant city because of relatively weak connection to Seoul. As shown in the Figure 23, three daily living areas within Inchon have their own strong linkages to each other. Taking account of interregional trips of 100 thousand to 200 thousand, even larger suburban areas such as Uijongbu, Anyang, Kunpo are under the influence of Seoul (Figure 24). However, Suwon which has strong connections with Hwasong and Yongin seems to be another self-reliant city in the SMR.

The number of total trips by all modes from Inchon and Kyonggi province to Seoul was 2.5 million in 1997. Most of these trips came from Kyonggi province (about 2.2 million trips). Trips from Inchon to Seoul are made mainly by car (45.3%) and subway/rail (38.8%). On the other hand, modal shares of car, bus, and subway/rail from Kyonggi Province to Seoul are found as 43%, 28%, and 21%, respectively (Figure 25). Compared to other regions in Kyonggi province, the modal share of subway to Seoul in Koyang, Songnam, Kwachon, Ansan, Puchon, Uijongbu appears to be quite high. This is because interregional subway system connecting Seoul in these regions is relatively well established. Except for these areas, the proportion of automobile for interregional trips is anticipated to be increased in the SMR. It is particularly true where region-wide public transit system is not sufficient.
Planning Issues related to Spatial Patterns of the SMR

In order to cope with the over-concentration of the SMR, various policies, plans and control measures have been devised and implemented by the central government. They invariably shared one objective: to steer people and industries away from Seoul and to ultimately serve to bring forth a desirable pattern of national physical development. However, many claim that they were not quite effective in achieving their policy goals, although the regulative measures served in advancing the decentralization and management policy of the SMR. This is because they were too much obligatory and rigid and there were also too many regulations mitigating legitimacy without any institutionalized coordination between the central and local governments (W.Y. Kwon, 1995; S.Y. Park., 1995).

Faced with the shortcomings of the previous policies and control measures, it is time to search better approaches to growth management of the SMR. Currently, local governments of Seoul, Inchon and Kyonggi Province in coordination with the central government, are working out the Seoul Metropolitan Strategic Plan. Although this plan is mainly initiated with the intention of readjusting the Restricted Development Zone (so called Greenbelt), the main purpose of this plan is not just meant to set up strict growth control of the SMR by central government, but to provide a strategic guidance of growth management at the regional level. Based on the previous analysis of spatial growth patterns in the SMR, eight major policy issues are identified and suggested as planning research agenda for the Seoul Metropolitan Strategic Plan. These growth management issues are summarized as follows:

**Seoul-oriented and Mono-centric Spatial Structure:** Most cities located within 35-40km radial distance from the center of Seoul are under strong influence of Seoul in terms of inter-regional commuting patterns. Commuting shares to Seoul out of the total work trips...
generated in each of cities reach in the range of at least 10% up to 68%. Moreover, commuting shares to Seoul in these jurisdictions have been consistently increasing since 1980. These have especially been the cases for five new towns developed within 25km radial distance from Seoul due to the job-housing mismatch. Also, current urban hierarchy system of the SMR shows that all metropolitan sub-centers and regional centers, except Yangpyong, Pyongtaek, are located within 40km radial distance from Seoul CBD.

**Saturation of Seoul and Over-Population of Suburban Areas:** The net population density of the SMR measured by the built-up areas was 245 persons per hectare in 1999. That of Seoul and its adjacent suburban areas reached to 293 persons per hectare. Although population density of Seoul tends to decrease recently, densities of Incheon and Kyonggi Province still show tendency to increase constantly since 1990. In fact, Seoul has one of the highest average densities among major world cities. Compared with the population density of major cities in the world, that of Seoul based on the administrative area in 1999 is 1.3 times that of Tokyo and about twice the density of New York city. Considering 27% of Seoul’s area is designated as the RDZ, it is easy to understand that Seoul is over-crowded.

**Urban Sprawl Along Major Arterial Roads:** Small scaled and leapfrog type housing development expands in noncontiguous way outward from the solidly built-up core of the SMR beyond the RDZ. Since large amount of housing units are constructed along major arterial roads, these linear and scattered developments are causing the shortage of adequate urban infrastructure such as street, school, community facilities etc. Also, the quota system and other rigid control measures for location of factories in the SMR have caused many factories and businesses to re-locate in preservation areas without proper legal permission. In addition, numerous small lodgings and restaurants have developed sporadically without the necessary infrastructure.

**The Urban Consumption of Agricultural Land and Environmentally Sensitive Area:** With the revision of the National Land Use and Management Law in 1993, private housing developments were allowed to expand into areas classified on Semi-Agricultural-Forest Zone. Thus, current patterns of development encroach on forest, prime farmlands and fragile natural habitats, and threaten native wildlife. The loss of abundant amounts of agricultural land to develop occurs because it often is the cheapest land available at the periphery of development in the SMR, while fragile environmental ecosystems are swallowed up because they are not adequately preserved institutionally.

**Job-Housing Mismatch:** According to the job-housing balance index, cities located within 40km radius from Seoul CBD, except Ansan, Shihung, Kwachon, exhibit a lack of self-containment. According to another indicator, the employment density of most cities within 30km radius from Seoul CBD are under half of the SMR's average (322 employees / 1,000 person). These indicators suggest that most cities adjacent to Seoul are functioning as bedtowns for Seoul. Because of the spatial mismatch, growing number of people is forced to commute farther from their residences, which is intensifying traffic congestion and air...
pollution.

**Lack of Interregion Functional Mix:** The economic structure and industrial organization of the SMR indicate spatial division of labor within the SMR. However, functional integration efforts at the regional level are not established yet. The lack of inter-regional cooperation system brings about inefficient and redundant investments in the SMR. Moreover, various policy measures of central government to restrict over-concentration of the SMR (e.g. quota system for location of factories etc) do not seem to be flexible enough to respond to market demands in the age of economic restructuring.

**Automobile Dependent Traffic System and Congestion:** The number of cars in Seoul during the last 30 years has been increased, from 61,900 in 1970 to 2.2 million in 1998 (about 35 times). Although the increase rate has slowed down since 1995, about 170,000 cars have increased every year between 1985 and 1995. As the number of car has increased, its modal share has also increased. The modal share of car in interregional trips is also expected to get higher in the near future. While Seoul oriented traffic volumes have been increasing significantly, the infrastructure of region-wide railroad system has not been keeping pace with increasing traffic volumes. Thus, traffic congestion has occurred at every road on the outskirts of Seoul’s administrative boundary due to the accumulated work trips to Seoul.

**Lack of Interregional Cooperative System:** With a lack of effective interregional cooperative system, sporadic developments with local boosters have caused a large amount of green space and prime farmland to disappear in the SMR. Automobile dependant traffic system and urban sprawl have also caused high fossil energy usage and intensified air pollution in the SMR. Through smart growth management system, communities could reduce traffic congestion and the nation could save billions of dollars every year in spending for roads, sewers, water and other vital infrastructure. It will take a concerted effort to address Seoul oriented spatial structure, and to channel suburban development to the most efficient and easiest to serve locations. In order to address these policy issues, more efficient metropolitan wide cooperative system needs to be established institutionally. Implementing regional solution at the local level seems to be key to creating competitive metropolitan economies and livable communities for the new century.
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Industrial Restructuring and changes in the spatial structure of the Seoul Metropolitan Area

Jae Wan Huh
Professor, Chung-Ang University

I. Introduction

Industrial restructuring has been considered as a critical factor for sustaining regional competitiveness in the era of globalization. A metropolitan area, in particular, is the place of economic restructuring for maintaining competitive advantages. Regional competitive advantages of the Seoul Metropolitan Area (SMA) are regarded as critical for national economic development because the region has been an industrial core of Korea. During the last three decades, the SMA has experienced rapid industrial change. Industrial decentralization policies, spatial division of labor, recent industrial restructuring have been the major factors for industrial changes in the SMA. Such an industrial change in the SMA has resulted in a change of the spatial relationship between the core region, Seoul, and its suburban areas, Kyonggi and Incheon.

The purpose of this paper is to specifically look at regional economic restructuring processes and its implications for regional competitiveness in the Seoul Metropolitan Area (SMA).

II. Changes in Industrial Structure in the SMA

During the last three decades, Korea has experienced a rapid economic growth and industrial transformation. In particular, the structural changes in the Korean industry have been very dramatic. For example, the share of service sector has increased from 45% in 1962 to 75% in 2000, whereas the share of agricultural decreased from 37% to 0.5% during the same period. And the share of manufacturing sector has gradually
increased from 17% in 1962 to 25% in 2002 (In fact, the share of manufacturing sector increased continuously from 1960s until the mid of 1980s up to more than 31%. However, it has gradually decreased after that time).

Within manufacturing sector, however, there has been a remarkable structural transformation. In the 1960s, labor-intensive industries such as textile and apparel industry were the leading sector of industrial growth. However, in the 1970s and the early 1980s, capital-intensive industries like petrochemicals, steel, and shipbuilding industry has grown as the main sectors leading the Korean economy due to the government’s policy to strategically promote the heavy and chemical industries. Since the mid of 1980s, another structural change has been taking place: rapid growth of high-tech industries. The high-tech industry is nowadays playing an important role as a new leading sector in Korean industries.

Similar pattern of structural change has been observed in the SMA. However, the degree of transformation is more dramatic. In particular, structural transformation in manufacturing sector has been taking place more rapidly in the SMA. To see this more specifically, manufacturing sectors are classified into five types of industries following Park(1996) as shown in <Table 1>: Resource, Assembly, Labor-intensive, Capital-intensive, Special.

According to <Table 1>, the share of labor-intensive industries to total manufacturing employment in the SMA has decreased from 38.3% in 1975 to 19.6% in 2000. In particular, the share of textile dramatically decreased from 21.7% to 5.6% during the period. Resource-type industries and Capital-intensive industries also gradually decreased their shares during the same period. On the other hand, the share of assembly-type industries which include so called high-tech industries increased from 30.3% in 1975 to 58.6% in 2000. The share of Special-type industries increased from 10.95% to 11.3% during the period.

<Table 1> Industrial Structure of the SMA

<table>
<thead>
<tr>
<th>Type of Industry</th>
<th>1975</th>
<th>1990</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource</td>
<td>15.5</td>
<td>11.45</td>
<td>7.3</td>
</tr>
<tr>
<td>Assembly</td>
<td>31.15</td>
<td>48.5</td>
<td>53.7</td>
</tr>
<tr>
<td>Labor-intensive</td>
<td>38.4</td>
<td>26.35</td>
<td>19.8</td>
</tr>
<tr>
<td>Capital-intensive</td>
<td>4.1</td>
<td>2.6</td>
<td>2.2</td>
</tr>
<tr>
<td>Special</td>
<td>10.95</td>
<td>11.1</td>
<td>11.3</td>
</tr>
</tbody>
</table>

Note: Resource: food, wood products, paper, petroleum coal products, nonferrous products Assembly: leather, furniture, plastic, fabrication metal, machinery, electrical & electronics transportation equipment, professional goods Labor-intensive: textile, apparel, footwear, rubber, other industries, Capital-intensive: industrial chemicals, petroleum refining, iron and steel Special: beverage, tabacco, printing, other chemicals, pottery, glass

Source: National Statistical Office, Report on Mining and Manufacturing Survey. respective years

One of the most significant features of the structural changes in the SMA since 1980s has been the rapid growth of high technology industries. <Table 2> shows this trend very clearly. The share of high-tech sector to total manufacturing in the SMA jumped up
from 5.3% by the number of establishments and 8.9% by shipments value in 1983 to 22.9% and 31.2% respectively in 2000. The share of high-tech sector in the SMA is far higher than the corresponding national share, which suggests that the SMA relatively specialized in high-tech industry and hence emerged as the prominent high-tech industrial area in Korea.

<Table 2> The Share of High-Tech Industries to the whole manufacturing industry in the SMA

<table>
<thead>
<tr>
<th>Region</th>
<th>NO. of establishment</th>
<th>Shipment Value</th>
<th>NO. of establishment</th>
<th>Shipment Value</th>
<th>NO. of Establishment</th>
<th>Shipment Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMA</td>
<td>5.3</td>
<td>8.9</td>
<td>15.1</td>
<td>23.4</td>
<td>22.9</td>
<td>31.2</td>
</tr>
<tr>
<td>Whole -country</td>
<td>3.5</td>
<td>6.6</td>
<td>4.7</td>
<td>10.9</td>
<td>11.5</td>
<td>16.4</td>
</tr>
</tbody>
</table>

Note : High-tech industries include
SIC 30 (for office, calculating, accounting)
SIC 31 (electrical-machinery & converter N.E.C)
SIC 32 (sound, image and communication equipment and apparatus)
SIC 33 (for medical, precision, optical and watches)

Source : National Statistical Office, Report on Mining and Manufacturing Survey, respective years

In fact, industrial activities in the SMA have changed continuously over time due to the expansion or decline of existing industries and generation of new industries. New firms and spin-offs have been continuously generated within the SMA, while some firms have been closed or relocated. Changes in demand, management skills, government policy, and other socio-economic variations have worked as the primary factors for the changes in the industrial activities in the SMA. Among them, the most important factors for the structural changes of industry in the SMA could be innovation and competition. The SMA, as the biggest metropolitan area in Korea, has been the place for industrial innovations and for the development of technology. New products and new industries have been developed through innovations. New production systems also have been developed through organizational innovations (Park, 1993). In fact, severe competition in the market could be the major driving force for the technological and organizational innovations. Firms have developed new technology or adopt innovations in order to maintain the competitive advantages in the SMA.

III. Changes in Spatial Structure in the SMA

The industrial restructuring has resulted in locational changes of industry in the SMA. Old industrial core in the region has readjusted to the industrial restructuring resulting from the technological and organizational innovations. New industrial agglomerations also have been developed with the emergence of new industries. In some areas, new industrial spaces have been developed with the adoption of flexible production systems in recent years. The adoption of the flexible production systems in the old industrial area also had a significant impact on the structural shifts of the existing industry and on spatial restructuring of the region with the process of regional creative destruction (Park, 1991).

In the early industrialization phase of the 1960s, Seoul was the center of industrial
growth in Korea. Since the beginning of the 1970s, the rate of industrial growth in Seoul, however, has been continuously lower than the national average, while that of Incheon and Kyonggi, which surrounds Seoul, has been much higher than the national average. The relative decrease of manufacturing in Seoul since 1970s is related to the rapid decentralization of the industry to its surrounding suburban areas in the SMA.

Decentralization of industries from Seoul has been strategically promoted by the central government due to the over-concentration of population and industrial activities in the city. The government established several industrial parks in the suburbs of Seoul such as Ansan, several small and medium-sized industrial estates and large industrial complexes outside the SMA. As a result of such a policies, very contrasting industrial structures have evolved between Seoul and its suburbs in the SMA.

The dominant industry type in the suburbs of Seoul (Kyonggi and Incheon) shifted from labor-intensive industries to assembly-type industries which include high-technology industries. For example, the share of labor-intensive industries in the suburbs of the city decreased continuously from 28.8% in 1980 to 12.7% in 2000, while the proportion of assembly-type industries increased rapidly from 40.7% to 64.1% in the same period as shown in <Table 3>. In particular the growth of machinery, electrical and electronics, transportation equipment is remarkable among assembly-type industries.

On the other hand, the industrial structure of Seoul has remained relatively stable since the 1980s. For example, the proportion of assembly-type industries was 34.7% in 1980 and then slightly increased to 35.8% in 2000. Also, the proportion of labour-intensive industries in Seoul has not decreased much since the 1980s. During the period, the proportion of labour intensive industries has slightly decreased from 35.5% to 33.4%.

<Table 3> Spatial Change of Industries in the SMA

(continued)

<Table 3>
As explained before, the high-tech industrial sector with its rapid growth has emerged as a leading sector in the industrial growth of Korea since 1980s. Within the SMA, the growth of the high-tech industries is more significant in Kyonggi and Incheon area. The proportion of the high-tech sector to total manufacturing in Kyonggi and Incheon increased from 5.2% by the number of establishments and 7.8% by shipments value in 1983 to 24.3% and 36.7% respectively in 2000 as shown in Table 4. In particular, Kyonggi’s share of high-tech sector increased more rapidly. Electrical machinery and electronics, computers, and precision machinery are much more concentrated in...
Kyonggi than in Seoul. The growth rate of the high-tech industrial sector in Kyonggi is higher than that of the SMA as a whole representing the greatest high industrial agglomeration in Korea.

The rapid growth of the high-tech sector in the SMA and the emergence of Kyonggi as the prominent high-tech industrial area in Korea are related with government’s industrial policy high-tech industrial sub-urbanization from Seoul in the SMA. In the 1970s, high-tech industries began to appear in Seoul and Seoul was the center of high-tech industrial sector in Korea. Since the early 1980s, however, high-tech industrial sector of Kyonggi has outgrown that of Seoul due to the decentralization policy by the central government. High-tech industrial agglomeration in Kyonggi is, therefore, a consequence of dynamic processes between city and its suburbs within the Seoul Metropolitan Area (Park, 1995).

**<Table 4> Spatial Change of High-Tech Industries**

<table>
<thead>
<tr>
<th>Region</th>
<th>1983</th>
<th>1994</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of establishment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shipment Value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of establishment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shipment Value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of establishment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shipment Value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seoul</td>
<td>5.5</td>
<td>11.0</td>
<td>14.7</td>
</tr>
<tr>
<td>Kyunggi only</td>
<td></td>
<td>15.9</td>
<td>29.4</td>
</tr>
<tr>
<td>Inchon and Kyonggi</td>
<td>5.2</td>
<td>7.8</td>
<td>15.1</td>
</tr>
<tr>
<td>SMA</td>
<td>5.3</td>
<td>8.9</td>
<td>15.1</td>
</tr>
</tbody>
</table>

Source: National Statistical Office, Report on Mining and Manufacturing Survey, respective years

Contrary to the case of manufacturing, spatial concentration of some service industries has been taking place in service industry since 1980s in the SMA. For example, Seoul’s share of business services to the national total has continuously increased and are now more than 50%. Among the business services, technical and computer services are overwhelmingly concentrated in Seoul. Seoul’s share of technical and computer services to the nation was 61.4% in 1978, but the figure increased to almost 90% in 2000. The continuous concentration trend of the technical and computer services contrasts with the general trend of decentralization of manufacturing including the high-tech industrial sector and the general service industries.

Such a concentration of specific service sectors, in which high-quality labor forces and technical information are very important as location factors, strongly suggest the example of the intensified spatial division of labor (Park, 1993). Due to the overwhelming concentration of the high order business services in Seoul, most of the manufacturing firms located in the suburban areas have linkages of high order business services with the services firms in Seoul (Kin, 1996).

**<Table 5> The Share of Service Industry to Total Industrial Employment in Seoul**

<table>
<thead>
<tr>
<th></th>
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<tbody>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>

Source: National Statistical Office, Report on Mining and Manufacturing Survey, respective years
### IV. How to Sustain the SMA’s Industrial Competitiveness

1. Restructuring of Existing Industrial Agglomeration Area

There are several industrial agglomeration areas in the SMA, especially in the coastal areas of the SMA (such as Banwol Industrial Park) and areas along the Seoul-Pusan Expressway (such as Anyang and Suwon). However, some industrial agglomeration areas have been losing their industrial competitiveness due to internal and external obstacles such as wage increase, labor shortages, and neighboring competitors. In order to remake regional competitiveness of the area, it is necessary to enhance industrial productivity within near future.

First of all, developing the new product and process technologies is critical for increasing the productivity in the existing industrial agglomeration areas. Enhancement of local industrial network, development of training and retraining systems of employees, and improvement of information infrastructure are recommended for the existing industrial areas. Local and national government should support to install such infra-structures, to expand investments of plant automation, and to develop cooperative networks among the local industrial firms. It is also recommended to establish technology and information service center in the existing industrial agglomeration area for the small and medium-sized firms.

2. Development of High-Technology Industrial Corridors

As explained before, the area along the axis of Seoul-Pusan Expressway is the most prominent high-tech industrial zone in the SMA. In fact, the high-tech industrial zone was limited to the area along the axis of Seoul-Suwon until the mid of 1980s. During the 1990s, however, the high-tech industrial zone was extended to farther suburban area of southern Kyonggi as well as eastern Kyonggi including Yongin and Ichon. Various R&D institutions, universities and software industries have been considerably concentrated in these extended areas during the 1990s.

Considering the recent locational trend of the high-tech sectors and some producer services, the areas along the Seoul-Pusan Expressway can be developed as a high-tech
industrial corridor without much difficulties. For this, it is required for the regional government to establish cooperative networks among the high-tech industrial sector, R&D institutions, universities, supporting organizations and producer in order to enhance the innovation potential in this corridor. In particular, inter-firm cooperation within the corridor has received significant attention as a vehicle for reducing costs and promoting industrial restructuring. The promotion of inter-firm cooperation at the regional level can reduce transaction costs and further facilitate the industrial restructuring through the inflow of technical, financial, and managerial resources. Furthermore, the inter-firm cooperation enhances an innovation potential and industrial competitiveness.

3. Sustainable Industrial Development

During the period of the rapid growth of manufacturing in the SMA, environmental problems from the industrial development have been relatively neglected. Industrial areas in the SMA are now confronted with considerable environmental problems. Without managing the environmental issues resulting from the industrial development, high tech industrial development strategies can not be successful in the future. It should be noted that the quality of environments become one of the important location factors in the high tech industries.

National and local government, universities and business and community groups should cooperate for developing environmental technologies which can be incorporated to the industrial policy for the sustainable industrial development in the SMA. Such cooperative strategies are urgently necessary for the sustainable industrial development in the SMA. The cooperative strategies can be regarded as strategies for the organization of industrial space focusing on networking for the sustainable development at several levels: intra-firm, inter-firm, inter-organizational networking on the one hand; local, regional, and global levels on the other (Park 1996), Organization of environmentally sound and economically sustainable industrial space is the main purpose of the cooperative strategies.

4. Improvement of Regional Innovation Potentials in the Suburban Area, Incheon and Kyonggi

Technological changes and innovation can significantly improve the competitive position of regional firms. Because of cluster of the innovations and its significant impact on economy, information technology based on a combination of microelectronics, computerization, and telecommunications is regarded as a new technology paradigm (Freeman, 1987). Under the new information technology paradigm, the improvement of regional innovation potential is emphasized as a new regional policy. Regional innovation potential can be improved through the provision of technical and educational infrastructure, environmental improvement, and better communication networks.

A region with a well established technical, educational, and information infrastructure
has a greater potential of innovation and attracting innovative firms (Park, 1987). A diversified regional labor market which can supply various high-tech labor forces is also important in attracting and nurturing innovative high tech firms. Seoul has taken the role of an innovation center in Korea due to its diversified labor market and relatively well developed technological, educational, and information infrastructure. Incheon and Kyonggi has benefited from the innovation potential of Seoul. However, in order to promote the SMA more competitive, regional innovation potential of the suburban areas of Seoul should be enhanced through the improvement of technological and information infrastructure.

Cooperation among the local universities, R&D institutions, and industrial firms should be promoted. Information centers, technological service centers for small and medium firms, and telecommunication networks should be progressed in the suburban areas of Seoul. International networks for technology information are also important for improvement of regional innovation potential. Regional policy should also be promoted to enhance the regional innovation potential and the regional competitiveness.

5. Improvement of Spatial Structure of the SMA

Mono-centric spatial structure of the SMA has been criticized as one of the most serious spatial problems. In the mono-center structure, firm headquarters, major producer services, and other management and control functions dominantly concentrate in the center of metropolitan area, resulting strong spatial division of labor within the metropolitan area. Such a mono-center structure brings about unnecessary transportation and environmental problems.

Hence it is inevitable for the SMA to develop multi-core structure instead of mono-center structure for regional competitiveness and sustainable development. Each core can have intensive interactions and linkages with surrounding area which consists of a sub-region in the metropolitan area, resulting intensive networks within the sub-region (Park, 1996).

Several cores in a metropolitan area also have networks by themselves for information, technology development, and other collaborative activities. Multi-cores in the metropolitan area have strong horizontal networks rather than hierarchical relationship. Such a development of regional cooperative networks in the multi-core structure within a metropolitan area can contribute to enhance competitiveness and sustainability of the SMA.

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Deltametropolis: a new concept and a renewed agenda for the development of the Randstad

Arjen van der Burg
Ministry of Spatial Planning, Housing and Environmental Protection

1. Economic competitiveness of The Randstad

The Randstad has been branded the most international outstanding urban area in the Netherlands. At least statistically, this is true. Its international economic competitiveness, however, is difficult to judge. International comparisons e.g. in the ‘world cities’ literature, often make comparisons between areas that are defined very differently. By subjective measures, it is not clear whether respondents refer to a city, an agglomeration, or a whole country. Particularly for the Netherlands, with its limited size (200 km x 300 km), often ‘The Netherlands’, ‘The West’ (i.e. the four provinces) or the ‘Randstad’ and ‘Amsterdam’ are seen as interchangeable. (The four biggest cities, Amsterdam, Rotterdam, The Hague and Utrecht, form the ‘cornerstones’ of the Randstad.) Containing roughly half the population and the economic assets of the country, the The Randstad is not very unlike the totality of the country.

To be practical: the competitiveness of the Netherlands can be seen as depending on

a. Its general social and economic climate: which is considered to be among the best in the world (according to The Economist), due to labour peace, an efficient bureaucracy and legal system, a stable financial climate, a.o.; between regions inside the country there are only minute differences in these aspects.

b. Its export industries: agriculture and chemicals claim the first position, and are both concentrated in The Randstad; other industries (electronics) are situated outside The Randstad (Philips, Eindhoven).

c. Its attractiveness to new foreign investors: European Headquarters and European Distribution Centres are mainly to be found around Amsterdam and Rotterdam, and with those The Randstad outnumbers almost every other European country.

By all measures, the competitive position of the Amsterdam conurbation can be taken as a proxy for the position of the Randstad¹. On most lists Amsterdam appears not far from

¹ Growth patterns and economic composition differ not unimportantly between the four cities and their surroundings, but all profit from the vicinity of the Amsterdam Schiphol Airport and the two big international harbours of Rotterdam and Amsterdam.

For spatial planners the first important question is not what rank a cities occupies, but: what physical elements contribute to economic competitiveness, and on what spatial scale do they work? The answers are not very clear nor consistent, nor do they have sound theoretical underpinnings or can be based on adequate data. For large, polycentric areas as The Randstad, this is even more difficult to answer. Or, stated more theoretically: the relation between *form and function* of cities and regions is not in our firm grip. Take the Amsterdam data from the thesis I cited before: In Amsterdam’s competitive profile stand out: the image as ‘leading city’, ‘openness to foreigners’, ‘labour qualifications’, ‘aviation’, ‘museums’, and ‘quality of life’. With some optimism, ‘aviation’, ‘museums’, and ‘quality of life’ could be classified as (partly) ‘physical factors’. Among the less prominent factors we find ‘hospitality’, i.e. hotels and convention centres, and ‘city centre’ as new candidates. At least, those elements figures prominently in most local and national governments’ development strategies.

2. (Spatial) Policies for economic competitiveness

*Policies of the 1990’s, now bearing consequences*

Policy consequences of political goals for competitiveness in the areas of economic, spatial and transport planning have, in The Netherlands, most of the time been restricted to transport and industrial policies:

- the development of Rotterdam as first world harbour and the room made there for expansion of the chemical and steel industries;
- the upgrading of Schiphol-Amsterdam airport to the fifth rank in Europe and the expansion of the surrounding area for industry, logistics and business services;
- the construction of a new dedicated freight rail line from Rotterdam to Germany;
- the connection to the German and French high speed rail networks.

National spatial planning stepped in on this ‘program’ in 1988. First with the encouragement of the development of Schiphol and the Rotterdam harbour areas as ‘mainports’ to international prominence (with regard to the ‘Europe 2000’ process) and the development of ‘international transport corridors’. Second, with the designation for development as internationally attractive sites (‘key projects’) of inner city locations in

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2 Harry Grosveld, 2002, *The leading cities of the world and their competitive advantages; the perception of ‘citymakers’*, Naarden: World Cities Research.
3 And, one might add, subsidy tables.
4 I ignore here the favorable fiscal regime for international firms, and the extensive campaigning by the government service for foreign investments. All mentioned policies are now being materialized in a frenzy activity throughout The Randstad.
5 Since long, estimates of size differ between Singapore and Rotterdam…
each of the the four big cities, to be moulded after the image of the London Docklands or the Paris’ Grand Projets.

It is relevant to point out at this spot that the ideas about new infrastructure and ‘flagship projects’ as contributions to economic competitiveness had been developed by national spatial planners first, thereby building on ideas and proposals by especially Amsterdam and Rotterdam city governments. That means, the specific projects were ‘locally invented’, and developed forcefully only when the transport and economy departments stepped in and turned the ideas about infrastructure into (national) projects; the ‘flagship projects’ were local projects that stayed under the patronage of the planning department7.

Behind these policies the national spatial planning agency put up the idea that international competitiveness and selectivity of national investments could be enhanced by starker functional integration and international specialisation inside The Randstad than was at hand. The polycentric pattern of The Randstad was considered by some scientists and planners as a handicap: the sheer number of people and firms does not equate The Randstad with a comparably large region that has grown out of one dominant metropolis, like the Paris region. Time was not ripe for that background idea. The continuation of separate development trajectories for each of the four big cities were willy-nilly accepted because attempts to agree with the big cities and the infrastructure and economy departments on the idea of integration and specialisation alone had been smothered the day they were born.

**Toward an agenda of functional integration: Genesis of the Deltametropolis concept**

These two broad categories of physical elements presumably contributing to international competitiveness: transport infrastructure and related industrial areas, and inner city redevelopment areas, have since 1988 remained on the policy agendas of local, provincial and national governments. But ideas and political coalitions have changed somewhat.

In preparing a Fifth Policy Document on spatial planning, the idea of ‘network cities’ arose, and critics from the big cities for the first time deemed governments’ proposals for a more or less continued separate treatment of the four largest urban regions as too modest. In 1998 the Alderman of Spatial Planning of the four big cities produced an ambitious pamphlet, ‘Deltametropolis’8. They declared that on the European level fierce competition could not be met by the loose band of large and middle sized cities in the Randstad. Spatial and other strategies would be needed to stimulate a new kind of (functional) unity.

Their agenda ranges from the development of an integrated public transport system inside The Randstad, a system of interdependent water-and-green areas, differentiated housing areas, to the co-operation of universities and cultural institutions. (Recently

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7 Thus reducing the spatial planners to their traditional post-war niche of ‘place development’.
8 The intellectual author being prof. D. Frielings of Delft University, and then part time advisor to the Council of Amsterdam.
this agenda was broadened with subjects like agriculture, vocational training and integration of foreign immigrants.) So, the agenda is more encompassing than the usual transport-and-location development agenda, and the goal is directed towards functional integration of the whole of The Randstad, overcoming the disadvantages of a dispersed ‘urban mass’. They promised co-operation and specialisation among themselves. And they formed a private society hereto only supporters of the proposal were admitted. After some hesitations, the four provinces agreed to this agenda. Both the participant cities and provinces, and the private society work now on concretising this agenda into investment projects and (local and regional) spatial plans.

In the process of preparation of the Fifth Policy Document the four Aldermen asked national government to step in. Not in the least because the big cities have much political power, especially within the then governing Labour Party, of which both the Spatial Planning and the Transport Ministers were members, the idea was adopted after one year of deliberations with Cabinet members.

In 2001 an intensive policy development project of the main concerned ministries (Transport, Economic Affairs, Agriculture, Spatial Planning) in consultation with the cities and provinces of the Randstad, who produced their own policy proposals, took place and produced the policy to be detailed in the next paragraph. The policies finally laid down in the Fifth Policy Document have almost 100% acclaimed by the big four and the provinces.

3. Development perspective: from ‘Randstad’ to ‘Deltametropolis’

The central goal is to enhance the international competitive force of the Randstad. Although this idea is only summarily operational, it is assumed that on the physical side the dispersed pattern of large and middle sized cities is not enough ‘critical mass’ to have a attractive business climate comparable to world cities like Paris and London. Nor is this dispersed ‘mass’ important enough to be able to contribute to the creation of an urban atmosphere that attracts ‘creative knowledge workers’ that form the vanguard of world city growth. The spatial pattern being given, and the development into one classical ‘metropolis’ being unthinkable, the basic idea is that integration into a functional whole is a good substitute, to be engineered by shorter travel times, in

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9 So, the four provinces are considered as hostile and were not admitted as members. This in contrast with many smaller towns, employers unions, water management boards and farmers’ unions. See www.deltametropool.nl.
10 Expecting the government that came in last August to dispose (in the long run) enormous amounts of extra money (from natural gas sales and telephone company shares), the Randstad procuced project proposals for around 116 billion Euros (2002-2014). That extra money seems now to be close to zero.
11 In coalition with the Liberal Party and the (much smaller) Social-Liberal Party.
12 Each of them having their own motives and interpretations.
13 The Ministry of Economic Affairs has great difficulty in translating general economic competitiveness notions into (spatial) regional policies. They are not the only experts experiencing this difficulty.
combination with a keen choice of new urban developments, i.e. not outside the Randstad (as policy had been in the post-war period).

Here we concentrate on the physical elements; governance has to complement spatial integration, while probably the most important factors for functional integration are outside the spatial planning and governmental domains, but depend on the activities of firms and citizens and their cultural identities.

International economic competitiveness being professed as the superior goal, at the same time national politicians treated the Randstad as usual, that is: as first of all the problematic area with highest future land use demand, where all forms of land use are in fierce competition, and where the precious landscape and agricultural areas are in danger of overgrowing. Growth has to be limited! So, in the process, two not always compatible goals seemed to be alive.

An important factor is that, different from the situation in 1988, when the economic performance of the Netherlands was at a low, there were in 1998 or later objective nor subjective problems felt. Since September 11, 2001, this has changed dramatically, but it remains to be seen whether this better supports the Deltametropolis ambition.

I start with presenting the picture of the ‘urban network Deltametropolis’.

14 Most forcefully formulated by some environmental pressure group as ‘Draw the green line’ (i.e. around every piece of existing built up area).

15 One result being that technically sound housing scenario’s were ‘remodeled’ and a ‘trend scenario’ – simply taking the trend of the past 25 years – was chosen (!) as policy scenario for determination of the distribution of housing demand over the parts of the country, curtailing the projected demand in the Randstad.
The 'Deltametropolis' is an application of the strategic urban network concept. The aim is to foster the development of a new type of metropolitan area, taking advantage of both the existing the polynucleair and 'wetland' (Delta) character of the area. Deltametropolis has a distinctly multi-level character: local, regional, national and international activities and spatial structures are combined. The size of the urban network region is in principle unlimited, especially when thinking of international linkages, but for planning purposes limits have to be established.

**Urban Network: polycentricity grown mature**

The Deltametropolis being a localised application of the urban network concept. What does the 'urban network' concept entail?

Urban networks envisage various centres as well as the links between them and the centres outside the urban network, thus forming a transport network. The urban network does not just involve developing or 'building up' areas but creating a green-red network, i.e. one in which 'red' and 'green' areas interpenetrate. It is advisable to start spatial planning by redressing the two networks – the green-blue and the transport network – well before the locations are (re)developed (framework). Highly developed automobile and public transport systems are essential, especially in an urban network in which walking and cycling are only partial transport options. Shorter journey times between the urban networks are recommended. The most favourable locations are those near existing centres or with good links to them, and locations between (large) centres (double access).

It is not expected that in future all demands for urban and rural environments will focus on the higher scale level of the urban network. Many of the search activities carried out by residents and entrepreneurs will be confined to areas 10 to 15 kilometres in size. However, there are market segments, and their number is increasing, that have far larger search areas. The concept is seen as a flexible one, a tool and not a blueprint.

According to the cabinet, responsibility for this planning lies first and foremost with those municipalities that have to form administrative partnerships with one another.

For each urban network that is to be set up, provinces and municipalities will distil information from the spatial programme the government has drawn up for that particular country part. The co-operating municipalities then 'position' that programme (term runs

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17 The portion of ‘cycling’ in the modal split is relatively high in The Netherlands: 56% of commuter traffic up to 2.5 km and 50% between 2.5 en 5 km (1999). The size of the urban conurbations (a radius of 4 km for the medium-sized and 8 km for the large districts) was based on a maximally acceptable cycling distance from outlying areas to the city centre.

18 Unfortunately, there are not many figures available. Most data are based on traffic flows. For example, estimated spatial scope of functional markets in the Randstad are (1998, in km): travel to work: 16,4; shopping 4,6; business travel 22,8; education 6,1; personal visits 16,2; leisure/sports 11,2. Source: Eric Hoppenbrouwer e.o., 2000, Regional report on the Randstad, Eurbanet project, Delft University of Technology, p. 50.
until 2015/2020). Within the framework of the regional covenant – to be concluded for each country part by about the end of 2002 – the government will provide the provinces and big cities with financial and other contributions for carrying out programmes and projects.

The application for the Deltametropolis perspective is thus, falling into three elements (Delta – Metro – Polis):

1. DELTA: Green-Blue network
Main elements are the Coast, the connection between the delta area in the South and the IJssel Lake in the North, and National Landscapes.

2. METRO: Infrastructure network
Main elements are the international roads, ports, railways and airports, and the extension of the public transport networks at three levels (HST network, delta'metro' between most important nodes, urban regions).

3. POLIS: Urban locations
Main elements are the transport nodes that serve urban centres and large economic zones like Schiphol, and the expansion of the New Town of Almere to the size of the fifth largest city in the Netherlands19.

These main elements (Spatial Main Structure) serve as a 'backbone' for the spatial development of more market-driven land use categories such as housing and industry, as well as for the accompanying amenities (urban parks, local transport system, schools etc.).

The perspective is chosen to make possible a high growth scenario20 for the period 2010-2030. The main land use provisions of this scenario are:

<table>
<thead>
<tr>
<th>Housing units: total</th>
<th>440,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Of which:</td>
<td></td>
</tr>
<tr>
<td>excess capacity in recent extensions</td>
<td>50,000</td>
</tr>
<tr>
<td>existing built-up area</td>
<td>190,000</td>
</tr>
<tr>
<td>large new extensions</td>
<td>180,000</td>
</tr>
<tr>
<td>dispersed small locations</td>
<td>20,000</td>
</tr>
<tr>
<td>Landscape betterment</td>
<td>10,000 ha</td>
</tr>
<tr>
<td>Regional parks</td>
<td>5,000 ha</td>
</tr>
<tr>
<td>Urban parks near large extension</td>
<td>5,000 ha</td>
</tr>
<tr>
<td>Open water (excess, recreation)</td>
<td>5,000 ha</td>
</tr>
</tbody>
</table>

19 From 150,000 inhabitants in 2005 to possibly 400,000 in 2030. This enlargement of an already completely planned New Town in a (comprehensively) planned way is, as far as known to us, unique in the world.

20 ‘High’ is still less than current yearly production.
Housing demand is expected to be distributed among five types of milieus. Local and provincial governments should strive to cover their local demand for these milieus (types nor local and provincial distribution are prescribed by national government\(^{21}\)). Especially the more dense inner city milieu, and the more ‘green’ village milieu are important accents. Especially the recognition of the market demand for greener environments also in The Randstad is politically new.

<table>
<thead>
<tr>
<th>City and village milieu</th>
<th>Housing units per hectare</th>
<th>Jobs per hectare</th>
<th>Percentage of net additions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inner city</td>
<td>27</td>
<td>53</td>
<td>40%</td>
</tr>
<tr>
<td>Outer city milieu</td>
<td>26</td>
<td>16</td>
<td>0%</td>
</tr>
<tr>
<td>Green urban</td>
<td>17</td>
<td>22</td>
<td>20%</td>
</tr>
<tr>
<td>Small town centre</td>
<td>15</td>
<td>12</td>
<td>10%</td>
</tr>
<tr>
<td>Rural-village</td>
<td>12</td>
<td>8</td>
<td>40%</td>
</tr>
<tr>
<td>Specific working milieu</td>
<td>2</td>
<td>23</td>
<td>-</td>
</tr>
</tbody>
</table>

The regional governments have concluded that the elements of the perspective, including new National Landscapes that curtail urban development, are grosso modo\(^{22}\) (and conditional upon future financial support) sufficient to guide development in a qualitatively acceptable way for the long term. What has to be filled in is the type and amount of national government funding for national and regional projects. Next to transport infrastructure, in the Netherlands almost 100% government funded, especially the probably costly aim to find 40% of additional urban land use (housing/working) through intensification and transformation of existing built-up areas will depend on additional funding and regulations (environment, safety). Part of the expected growth is covered by programmes that extend up to 2010 and some (infrastructure) even further.

**4. Assessment: Economy, Equity, Environment**

As to the effects on economic performance, equity, and environment, an Integrated Impact Assessment (IIA) - the first one in The Netherlands on this large spatial scale and for such a strategic decision making process - is the only available source to make ex-ante estimates of effects\(^{23}\).

The IIA compared 6 alternative perspectives. The main variants were:

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\(^{21}\) But through covenants local government is forced to comply. The milieux have been empirically constructed from diverse material at the level of 4 digit postal code zones.

\(^{22}\) For some elements not enough room seems to be guaranteed, notably industrial areas for the most environmentally obnoxious processes, while road networks and goods transport have not been taken into account, due to political and time factors.

\(^{23}\) An instructive paper is: *Between planning and politics; An integrated impact assessment for the Dutch Delta Metropolis*, N. van der Heiden, VROM, May 2002.
1. Development on the inner side of the existing urban 'ring' in combination with a magnetic levitation train (Siemens)
2. Development on and outside the 'ring' in combination with enhanced public transport rail system (HST e.g.)

Additionally, four mixed variants were produced, among which a model that was favoured by the provinces and municipalities. Each model was able to accommodate the projected maximum growth program. It was clear that models with the magnetic levitation train had many disadvantages (from being less sustainable to producing higher financial costs), and that development that would be concentrated on the ring was to be preferred. Extended urban development inside the (eastern part of the) ring would easily hamper the quality and development of the Green-Blue network. Extended development outside the ring (new towns) would bring extreme costs for new transport infrastructure. The main advantage of the Magnetic Levitation Train is of course the short travel time its brings. But as people do not travel only between stations, and there already is (or will be by 2010) an extensive train network, partly high speed, the Siemens train will drain customers from the 'old' system, not produce many new travellers, while the modal shift effect on car use is as little as with other forms of public transport.

The ‘regional’ variant (C2) showed overall the best combination of advantages and disadvantages, and the government’s final choice comes close to that model. The IIA confirmed notions behind the urban networks concept: That urban development should best be located inside the existing transport network and between nodes. Reality - of the amount of the spatial program, the land use situation, and political opportunity - made deviations from that principle inevitable, i.e. the possible development of Almere and Purmerend, both former New Towns outside the ring, experiencing already traffic and employment shortcomings.

In terms of economic performance, all models are equally adequate as to the quantity of possible industrial and office sites. The inside-with-Siemens model is in danger of an overproduction of office locations, and so undermining chances for top quality locations24. The tragic point is that for businesses road and freight transport are far more important than public transport, and these elements are not covered in the perspective. In terms of equity, the models provide enough room for city- and village milieus according to (expected) market demand. As has been the situation for the past half century, space in the south part (The Hague, Rotterdam) is much more cramped and will sooner be consummated than in the northern part. Equity in the sense of access (by public transport) to employment opportunities is in no model a problem, because lower skilled people tend to live in big cites that all have adequate (and affordable) public transport.

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24 This danger is not new: office space is rather cheap in the Randstad because municipalities compete fiercely for offices. The Siemens train opens up so many new stations that this tendency will be reinforced.
Environmental effects are diverse. The amount of loss of valuable landscapes or agricultural area is never insubstantial, but leaves enough room for extension of water defence polders and recreational development. Urban development inside the ring is most disadvantageous of all. The ecological main structure is not seriously in danger. The biggest problem with the green-blue side is not space but finance and organisation. Green development lags far behind. The effects of measures against flooding and draining could not be analysed while not being developed far enough.

In sum, the perspective chosen in the Fifth Policy Document is more an outcome of a traditional ‘spatial planning’ or land use game than could be expected when policy development started using the urban network concept. Since times immemorial, in The Netherlands the first concern is for urban development, both for and against, and for equity considerations. Equity was well taken care of, in combination with the traditional defence of the ‘Green Heart’ inside the Randstad, and leads to urban concentration mainly on the ring, as has been done time and again before. The perspective has not been developed from the outset on the basis of the green-blue network – where some limitations were considered but not far enough\textsuperscript{25} – neither from the perspective of the transport network – where towns ‘in the middle’ like Haarlemmermeer or Alphen could play a new role – nor from the perspective of international economic competition, which proved to be very difficult to operationalize.

5. The aftermath of the Fifth Policy Document

Between such a high level strategic decision as about the Deltametropolis and spatial projects lay many steps and concerned parties. The first is a revision of policies by the incoming national government and the grim financial perspective. However, disregarding in what principal direction things will go further, growth will keep on manifesting itself, so the ‘preparation of the soil’, the heart activity of spatial planning, needs continuity. The dramatic dependence of provinces and municipalities in The Netherlands on national government for infrastructure spending (except local roads), soil sanitation, urban renewal, brownfield recovery and regional landscape development make co-operation necessary. Ad the numerous policy categories especially for the countryside\textsuperscript{26} that may block any development, and you understand a steady form of co-operation and organised spending is normal practice. There is a sound body of covenants about urbanisation since 1992, now extending to the year 2005 with provisional agreements up to 2010, with each big city and every provincial government. These covenants have decidedly helped to promote urban development in the most congested regions is a semi-integrated way, in exchange for limitations on urbanisation outside the large agglomerations. In terms of housing production the covenants work well. It can be expected that, maybe somewhat simplified, this package deal will be

\textsuperscript{25} And consequently a possible new town west of Gouda has appeared on the map in the lowest and wettest of polders of Holland.

\textsuperscript{26} A growing number ‘coming in’ from Brussels.
renewed for the next slice of growth at the level of urban (and rural) agglomerations and region. See last page for an overview.

The Randstad has organised itself, that is: the four big cities, their urban regional governments, and the four provinces, into an governmental union (without financial mandate). This may help to give life to the Deltametropolis as some ‘entity’ and help form a mental picture like the Randstad has been since long. It may as well turn sour when money is short and it may not reach the people and firms behind the governments. And it may develop into a menace to national government when this union manifests itself successfully in Brussels (as it already does) or succeeds in developing strong negotiating powers vis á vis private enterprise and national government. Wait and see.

6. Discussion

a. The central concern for international economic competitiveness is difficult to operationalize and to relate to physical (not just spatial) planning. Especially with higher scale complicated urban systems other approaches than some kind of (implicit) systems thinking would be welcome.

b. Managing large urban area’s, consisting of thousands of private and public parties, cannot be interpreted as a ‘classical’ planning exercise e.g. like the government-led development of a new urban area of 30,000 housing units. The Deltametropolis planning exercise has shown that it is feasible to produce a balanced and interesting vision of a far future. But is it made within circles of local, regional an national government, with limited input from national interest groups or investors or large enterprises. The need is for a process architecture that does not throw this high spatial scale planning ambition away, because large scale developments and physical planning needs exist (like roads, airports and ecological networks), nor relegate them exclusively to national government. It is also necessary for planners to develop ideas about the definition of ‘large scale structures’, esp. in the green/blue field.

c. Producing data on functional interdependencies and specialisations, i.e. on how large complicated urban systems work, should get more priority than new story-telling.

d. The role of personal transport in the development and management of polycentric urban systems is far from clear. Especially the interaction of heavy (train) and local systems, and of public and private transport on this spatial scale, should be elucidated. (We tend to exaggerate the importance of public transport.)

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27 This paragraph represents my personal views, not necessarily the views of the Directorate-general of Spatial Planning.
**Urbanisation covenants for The Netherlands**

For the period 1995 through 2004 the state (ministries of Housing, Spatial Planning and the Environment, Transport Infrastructure, Agriculture, Economic Affairs and Home Affairs) has concluded covenants with big cities, urban regions and provinces. The Ministry of Housing, Spatial Planning and the Environments co-ordinates these covenants.

Focal point is the housing production. All projected net addition to the housing stock in the country are governed by these covenants. Extra production is not discouraged. Depending on departmental habits and regulations, for each subject an arrangement has been made (no fusion of funds, but packages with when necessary identical components for each region). Key figures are:

<table>
<thead>
<tr>
<th>Housing production</th>
<th>Covenant</th>
<th>Expected total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan regions</td>
<td>295,000</td>
<td>296,000</td>
</tr>
<tr>
<td>Other urban regions</td>
<td>165,000</td>
<td>172,000</td>
</tr>
<tr>
<td>Other regions</td>
<td>190,000</td>
<td>282,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>651,000</strong></td>
<td><strong>750,000</strong></td>
</tr>
</tbody>
</table>

Housing shortage is down to ca. 1.5%. But housing production has dwindled lately because of labour shortage in the whole of the building industry, larger houses (more m3), price inflation, and procedural stagnation.

House construction is no longer subsidised, but site development is (brownfield clearance, excessive land acquisition costs).

Other components of the covenants are:

- Public transport: Local and regional projects, mainly light rail or high quality bus lanes. Ca. 2 years behind schedule.
- Public transport: Local train stops. Behind schedule, national government has small powers over railway company.
- Soil sanitation. Well funded, no delays (surprisingly).
- Industrial sites. Some delay.
- Translocation of glass warehouses (4 areas). Heavily funded. On schedule.
- Regional green projects. Underfunded, heavily behind schedule.

Parallel but unconnected to these covenants run covenants on urban renewal, ‘urban key projects’, social policies for big cities, general regional transport betterment, local and regional green development, and restructuring of industrial sites.
Evolving governance structure of the Capital Region in Korea

Won Bae Kim
Senior Fellow
Korea Research Institute for Human Settlements

Introduction

During the past decade, “governance” has become a fashionable tag. This is perhaps closely associated with the trend of intensifying globalization and increasing decentralization of power from the national state to localities and the private sector. Governance usually refers to the act, process or power of governing and it is also frequently used as a synonym for government. But the recent usage of it points beyond government to include all of collective actors who might be brought into the system of managing a region or territory. In a very simplified form, we may think of governance processes as forming a triangle involving state, capital and civil society (Friedmann 1999). The relationships among these three actors and the relative influence of each actor vary with political and cultural traditions. Thus, civil society is relatively weak and recently emerging in many Asian countries with the tradition of a strong state. For Korea, the emergence of civil society has begun in the late 1980s, the milestone of which was the June 1987 democracy movement. One can meaningfully discuss governance in Korea since the mid 1990s when the country reinstalled a local self-governance system.

Apart from theoretical interests in governance structure and process, a more practical interest stems from the relationship between governance structure and policy processes and outcomes. This applies to national as well as regional and local levels. For example, if new forms of regional governance bring benefits to a city-region, we need to collectively strive to find an appropriate governance system for the region.1 However, given the lack of theoretical frameworks and empirical evidences, we cannot make claims on which governance form produces good outcomes. Even if we adopt the same criteria for good governance and good outcomes, there would not be a single best

1 The driving force behind the search for new regionalism or new forms of regional governance is competition triggered by the globalization and regionalization (e.g., EU) of the world economies (Newman 2000). Although original concerns over the Capital Region in Korea were focused on balanced territorial development, the present concern is regional competitiveness mixed with inter-regional equity. The urgency of competition was brought in since the 1997 financial crisis.
governance model applicable to all city-regions probably because of differences in political, economic, social and cultural contexts.

Our intuition, however, indicates that governance structure is associated with policy outcomes. With this intuition, this paper will examine the evolving governance structure of the Capital Region of Korea. The major question is how regional governance structure is affected by social changes and how it is related to overriding concerns of regional development. In particular, the impact of governance structure on the discourse of regional development and its three major goal dimensions, i.e., competitiveness, sustainable development and social justice will be examined (these are often called as three E’s—economy, environment and equity). With a few examples representing competitiveness, sustainable development and functional efficiency, the paper will illustrate evolving dynamics of the governance triangle—state, organized civil society and the corporate sector in the capital region. The paper will conclude with a few suggestions to improve governance structure of the Capital Region in Korea.

The Evolution of Governance Structure of the Capital Region

A brief introduction on the national governance structure of Korea may be necessary for the discussion of governance structure of the capital region. Korea’s modernization drive began in the early 1960s by the authoritarian regime. This authoritarian government continued until the mid-1980s. During the late President Park’s reign, the governance structure of the nation was dominated by state. The corporate sector was small and it was subject to the single-minded government policy for economic growth. There was virtually no civil society except for occasional student movements against the authoritarian regime. The situation was somewhat changed during the 1980s, when the military regime had to collaborate with the corporate sector, especially large industrial conglomerates, called chaebol for the governance of the nation. Therefore, the term, “developmental state” characterizes the Korean state very well up until 1987 (Kim 1999a).

A pent-up desire for democracy under the successive authoritarian regimes erupted on 29 June 1987, resulting in the institution of a relatively more democratic regime, where labor and civil society began to participate in the governance of the nation. Together with the above fundamental change in the nation’s governance structure, decentralization and local autonomy gained momentum in 1988 when the Local Autonomy Act and the Local Finance Act were thoroughly reformed. In 1991, local assemblies were reestablished from their roots of the early days of the Korean Republic. The shift of responsibilities from the central to the sub-central government level accelerated. In 1995, the first direct elections of local parliaments and executives

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2 The definition of regions at some intermediate level between nation-states and local government is fraught with difficulties. In recent years, a strong theme has arisen along meso-regions in Europe and global city-regions across the world and the associated new institutions for effective regional governance (Keating and Loughlin 1997; Scott 2001).
strengthened the self-confidence and the respectability of the various sub-central government levels. Thus, the year 1995 registered a significant change in territorial governance in Korea. Regional governance since then has evolved around the changing relations, firstly, between the central and sub-central governments and, secondly, between the government and non-government sectors including civil society and the corporate sector.

Despite a remarkable decentralization process in the last decade or so, the reality experienced by local authorities is far from the intent of the content contained in the Local Autonomy Act. Having a strong tradition of centralist and unitary government, vertical inter-governmental relations still prevail and local governments depend largely on the central government, which still treats them as administrative units rather than as independent legal entities. Correspondingly, local governments tend to follow the central government instructions. Except for a few provincial and metropolitan governments, local governments do not have fiscal autonomy and therefore they are subject to the central government discretionary power. Horizontal partnerships across governments or between the private and the public sector are rather scattered and exceptional. Thus, the OECD Territorial Reviews of Korea recommended a continued decentralization with increased financial autonomy of local governments and fostering of horizontal cooperation across governments and partnership between the public and the private sector (OECD 2001).

**Figure 1. Three-Tier Government System in Korea**

**Governance in the Capital Region**

The Capital Region has a special importance in the evolving governance structure of Korea because it contains almost half of the national population and production while occupying only 12 percent of the national territory. Since policies dealing with the Capital Region have direct effects on the national economy going beyond the region, actors involved in the governance of the Capital Region are more numerous and their relationships are more complicated than those for other regions in Korea. Moreover, as in other mega-urban regions like Tokyo and Shanghai, the concentration of 22 million people in a small area poses serious problems and challenges to regional governance and management. Water supply, waste disposal, air pollution, traffic congestion and
inadequate housing among others demand region-wide policy frameworks and approaches. And yet, such region-wide problems have not been tackled effectively through inter-governmental cooperation and public-private partnership (Kim et al. 1998). The central government still uses a top-down approach and local governments and civil society are often sidelined in important policy decisions. Even though efficiency is used as a justification for such a top-down approach by the central government, the effectiveness of regional governance dominated by the central government is questioned now. As revealed in recent episodes surrounding the readjustment of greenbelt, the deregulation of factory construction restrictions, and the construction of a metropolitan beltway, central government policies are increasingly challenged by local governments, organized civil society and the corporate sector. These three episodes will be used as references for discussion particularly for understanding the changing relationships among the major actors in regional governance. Moreover, they will also help explain key issues or dilemmas involved in regional policies in Korea. A short introduction on the government organization and policies in the Capital Region will follow to give a background for recent policy debates surrounding the three episodes.

_Government organizations and major policy framework for the capital region_

In terms of administrative jurisdiction, the Capital Region is composed of Seoul Special City, Incheon Metropolitan City and Gyeonggi Province. The Province is further divided into 25 cities and 6 counties. The provincial and city governments are responsible for making and implementing their own plans for development, although these plans have to be reviewed by central government agencies. Because of region-wide nature of urban problems, cooperation between local governments and between local and central governments is inevitable. However, cooperative planning and policy implementation are still limited to a few functional areas, for example, water supply, waste dumping, and transportation (Kim et al. 1998). In general, inter-governmental cooperation is weak and needs further improvements. As a result, the central government still exercises a great influence on the governance of the Capital Region. In the following, the key policy framework regarding the management of the Capital Region is discussed focusing on the relationship between the central government and senior level local governments.

Until the mid 1970s, policy intervention by the central government was targeted at the containment of Seoul’s growth. The major policy initiative introduced was the designation of greenbelt around the city of Seoul. Between the mid 1970s and the mid 1980s, the central government reinforced the containment policy including measures of regulating the establishment of manufacturing firms and higher-education institutions. In 1984, the Capital Region Management Law was enacted and subsequently the Capital Region Management Plan was prepared to ensure a more efficient and equitable development of the region. This Plan was revised in 1997 to reflect changed circumstances surrounding the capital region.

The Plan deals with basic directions and guidelines for the capital region concerning
mainly the distribution of population and industrial activities as well as the management of sound growth (KRIHS 1997). Its detailed planning, however, is done at two levels. Provincial and local governments are required to make a comprehensive implementation plan, while central government agencies have to propose detailed implementation plans for the items in their purview. The Capital Region Management Review Committee is in charge of planning and policymaking. Chaired by the Prime Minister, it is composed of the ministers of related ministries in the central government as well as the governor of Gyeonggi Province and mayors of Seoul and Incheon. But essentially, the Plan is prepared by the central government, in particular, by the MOCT (Ministry of Construction and Transportation).

The major tools of the Plan are laws and decrees regulating development activities that induce population concentration. Classifying the region into three zones—‘congestion relief zone,’ ‘growth management zone’ and ‘nature conservation zone’—(five zones in the original plan) and applying varying restrictive measures to each zone are the essence of the Plan. Major policy tools employed are congestion charges (applied to Seoul only now) and an aggregate ceiling system on factory establishment. Congestion charges are levied on those development activities that are likely to induce population concentration within the ‘congestion relief’ zone. The aggregate ceiling system is designed to control industrial growth in the Capital Region. With an annually set total volume of factory construction for the Capital Region as a whole, industrial development activities in cities and counties are regulated. The MOCT allocates quotas for each city and county taking local circumstances into account. Then, within these quotas, heads of local governments screen applications for factory construction. With suggestions from the governor and mayors, the Committee finally decides the total volume allowed for factory construction in the first quarter of every year (KRIHS 1997).

Changing Dynamics of Regional Governance: Three Episodes

1. **Lifting restrictions on factory construction: regional competitiveness vs. inter-regional equity**

As the Korean economy began experiencing a decline in its international competitiveness in the 1990s, pressure mounted for deregulation, especially targeting the ‘excessive restrictions’ on land uses in the Capital Region. Riding this wave of deregulation and liberalization of the Korean economy, industrialists, developers, and local governments contested the regulations set by the central government. This was coincidental with the reinstitution of local autonomy in 1995. The proponents of deregulation took the competitiveness argument to relax the central government’s control over land use and urban planning. The 1997 financial crisis in Korea provided a critical momentum for the trend towards deregulation and liberalization. The Korea Chamber of Commerce and Industry, for example, strongly suggested deregulation of what they considered ‘unnecessary government intervention’ in the market including land use controls in the Capital Region (KCCI 1997). Their reasoning is that, whether one likes it or not, the Capital Region is the only region in Korea able to compete with
other major city-regions in the globalized economy. Impairing its competitiveness through excessive regulations and restrictions, for example, restrictions on factory construction, would be detrimental to the stable growth of the Korean economy. Some economists in neo-liberalist persuasion also participated in the debate by advocating that market-conforming measures rather than blanket land use restrictions should be used to combat negative urban externalities such as pollution and traffic congestion (Sohn 1996).

Restrictions on factory construction was also heavily criticized as an archaic policy measure with insignificant effects on its intended objective of industrial dispersal from the Capital Region to other regions in Korea (Lee 1998). The gist of the deregulation camp is that firms in this ‘borderless age’ can move out of the country and unnecessary restrictions will make the Capital Region suffer from industrial hollowing out. Furthermore, it was argued that the Capital Region should be encouraged to host more high-tech firms, advanced service functions and research institutions to enhance its competitiveness. It was not only the corporate sector, which demanded the relaxation or elimination of ‘excessive’ land use controls in the Capital Region. Local governments did as well. With the reinstitution of local autonomy, provincial and local governments—Gyeonggi Province and Incheon Metropolitan City—have become increasingly interested in local economic development. Recognizing that their development potential is restricted by the central government policy—the Capital Region Management Plan, these local governments appealed the central government to relax land-use restrictions in their jurisdiction. The Gyeonggi provincial government has been vocal and has made efforts to relax restrictions on factory construction, especially for high-tech firms. The metropolitan government of Incheon, the whole area of which was designated as ‘congestion relief zone,’ appealed the central government and succeeded in reclassifying part of its territory into ‘growth management zone’ (Kim 1999b).

Responses of central government agencies to these pressures for deregulation varied. The MOCT, which is in charge of Capital Region management and planning, was reluctant to relax regulations and restrictions for the reasons of balanced regional development. But the MOCT admitted that outright restrictions on development activities should be changed to indirect measures such as congestion charges in order to accommodate increasing space demands for advanced business services and information technology industries. The MOIR (Ministry of Industry and Resources), on the other hand, was more sympathetic with the corporate sector. In May 2002, the MOIR proposed a plan to exempt new industries represented by six T’s—information technology, bio-technology, environment technology, nano-technology, content technology, and space technology—from the list of activities to be restricted in the Capital Region (Chosunilbo May 29, 2002). The MOFE (Ministry of Finance and Economy), while trying to keep a neutral stance, was slightly oriented towards the deregulation of land use restrictions in the Capital Region. In its recently announced plan for ‘Korea as a business hub in Northeast Asia,’ the MOFE proposed a kind of special zone for international business, which will be exempted from the restrictions stipulated in the Capital Regional Management Plan. Three special zones are proposed
within the Capital Region to attract multinational companies’ investment into them (MOFE 2002).

On the other hand, local governments outside of the Capital Region are very much concerned about lifting restrictions in the Capital Region and its impact on their territories. Thirteen provincial and metropolitan governments in unison proposed to the central government to maintain the policy restricting population and industrial concentration in the Capital Region. They are emphatic on that the containment policy of the Capital Region is necessary to achieve balanced regional development in the nation. Because all the regions did not start from an equal footing, the central government should continue the containment policy until the regions outside of the Capital Region build a sufficient economic base for sustainable economic growth (Chosunilbo May 12 2002). Taking the similar line of arguments by those local governments outside the Capital Region, the most powerful non-governmental organization in Korea, called CCEJ (Citizens’ Coalition for Economic Justice), urges the central government to continue the containment policy and to take a more effective policy for balanced regional development (CCEJ 2002). The CCEJ endorses balanced regional development in the spirit of decentralization, deconcentration and regional specialization. The polarization trend towards the Capital Region is understood to have been intensifying after the financial crisis in 1997. In fact, many local and regional economies suffered from the crisis and their recovery seems slower than the Capital Region (Kim 2000).

In sum, governance structure and process with respect to the Capital Region, especially in relation to the issue of regional competitiveness, has become complicated because of its inter-regional dimension. The number of actors involved in the process has increased over time. As shown in Figure 2, the state does not have full control as it used to have and moreover it is not unequivocal about the policy direction. As indicated in the example of land use restrictions, opinions are different even among the ministries involved in the management of the Capital Region. Perhaps, this is inevitable in an increasingly globalizing and yet localizing economy. On the whole, the Korea state is moving towards deregulation and privatization. Furthermore, local governments, which have been passive in the past, are increasingly vocal since the reinstitution of local economy in 1995 and the decentralization process followed since then. Local governments are not shy anymore in making demands to the central government. But the split of local governments along the territorial line is very obvious in the case of policies concerning the Capital Region. In other words, local and regional interests differ whether one is located in the Capital Region or not. The CCEJ, which claims to represent collective interests for the national population, participates in the process of governance by making position statements and policy briefs. The corporate sector is not silent at all. With its strong power and capacity, it produces policy briefs and makes proposals to appeal the government and the public. Its position has been consistent and clear—the promotion of pro-market policies and the elimination of unnecessary regulations and restrictions on economic activities. The involvement of the central and local government, organized civil society and the corporate sector in the governance process of the Capital Region as illustrated in the above episode makes policy
coordination more difficult than before. Given the weakening coordinating capacity of the central government, the alternative seems to be horizontal cooperation across governments and between the public and the private sector. The question, however, remains how to achieve such cooperation with less social costs.

Figure 2. Capital Region Policy Contested by the Corporate Sector, Local Governments and NGOs

Notes:
ICR & OCR: Inside Capital Region and Outside Capital Region

2. Readjustment of greenbelt: property rights vs. environmental quality

The greenbelt policy was a product of top-down planning by an authoritarian regime. The intention was to discourage urban sprawl around large cities and save the green environment in metropolitan regions. Nonetheless, because of its infringement on property rights and the life of residents in designated areas, the policy has been in dispute since its implementation in 1971. The Kim Dae Jung administration, which promised readjustment of the policy as its election platform, carried out the promise. The central government adopted a principle of readjustment—relieving residents’ inconvenience while keeping the original intention of preserving green environment—and set up criteria for removing the greenbelt designation. In result, greenbelt areas established around small and medium cities were completely removed and those around large cities were partially lifted according to a set of criteria. Also, the central government announced its plan to use some of lifted areas for public purposes such as building low-income rental housing and public facilities. During the process of policymaking, the criteria became less stringent. For example, lifting development restrictions was only considered for settlement areas with more than 300 households in the beginning. But later, it was relaxed to include settlement areas with more than 10 households. The MOCT made a detailed plan for the readjustment of greenbelt areas
with the assistance of KRIHS (Korean Research Institute for Human Settlements). The process, however, was heavily influenced by politics of several actors such as the ruling party, local governments, property owners and residents in the greenbelt areas, NGOs and specialists in the urban and regional planning field.

A substantive issue involved in the debate surrounding greenbelt in the Capital Region was whether the greenbelt policy had the intended effect of containing urban sprawl of Seoul and preserving green environment in the region. Some criticized it as a policy failure, because the greenbelt policy reduced land supply and encouraged a leap-frogging pattern of urban development (Sohn 1996). In contrast, NGOs such as CCEJ and KFEM (Korea Federation for Environmental Movement) claimed that greenbelt in the capital region provided a breathing space for the residents in the Capital Region and that the environmental quality of the Region would have been worsened with its absence (CCEJ 2002). The CCEJ was and still is critical about the central government’s relaxation of the greenbelt policy. It raised a strong doubt about the intention of the central government. Specialists associated with the CCEJ consider that the greenbelt areas relieved from development restrictions are likely to be subject to reckless development and thus greenbelt would become ‘brownbelt.’ They also suspect that the central government does not have real intention to follow up metropolitan-wide plans and elaborate guidelines for lifting development restrictions, which were made by the government with almost two years of time and efforts. Given the pro-development inclination of local governments, reckless development in those areas relieved from the restriction is considered to be very likely in a few years of time. Although local governments are not a leading actor in the policy process, most of them including Incheon Metropolitan City and smaller cities in Gyeonggi Province welcome the relaxation of the greenbelt policy. The reason is obvious. They can secure more land for development.

Unlike the case with land use and location restrictions of factories in the Capital Region, the central government actively solicited the views of NGOs and local governments as well as public opinion. Although citizens in general were in favor of preserving greenbelt for the reason of environmental quality, they were more or less dependent on the leadership of NGOs. Representatives of major NGOs have been invited to public forum to give their views. Property owners of land and residents in the greenbelt were also provided with opportunities to make their voices in public hearings. Needless to say, they organized themselves and made a unanimous voice for the relaxation of greenbelt.

The government proposal to build rental housing for the low-income population in greenbelt areas to be relieved from development restrictions made a little bit of twist in the debate. Since rental housing for the low-income population serves the purpose of social justice, it is not easy to make objections against it. But one can raise an issue of the necessity of building such housing in those relieved areas. This is perhaps part of state strategy to justify its policy shift, which is regarded to be too lenient to some observers in the environmental camp.
Although the central government under the influence of the President and his ruling party seems to succeed in the adjustment of greenbelt policy at the moment, it does not mean an end of the story. The CCEJ, for example, announced recently that it would monitor policy effects closely and would raise a case later if the government does not follow up what it promised (CCEJ 2001). In short, the policy adjustment process of greenbelt during the past three years, NGOs such as CCEJ and KFEM played a critical role and as a consequence raised citizens’ environmental consciousness. All in all, the influence of organized civil society in regional governance is felt to be substantial in the policy formulation process. While the increased profile of NGOs in policy discussion on greenbelt is partly the result of their own efforts, one has to admit the positive change by the central government to allow a room for them to make a voice in policy discussion and planning exercise.

3. Building metropolitan beltway: transportation efficiency vs. environmental and religious rights

The Capital Region has been suffering from transportation problems. Traffic conditions have been getting worse in the region because of rapid growth of suburban population. Five new towns that were built for the dual purposes of housing growing population and reducing rising housing prices during the late 1980s generated significant traffic between Seoul and these towns and between themselves. The radial transportation system centering on Seoul was another systemic problem generating substantial through traffic. In order to ameliorate traffic congestion in the Capital Region, the MOCT embarked a circular type metropolitan beltway linking major suburban towns outside of Seoul in 1995. The completion of this circular expressway, however, is delayed because of a dispute over the route between the Korea Highway Corporation and the alliance of citizen and religious groups. The section that caused a strong protest by the alliance of
citizen and religious organizations is about 4.6km in length passing through Mt. Sapaesan on which seventeen Buddhist temples are located. This particular area is part of the Bukhansan National park, where thousands of citizens visit every week for hiking.

Environmental organizations including local chapters of KFEM and religious organizations, especially the Buddhist organizations, have been demanding the rerouting of the tunnel section in question, rejecting the court’s decision to allow the construction of the section (NPSAVE 2002). They are appealing the case to higher court. The result of environmental impact assessment is suspected by the alliance of citizens and religious organizations. The MOE (Ministry of Environment), which is responsible for environmental impact assessment, is also implicated for not thoroughly doing its job. The alliance claims that the tunnel section will not only destroy a highly valuable ecological asset but also disturb tranquil temple environment necessary for praying and meditation.

On the other hand, the KHC (Korea Highway Corporation), which is responsible for highway design and planning, made a public announcement, which states that the alternative route demanded by the environmental organizations is not superior over the planned route in the environmental, economic and functional aspects (KHC 2002). Because the alternative route will increase highway length by 10km more, it will cause more environmental damages and incur an additional construction cost of 952 billion won. In addition, the KHC argued that delaying the construction would cost 300 billion won annually due to anticipated traffic congestion. In terms of highway function, the detour route is said to be less efficient than the planned route because of poor accessibility from population centers in the northeastern part of the Capital Region.

In the meantime, there was an unfortunate incident lately, in which a few priests protesting the construction were injured by the employees of the construction company (Seoul Highway Corporation composed of LG Construction and other companies). The acute confrontation between the NGOs and the KHC (together with the Seoul Highway Corporation) over to the highway section in question awaits higher court’s decision. The delay caused by such a confrontation costs a lot for the construction company as well as generates social costs of traffic congestion.

The above episode indicates an importance of conflict resolution through an intermediary party. The involvement of court has been frequent recently, suggesting that central government agencies are losing credibility. The metropolitan beltway project was supposed to relieve traffic congestion in the Capital Region. Despite its good intention, it is challenged by NGOs for its environmental impact. Even the result of environmental impact assessment is suspected by NGOs for not accurately and thoroughly assessing all the relevant impact categories. Such a contention is not unique to the above case. The valuation of certain environmental impacts is subject to one’s view and therefore cannot avoid criticism from the opposing party. All in all, the above episode points out the importance of consensus building process or negotiation process in planning stages rather than implementation stages. Bringing in NGOs and residents into a decision-making process and widely soliciting the views of citizens and
specialists in the early stages of planning could have avoided such a costly confrontation. The above episode also reflects increased social awareness among citizens about environmental values and their increasing role in affecting (changing in this case) policy outcomes. One thing peculiar to this episode is the absence of the involvement by local governments, despite the fact that the beltway would have a sizable impact on commuting patterns of residents in their communities.

Figure 4. Metropolitan Beltway stalled by the Protest of NGOs

Major Challenges in the Governance of the Capital Region

The foregoing discussion on three episodes, each of which is related to the two most important goals of regional development policy—functional efficiency and economic competitiveness, and environmental sustainability—suggests that the top-down governance structure of the Capital Region has been gradually changing corresponding to broad social changes in Korean society towards democratization and decentralization. Obviously, on-going globalization processes are a background factor associated with such changes. The rise of civil society in Korea in the past decade or so has been remarkable (Kim 1999a; Kang 1998). It exerts now substantial influences on the decision-making process of other actors of the triangle—the state and the corporate sector. The organized civil society, represented by NGOs, can challenge policy decisions made by the state as illustrated in the above episodes. The state, on the other hand, has been gradually accommodating the demands of NGOs by incorporating them
in the policy making process, although not wholeheartedly.

The state-corporate sector (or capital) leg has been changing too. Under the developmental state in the past, the corporate sector was subject to the state because the state had sufficient levers by which it could control the corporate sector. Since the 1990s, the state is no longer in control of the national economy. The corporate sector has grown substantially to influence policymaking processes. Although it seldom directly confronts with the state, the corporate sector uses various channels to either lobby or persuade the state. Advocating the relaxation of controls over the location and land use of economic activities in the Capital Region is just one example. More recently, the corporate sector with its superior financial power and human resources attempts to influence policy processes so as to produce policy outcomes in line with its interest. Proliferating activities of NGOs in recent years can be, however, regarded as another factor for the corporate sector to raise its voice.

Even though the state-civil society leg in the triangle has been making some progress, the civil society-corporate sector leg has not been producing any significant advances. Oftentimes, the organized civil society is opposed to the corporate sector. This should be, however, understood in the context unique to Korean society, where the image of large corporations—chaebol—is tainted with illegitimate accumulation of wealth, for which the state is also implicated for favoring chaebol. Thus, campaigns not to buy goods produced by certain chaebol firms are frequently launched by NGOs (LG products are the target of the campaign by the alliance of citizens and religious groups involved in the Mt. Sapaesan section of the metropolitan beltway). Therefore, civil society-corporate sector relations need a great improvement in the coming years. Specialists with an intellectual integrity can play a role of bridging the gap between the two actors. Rather than blindly taking a side either civil society or the corporate sector, it is better for them to provide facts and scientific reasons for or against an issue in question and promote a mutual understanding between organized civil society and the corporate sector for the collective benefits of society.

Another noticeable change in the governance structure is seen within the state. Inter-governmental relations are slowly moving away from vertical relations to horizontal relations. Before 1995, local governments were simply the agent of the central government (Kang 1998; Cho 2000). Despite a strong centralist tradition in Korea, local governments are recently demanding the devolution of power from the central government to them. Although Korea has a long way to go for a decentralized government system, no one including the central government can oppose the principle of decentralization. Many observers consider that power decentralization will also relieve the perceived over-concentration of wealth and population in the Capital Region. As shown in the episode of regional competitiveness vs. inter-regional equity in this paper, local governments in the Capital Region are increasingly pushing for policy changes that could bring benefits to them. Because three senior level governments—Seoul Special City, Gyeonggi Province and Incheon Metropolitan City are better endowed with fiscal and human resources than local governments outside of Seoul, they are more able to participate in policy processes concerning the future of the Capital Region. Local governments are now incorporated in decision-making bodies such as the
Capital Region Management Review Committee, albeit not on equal basis. A tendency to behave for their self-interest by local governments, e.g., developing real estates without considering region-wide impacts on transportation and education facilities, however, is a negative consequence of increased local autonomy. Such a tendency in turn renders a justification for the central government to continue to hold on to its power.

More problematic is relations between local governments. Although there are a few cases of collaboration between local governments in functional areas such as the operation of dumping sites in the Capital Region, collaboration is an exception rather than a rule. This invites the central government to get involved in the management of urban problems. The Coordinating Committee for Water Management Policy (headed by the Prime Minister) and its Task Force of Water Quality Improvement is an example for the central government’s involvement in region-wide management. With respect to the water supply in the Capital Region, the Task Force recently proposed comprehensive measures with the consent of related ministries and five provincial level governments belonging to the watershed area. Another institutional arrangement recently made by the central government concerns with region-wide transportation. The Planning Committee for Metropolitan Transportation (headed by the Minister of Construction and Transportation) was established in 1998 to deal with transportation problems in the Capital Region. This Committee covers from planning, financing, coordinating, to developing policy measures for region-wide transportation. Its members include several central government agencies and a governor and two mayors of upper-level local governments.

In addition to those central government-led committees, there is a Consultative Administration Committee of the Capital Region, which is headed by the mayor of Seoul Special City. The permanent members are the governor of Gyeonggi Province and the mayor of Incheon Metropolitan City, while the governors of two adjoining provinces of Chungcheongbukdo and Gangwondo are non-permanent members. Although the Committee is designed to promote efficient and balanced development of the Capital Region through close administrative cooperation between local governments, it is not working very well because of local egoism and rivalry. Even if the Committee succeeds in making agreements, these agreements are oftentimes not actually carried out due to the lack of binding measures. By not including local councils, this Committee has a problem of representation. Moreover, the absence of permanent office with full time officers does not enable the Committee to function effectively.

Despite a few recent changes in regional governance, the governance structure of the Capital Region on the whole still depends greatly on the central government. The strong centralist tradition and the weak capacity of local governments are two major factors limiting horizontal cooperation between governments. In this respect, a more horizontal form of regional governance such as consultative committees of local governments is not likely to function in the near future. In other words, a bottom-up approach to collaborative governance as practiced in the U.S. regions is unlikely to happen in Korea (Henton 2001). Another suggestion, which is a more less top-down approach, is made for the better governance of regions. For instance, the establishment of new regional
development agency or regional government is recommended for Korea (OECD 2001). But the probability of the idea to be adopted is not high, given the entrenched political interests based on the existing territorial divisions. In other words, adopting a supra-municipality model as seen in the cases of Toronto and Vancouver (Lefvre 1998) either by a bottom-up or top-down approach would be unlikely for the Capital Region in Korea because of its paramount importance in Korea’s political economy. The central government is heavily involved in regional planning and management and partly carrying out coordination functions, although coordination among central government agencies and between the central government and local governments is increasingly difficult. Giving up such a role could be interpreted as a severe weakening of the state in the territorial governance of the nation as well as the Capital Region.

Concluding Remarks

The Korean version of regional governance has evolved along the trajectory shaped by the country’s democratization, decentralization and privatization processes. Even though the grip of the state over the society has been gradually loosening, the central state still exercises its power on the critical dimensions of regional and national governance. In this respect, regional governance can be said to have a top-heavy structure. Ironically, the 1997 financial crisis halted or at least slowed down the process of decentralization because of urgent calls for reforming the national economy, while accelerating the trend of privatization. For example, local fiscal autonomy has not been greatly improved despite the transfer of administrative functions from the central to local governments has been made. On the other front, property right claims have increased and the private sector has increased its participation in the provision of public services, which used to be provided by the public sector (e.g., road). More importantly, policy discourses after the crisis tilted towards a sort of neoliberal economic persuasion. Thus, the imperative for enhancing national economic competitiveness swept over major policy decisions. The revision of the Capital Region Policy is one of them. The corporate sector, which wanted deregulation anyway, seized the opportunity to push the central and local government further towards deregulation and privatization. In a sense, timing was in favor of the corporate sector to increase its voice and influence in regional and national governance. Obviously, some local governments seeking economic growth for their own benefits rendered an opportunity for an implicit growth coalition between local government and corporations/real estate developers.

However, the balance in favor of economic competitiveness, private property rights or functional efficiency arguments was checked by organized civil society, especially NGOs, which has grown rapidly over the past decade. As illustrated in the three episodes, the competitiveness or efficiency arguments were countered, contested or even protested by NGOs. The efficiency-oriented government bureaucracy at both central and local levels did not welcome such a contestation but had to accommodate it in order to abide by procedural justice (courts have been increasingly involved in urban and regional development issues). In itself, this is a big change in the territorial governance structure. Obviously, the inclusion of civil society in policy processes is
time consuming and costly. But the delay and failure in policy implementation is more costly and damaging. In certain cases, NGOs may go over the line for the sake of enhancing their position in the governance structure. On the whole, in contrast to the past practice of state’s unilateral policy decisions and actions, the role of NGOs in redefining public interest in a longer-term perspective and in making the state more responsive and inclusive deserves credit. The danger, however, lies ahead when some of immature NGOs are behaving for their own interest or co-opted by the state for their survival.

The major task for the Capital Region and the nation, therefore, is how to transform the current center-dominant pyramid structure of governance into a more horizontally structured form of governance. In order to establish horizontal inter-government relations, more devolution of power is necessary from the central to local government. Furthermore, capacity building is necessary for local governments to manage city-regions effectively. Sharing human resources between central and local government through secondment would be useful.

The corporate sector is entitled to have a larger voice because it provides employment and income for the residents of a city-region. It should, however, pay attention to community prosperity in addition to company prosperity. As many examples of successful industrial clusters in Europe and America indicate, social capital embedded in places plays an important role in enhancing regional innovation and creativity. An ethical management is perhaps a keyword here, corporations being responsible for the natural environment and the community where they are located. For organized civil society, a more proactive approach is needed instead of simply reacting to policy decisions made by the state. For this, it is necessary to enhance its analytical capability with voluntary staff of specialists in diverse fields.

In conclusion, the governance culture of Korea should be transformed. It is, however, an enormous challenge for Korean society, which is accustomed to vertical, one-way communication. Discussions and debates often end up with confrontation as illustrated in the three episodes. Compromises are perceived as bending principles and the art of negotiation is underdeveloped. Certainly, it will take time to develop a new governance culture in Korea. In order to shorten the learning process, I can only suggest that all the actors involved in the governance triangle should have, first, a clear understanding of the issues in contention and how they are related to larger policy goals. Then, they must learn how to negotiate with each other for feasible solutions rather than best solutions.

Specifically for the Capital Region, it is suggested to introduce a more balanced partnership. The current strongly vertical relations between the central government and local authorities should be replaced with a more cooperative partnership. Also suggested is fostering horizontal collaboration between the state and civil society and between the state and the corporate sector. It may be useful to set up a forum where all the major actors can convene, discuss on equal basis, and then decide on policy goals and best measures to achieve them. A ‘collaborative or negotiated planning’ may be desirable for important policy issues concerning regional competitiveness, environment
sustainability and social justice. However, these suggestions can only be meaningful when the central government changes its role towards a mediator and facilitator of regional governance rather than a dictator. Any premature attempts to bring a bottom-up model of governance eliminating the central government are bound to fail because of the special importance of the Capital Region to the national economy and hence to the state.
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Rethinking governance with regard to the Randstad region

Prof. Ton Kreukels
Department of Urban and Regional Planning,
Utrecht University, The Netherlands

Abstract

The main features of the administrative quality of metropolitan areas will be presented here. The administrative structure of metropolitan regions is viewed in perspective, as one factor among many. In order to improve the administrative quality of metropolitan areas it is considered essential that tribute be paid to each of the main elements determining the quality of administration. It is also vital to relate the administrative structure to these other decisive elements.

This outline is largely derived from an analysis of the expected strengths and weaknesses of Western cities/regions in research carried out in connection with Report no. 37 “Institutions and Cities” (‘Van de stad en de rand’) from the Dutch Scientific Council for Government Policy, addressed to the Dutch Government and published in 1990.

The main elements will be outlined in relation to the administrative structure of the major Dutch cities and of their surrounding municipalities, both today and against the background of future proposals for really effective metropolitan administrative structures.

Based on this analytic framework, derived from Dutch experience, it is possible to assess metropolitan administrative structures elsewhere in Western Europe and more specifically the case studies on Antwerp, Birmingham, Frankfurt and Lille.
1. Introduction

My contribution concentrates on the general principles of administrative reform in metropolitan areas. This choice was prompted by the conviction that increased policy efforts relating to major cities and metropolitan areas involves more than simply, or primarily, a modification of the administrative framework. Although this administrative framework is an important element in the necessary changes, it is not the most important. It is also less of a panacea than was suggested in recent discussions on the administrative organisations of metropolitan areas. Moreover, the value in real terms of these proposals for new administrative frameworks is determined to a large degree by the link with other approaches to administrative reform.

2. Improving the relative position of metropolitan areas

The first question which might be raised in attempting to adapt administrative reforms for the metropolitan areas is: is such an operation actually necessary or desirable? In September 1991 the Netherlands Scientific Council for Government Policy presented its recommendations to the government in the form of the report “Institutions and Cities” (‘Van de stad en de rand’). The analysis of the economic developments and social problems in particular, combined with an analysis of the current policy and existing policy frameworks, indicates without a doubt that our four major cities- leaving aside the differences between the major cities- have not been functioning ‘in top form’ since the seventies. They also show that extra policy effort is not merely justified but necessary, if one wishes to not only recover this lost ground (an operation which yielded some success, economically, in the late eighties), but more importantly maintain and increase strength in various areas (economic, social and cultural) in the period ahead.

This all becomes more meaningful if one realises that the pressure on metropolitan areas is sure to increase in the coming period. There is evidence of growing rivalry and competition between these regions in a(n) (inter)national context. It is precisely here that quick reactions and extra effort will be demanded if economic growth is to reach a healthy level and remain there. This also applies to dealing effectively with concentrated social problems.

3. The relationship between the extra policies required and administrative changes in metropolitan areas

In the WRR (Netherlands Scientific Council for Government Policy) recommendations, it was not only argued that extra policies were needed in order to raise the status of major cities and their environments and then maintain this. The conclusion was also reached that - in order to achieve this- the administrative framework of the metropolitan areas had to be modified. This marks a departure from the idea that the existing municipal order, supplemented by the opportunities provided by the Joint Structures Act for now and the immediate future, adequate in this respect. The notion that the need for such changes is outweighed by the political, administrative and financial costs is
also hereby rejected. The reopening in 1989, of the discussion on the administrative framework of metropolitan areas by the Montijn Committee was warmly welcomed in the WRR report for this reason.

The relevance of changes to the administrative framework - as a precondition for effective additional policy measures - also derives from the fact that we, unlike other nations, have never in our history developed or introduced a special administrative organisation for our major cities or metropolitan areas. Our uniform municipal system continues to set the norm to this very day. Leaving aside the now disbanded Rijnmond and Eindhoven Authorities, we in the Netherlands differ from the most other Western Countries in never having made special administrative provisions for our major cities. The solution to the administrative problem in relation to the increase in scale of urban areas has been fervently sought since before the war in such big cities as Amsterdam, Rotterdam, The Hague and Utrecht, and found in the form of changing municipal boundaries or – put less delicately - in the annexation of land from adjoining municipalities for the benefit of a ‘cramped’ major city.

4. The basic approaches to administrative reform for metropolitan areas

The WRR report “Institutions and Cities” comes up with the following triad or ABC approaches to administrative reform for metropolitan areas:

A. Increasing local administrative autonomy; - inextricably linked with this - strengthening municipal financial autonomy.

B. Making it possible for municipal authorities to exert the necessary influence on the new decentralised links in the context of reforms in various policy sectors, e.g. education, health care and employment services.

C. Adapting the administrative framework of metropolitan areas.

The attention of Dutch administrators is presently centred on the C approach; proposals for a modified, general administrative framework. The so called BON I and BON II operations relating to metropolitan administrative structure, geared towards the major cities and attracting plenty of attention, illustrates this point well. They originate from the Dutch Ministry of Home Affairs and were created in 1990, with the aim of modifying metropolitan administration, with Amsterdam and a varying group of other large and medium-sized cities serving as a powerful motor.

The ABC triad introduced above, and my contribution as a whole, are an attempt to make it clear that although the C approach forms part of the necessary pre-conditions for the extra effort referred to, it is no more than a part and not even the most important part. This means distancing oneself from the basic philosophy behind BON I and BON II in which the changes in the administrative framework are presented as the basic and all-important remedy.
Whereas sights are currently set on the C approach, the ABC principles will reveal –if the administrative framework is actually modified un the form of regional area authorities- that this approach is totally incapable of satisfying all the conditions necessary for producing effective new policies in the major cities and in the metropolitan areas as a whole.

In this ABC of approaches the order is also essential. A: local administrative autonomy is more basic than B: the grip of local administrations on a number of strategic policy sectors. Both of these will have to be satisfied before C: the modification of the administrative framework can be successful.

If the Netherlands is to create the conditions required for maximum political effort in major cities and fringe municipalities and in the metropolitan areas as a whole, then the strategy for change must be: first satisfy A, then B and only then C.

This broader view of change appears to be absent in our country, as witnessed in the current debates and proposals on the metropolitan administration. The debate and the policy proposals tend to concentrate –as noted above- on the modification of the administrative organisation of metropolitan areas. At the same time, the necessary changes with respect to the essential A and B conditions are either ignored, neglected or, at best, merely implied.

Based on the view supported in the WRR report and briefly summarised in this ABC approaches, the operation already launched for metropolitan area authorities or other variants of regional administrative organisation can only lead to disappointment. This is also largely related to the explicit expectations aroused in the BON I and BON II operations and in the concrete experiments and projects for change in the Amsterdam conurbation (a variant with very limited provincial authority), Rotterdam (a variant with no provincial authority) and other examples both within and beyond the Randstad.

From this point on my introduction will concentrate on an elaboration of the above-mentioned ABC of administrative innovation. The rest of my contribution can therefore be seen as a more detailed presentation of the connection between and relative importance of the three approaches. To this and each approach will be dealt with in more detail. I will conclude with a few remarks on intra-municipal decentralisation. This administrative form within the new regional administrative framework enjoys some eminence, in both the proposals from the Ministry of Home Affairs and the new structures which are being proposed and developed in the Amsterdam Regional Forum (RDA), the Rijnmond Municipalities Forum (OOR) and the proposals emanating from the Eindhoven-Helmond agglomeration. The concrete form of this intra-regional administrative body, which can be inferred from the abovementioned proposals, has important consequences for the central city, in relation to the fringe municipalities and the metropolitan region as a whole.

5. Increasing local administrative autonomy and – inextricably linked with this – strengthening municipal financial autonomy
The fact must be stressed that in today’s complex of welfare states central governments (whether or not as part of an international configuration) still, and will continue to, have the final word when it comes not only to macro-economic requirements, elementary legal security and basic social rights, but also national strategic economic and social interests. One could even go as far as saying that the present political and administrative reality demonstrates how national government has not always excelled in carrying out these central duties, given the continual emergence of new Governmental responsibilities. This forms the backdrop to the discussion on key responsibilities at the state level. It also points to a more selective and pronounced strategic contribution, including that involving metropolitan infrastructure and economics (see WRR report “Institutions and Cities”).

The decentralisation and shedding of governmental tasks, which has been taking place since the eighties, is still primarily a process whereby central government retains ultimate responsibility, operating via central legislation and financing. This is reinforced by centrally organised consultative bodies, operating in a variety of policy sectors. In such a situation, real decentralisation is sure to be slow and hesitant.

A strong territorially decentralised administration meets with just as much resistance as functional decentralisation and that of market relations, not even, or even primarily, from the Government but from our centralised system of consultative bodies.

The most systematic decentralisation is, in the meantime, underway in a number of previously reformed policy sectors: health care, employment services and finally education. These operations also reveal, however, how refractory the centralistic system still is.

In the sphere of territorial decentralisation, there is consequently still no evidence of a development towards a strong and resilient local councils with greater responsibilities and therefore risk-taking, and with the accompanying administrative and financial accountability.

With respect to the major cities and the metropolitan areas in particular —given their special socio-economic dynamics and the specific tasks facing them in the socio-cultural sphere— an increase in local administrative autonomy is a pre-requisite. An important point in this connection is that our urban municipalities are extremely dependent, in administrative and financial terms, when compared with other countries.

A strengthening of metropolitan administration and policy therefore also implies above all, and especially in our country, that more emphasis be placed on the contribution made by the local administration, reducing the current dominance of State legislation and financing.

Administrative autonomy and responsibility do not go hand in hand with financial dependence. For this reason, one of the primary conditions for strengthening local administration in the major cities and fringe municipalities is that they receive more
financial responsibility, not only with respect to spending, but also –a taboo in our country?- with regard to revenues.

This is why the WRR report “Institutions and Cities” advocates – via changes in the levying in taxes (not by means of increased taxes) – an increase in municipal jurisdiction with respect to taxation (not extreme but meaningful), together with a reduction in the category of specific grants and an increase in the general grant (from the Municipalities Fund), at the expense of specific grants (earmarked contributions to finance policies supported by the State departments). In this way, Dutch cities would be brought more into line with their counterparts elsewhere in Europe even if one restricts the comparison to cities in countries characterised by a pronounced welfare state. Local taxation covers a much broader area, wherever one looks.

The target could be expressed in the following distribution of financial relations:
7 Local taxes: 20/25%
8 General grant (from Municipalities Fund): 50%
9 Specific grants earmarked by State: 20/25%

This would replace the current distribution:
1 Local taxes: 10%
2 General grant (from Municipalities Fund): 27%
3 Specific grants earmarked by State: 63%

Note: For comparison: during a conference on European cities held in Barcelona in March 1991, the German city of Cologne advocated an increase from 30% to 40/50% in their own tax jurisdiction.

In this proposal the system of general grants/specific grants from central government and local taxes, well-balanced in terms of basic national uniformity and macro-economic functions, remains completely intact. The only changes relate to the relatively meagre municipal revenues.

Should change be realised in this direction, then the Netherlands would be able to free itself from one of the most centralised municipal revenue systems known internationally. More importantly –considering the particular tasks facing the metropolitan regions– it could lead to more local responsibility and involvement with respect to policy and administration in relations between local authorities and business, institutions, households etc. in the area.

In this way, local revenues would again act as a clear indicator in the allocation of functions for municipal councils in metropolitan areas, and particularly in the major cities. Revenues generated in the city would again become an essential factor in metropolitan policy. This, together with a general increase in financial responsibility, would make the city administration and that of the fringe municipalities more of a match for businesses, institutions and the many vested interests when they tackle the council on everyday and strategic choices. Most importantly, it would be possible to
transfer resources between the economic, social and cultural spheres directly at local level, and not via central government (compare Rotterdam in the fifties/sixties/seventies with its own ‘working capital’, earned in and by the port and put to many other uses: in particular in urban renewal programmes and for the benefit of education for the socially disadvantaged).

With respect to actually getting these new financial relations going, and in connection with the recommendations of the WRR report “Institutions and Cities”. I refer you to the proposals of the ‘Breed Beraad van de Stichting Forum voor Stedelijke Vernieuwing’ (Foundation Forum for Urban Regeneration), included in the brochure “Financiële prikkels voor actieve steden: een routebeschrijving” (Financial stimuli for active cities; An itinerary) which was presented at the end of 1991 (Note: not translated into English).

6. Making it possible for municipal administrations to exert the necessary influence on the new decentralised structures in the context of reforms in various policy sectors, e.g. education, health care and employment services

In the course of the eighties a number of reforms were realized in the systems of: health care (an emphasis on the demand/supply mechanism) differentiated towards function and territorial unity; education (‘the autonomous school’, in which school boards are granted more responsibility and are expected to bear more risks); employment policy (in which the decentralised tripartite system of employers, employees and government leads to a new platform in the form of the Regional Employment Boards (RBAs), under the umbrella of the Central Employment Board (CBA).

These policy proposals mean, as stated above, a clear step forwards with respect to decentralisation – despite the uncertainty regarding future development. More freedom has been created for various parties to shoulder their responsibility and accept risks, offering opportunities (albeit limited) for differentiation.

What these proposals fail to do, however, is to place this predominantly functional – and market – ‘decentralisation’ in a clear relation to territorial decentralisation, concrete in terms of the municipal and provincial involvement in such policy sectors as health care, education and employment.

At the same time, it must be noted that no implicit or explicit connection is drawn with these policy fields or other Government tendencies towards regionalisation (seen for example in the police regions) in BON I & II operations originating from the Ministry of Home Affairs. The BON operation for the modification of metropolitan administration is expressly related, at Government level, to the physical planning/infrastructure triangle formed by the Ministry of Housing, Physical Planning and the Environment, in the context of the Fourth Memorandum Extra, the Ministry of Transport, in the context of transport policy, and the Ministry of Economic Affairs in the context of regional economic policy. Any search for links with other strategic policy
fields as far as urban development in the period ahead is concerned (education, health care and social services, employment services etc.), would be in vain, although these enjoy a central role in the actual urban development of comparable countries.

The basic proposition here is that the connection between the administrative councils in the major cities, the fringe municipalities and the metropolitan area as a whole and the new structures and relationships will be ultimate significance to the city’s economic dynamics and for a strong socio-cultural image, unlike those of physical planning/infrastructure.

The analysis in the WRR report “Institutions and Cities” reveals how vague the role of the decentralised municipal or provincial council has remained in these reforms and how recent proposals also fail to provide real clarity in this respect.

What is decisive for the quality of metropolitan areas in the period ahead is whether or not the administration of the major city, the fringe municipality or the metropolitan area as a whole can exercise decisive influence on those fields of policy which are so strategic for urban development, such as health care, social services, education, employment and housing.

The proposals for increasing this influence are not synonymous with an argument in favour of decentralised systems of planning, in which the local or regional authorities think they can take over the “grip on reality” from the national government. Proposals originating from various departments of the four major cities have, over the past few years, advocated such systems.

The main point here is that the local authorities – where the new structures result in agreements and allocations in various policy sectors – must be in a position to stipulate conditions, based on their overall responsibility for the metropolitan territorial area. These structures must then actually feel bound by these conditions. In a number of cases the municipal administration will have to function here as “countervailing power” with respect to monopolies on the supply side; this in the interests of those groups of consumers who are weak and/or poorly organised. In yet other cases, the municipal administration will champion any specific requirement of the relevant metropolitan/urban area.

7. Special provisions for the general administrative organisation of metropolitan areas

After satisfying the above, most elementary principles of administrative innovation, namely by strengthening local administrative autonomy, by taking advantage of (new) decentralised structures and relationships in strategic policy sectors, we come to the last point. C: the modification of the administrative framework of the metropolitan area as a unit.
As suggested earlier, a strengthening/modification of the general administrative organisation is a logical development, considering the tasks facing the metropolitan areas in the period ahead and the current undifferentiated and uniform nature of the local administration of major cities and their fringes, based on the Municipalities Act and supplemented by the Joint Authorities Act (WGR). However, the question is not only what are the desirable options, but what is realistic in the long term.

The initial determining factor relates to the acceptability in our country of the main structure involving the State, provinces and municipalities, and thereby the basic system of administrative relationships as point of departure. If that basic system continues to form the foundation, then the creation of an extra administrative level would not be a logical step. There are, however, ample opportunities for adapting municipal and provincial arrangements by building on the three existing levels. This would be more in line with the increases of scale in metropolitan areas.

In the WRR recommendations, the current order involving State, provinces and municipalities, and including the concomitant constitutional relations, is taken as departure point.

The proposal regarding agglomeration municipalities made by the Montijn Committee is also consistent with this principle. In this particular proposal today’s major cities are raised, as it were, to the level of agglomeration. The basic relationships with other municipalities, province and State remain unchanged. However attractive and unambiguous this proposal might seem, a number of questions can be raised on both this and other proposals for special forms of general administrative organisation of metropolitan areas.

These proposals can be set on an axis, with the following variants extending from the one extreme: 1) making no modifications at all (applying the current Joint Authorities: WGR rulings); via 2) administrative change not achieved by means of new structures, but by creating the necessary networks – by means of arrangements, convenants, contracts (an option supported by public administration specialist R. in ’t Veld and others), via: 3) administrative reinforcement of metropolitan areas by providing a functional administration for selected strategic functions, with its own authority and sphere of activity, complementing and deriving from the municipal councils in the metropolitan area (an option advocated by the WRR in ‘Institutions and Cities’), via 4) with two sub-variants: a) the agglomeration municipality, in which the present major city is raised to the level of conurbation and this larger whole is granted a special administrative status in municipal legislation; for the rest, the system of State, province and municipalities remains unchanged (an option proposed by the Montijn Committee); and b) changing the boundaries of major cities, enough to create the minimum necessary modification to central city/fringe municipality relations, to the other extreme: 5) a new regional area authority subject to limited provincial contraint, encompassing boroughs and municipalities; this still denies a fully-fledged administration (i.e. able, in principle, to carry out all functions not excluded by the state and provinces). On the other hand, the detailing of responsibilities does at least point to
a ‘heavy’, dominant administrative layer compared with the boroughs/municipalities. A sub-variant is provided by the Rotterdam agglomeration (Rijnmond Municipalities Forum (OOR) which presents this problem in the form of a regional administrative authority which is not answerable to the province and in which the present municipalities, including Rotterdam, merge as boroughs. One could claim that this option creates no additional administrative layer. After all, the province layer is swept away.

Much discussion is possible, and necessary, with respect to the advantages and disadvantages of the various models. Personally, I have gradually shifted away from the Montijn Committee option (4 above): The agglomeration municipality (an option which I was actively involved in 1988/1989 as member of the said committee) towards the WRR option (3 above: functional forms of administration for strategic purposes (an option which I helped formulate during 1990/1991 in the context of “Institutions and Cities”, WRR report no. 37, presented to the Government in 1991).

The reason for this switch lay primarily in the interim analysis made, based on academic literature relating to administrative forms for metropolitan areas in the U.S.A., U.K. and Germany. It became clear to me that the dynamics involved in metropolitan areas are so pronounced, both territorially and functionally, that any new metropolitan structures developed and implemented in the U.S.A., U.K., West Germany or France in the period 1960-1989/1990 quickly became outdated, only to become ignored, be paid silent homage or even revoked some years later.

These findings point to a more long-term option favouring a powerful local administration backed by flexible and workable supplementary provisions for metropolitan regional administration. This material, which provides a good overview of metropolitan areas in a variety of Western countries, also reviews how new, ‘heavier’ administrative constructions at city-regional level can quickly become artificial frameworks, no longer capable of reflecting the reality of structures and relations, given the dynamics of the situation.

For this reason the WRR report seeks and finds a solution, at the regional level, in functional administrative forms with their own responsibilities regarding those strategic functions which are relevant at the regional level, e.g. public transport, aspects of environmental policy and housing. Such a model has proven its worth in the Anglo-Saxon world in the form of Public Authorities. This regional form of functional administration must be seen as supplementing the municipal system of central city and fringe municipalities. Beyond the transfer of responsibility referred to above, this system remains unchanged. As far as city-region development is concerned, it remains important that the opportunities for administrative alignment with domains other than those of strategic functions continue to be exploited, via cooperation and consultation. This should preferably take place in both the public and private context (in the Netherlands there is very little evidence of explicit profiting from regional connections in the private sphere), as well as in combined public-private structures (in the Netherlands on a very restricted scale, primarily in urban areas outside the Randstad).
The C alternative becomes more substantial when one links it with the proposals referred to under A and B. That concludes my presentation of the ABC of administrative renewal.

8. Intra-municipal decentralisation and the administrative reform of metropolitan areas

Before rounding off my contribution, I would like to raise a few more points on (intra)municipal decentralisation. These are justified by the fact that intra-municipal decentralisation is presented in a very favourable light, not only in the proposals for regional area authorities emanating from the major cities themselves (Amsterdam as the great harbinger, followed by Eindhoven and now recently by Rotterdam) but also in those originating from the ministry of Home Affairs and relating to metropolitan administrative structures (BON I and II). But not only this, it also has far-reaching consequences for the image and unity of the central city within the broader context of the metropolitan region.

1) To remove the difference in status between a major city and a fringe municipality by first dividing the former into boroughs and then herding these together, on an equal basis, with the fringe-municipalities under the administrative flag of the regional area authority, is in my opinion a bad move. This is particularly so because there is no deep-rooted tradition of granting the major city its full status, given the (Dutch?) abhorrence of differentiation and inequality in both the administrative and social sense. Against such a background there seems to be a need for more differentiation between major city/central city and fringe municipalities in the Netherlands, each with its own position/ strengths and weaknesses, each consequently helping to shape the metropolitan area via competition and cooperation. This is particularly so in view of the rivalry and ranking of large cities in the international context. However, the degree of differentiation is even more reduced in the combined proposals for intra-municipal decentralisation and the formation of metropolitan areas.

One could perhaps allow oneself to be guided by the assumption that the city-region unit will, in the near future, take over the functional significance and related status of the central city and represent it to the outside world. This turns out to be a false assumption. In the metropolitan areas of neighbouring countries there is continual evidence of how this ‘ranking’ is basically always determined by the central city (cities), supplemented by that of the metropolitan area as a whole.

2) It is very dubious as to whether or not intra-municipal decentralisation – e.g. Amsterdam which has given form to this in cooperation with the regional administration and now serves as a model for other (major) cities – is the most logical and desirable solution, from the point of view of democracy (distance citizen/administration) and efficiency (administrative expediency). The actual situation in comparable cities abroad feeds any serious doubts one might have on this point.
More serious is the fact that this model of intra-municipal decentralisation implies a weakening of the ‘umbrella’ administration of the major city. This is already far from strong in the Netherlands – bear in mind the points referred to under A and B above. From the perspective of an increasing level of internationalisation and competition between metropolitan areas beyond national boundaries, this choice for intra-municipal decentralisation can only be viewed negatively, given the relatively limited size (with respect to physical size and population) of our major cities.

Utrecht, Adapted Draft, September 2002
Literature

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Actual issues and (re)orientations in Randstad policies
:An analysis in an evolutionary perspective
and from out a growth management approach

Prof. Ton Kreukels
Department of Urban and Regional Planning,
Utrecht University, The Netherlands

1. Introduction

= First Transparent: Growth Management in a Comparative Perspective: Europe – United States, The Randstad/The Netherlands =

To start with, you should know that the Randstad is famous for two reasons(Kreukels, 1992): The first reason is its particular configuration, morphology of the urban structure. This is a form which has been called the “Randstad” as a series of Netherlands main cities at the edge of this western urbanized region (Note: the Randstad: “Rand” means edge; “stad” means city).

= Having a look at the Map, projected now, you see, at the edge of the Western Urbanized part of the Netherlands (the Randstad) in a line from south, west, to north in the form of a horseshoe, at the southern part the city Rotterdam, the city the Hague, at the most western part, the city Amsterdam at the northern part, and the city Utrecht finally at the eastern part and in the middle of the country. =

This special configuration of a horseshoe means that the cities mentioned constitute a polynuclear system -- like Tokyo -- with several(sub-)centers. So you can say that the Randstad has a lot in common with the Metropolis Tokyo: a circle of sub-centers at the edge, the Randstad constitutes a circle of cities at the edge. This is the first reason why the Randstad is being very particular.

The second reason is that the Randstad is an example of urbanization, which is not let over to the market, but to which the government, especially the national government, played an important role. This is exceptional even in Europe. The Netherlands did develop from the period after the Second World War a very strong national planning system. Much the same as in Japan the administrative system is characterized by a “central rule” regime and a top-down approach. This (national) government led
urbanization made the Randstad famous too, especially in circles of planners. It is often said in the Western countries that “the Netherlands is a planning paradise,” meaning that planning here is a real thing with a powerful planning agency at the national level, which controls really urbanization from out targets of an ordered and ruled territory.

In my contribution today I like to emphasize this second feature of the Randstad: an example of a strong central planning regime. Why? Because these central regimes are no longer effective today. This is because nowadays things are so dynamic and complex, that you can no longer afford to have a “central-rule approach”. The second feature of the Randstad: an example of an effective planning (“planning paradise”), related to a centralistic and very formalized system of planning – as will shown up later in my contribution—forces for an adaptation to a more flexible and differentiated regime. It will appear that the Netherlands’ advantage of being a planning paradise becomes a disadvantage now and in the coming period. In the meantime, I think, that the first feature of the Randstad”: the polynuclear system of urbanization can be maintained as a valuable asset and extra so for the coming period. This polynuclear system offers extra opportunities for continuing dynamics in already heavy urbanized areas, especially when you compare it with monocentric metropolitan areas, as Paris and London.

Subsequently, I introduce now to you the structure of my presentation. You can follow it at the transparent, projected now. After the introduction, I’ll sketch for you the Randstad in a historical perspective. In this way you will experience that urbanization and planning is a phased process in time. Each period has its proper and characteristic features of urbanization, seen as a process in flux, and its proper and particular reactions to it in specific planning agendas. This emphasis on a phased evolution is important particularly in an international comparative analysis. In that case one has to make explicit the phase in which each country is at the moment you are explaining or analyzing it. Shanghai is today’s example of immense metropolitan growth, like Tokyo in earlier days, and cities like Chicago in still earlier days. In showing explicitly the phases of evolution for the Randstad you can compare its profile with other examples of urbanization and its planning. That’s the reason, I will sketch for the Randstad the recent past as a process with different phases and steps. Then, I will transfer to the present time. Here I will position the present in an overview of the different concepts, scenarios and planning elements in time, from the Second World War onwards. This will underline the state-of-the-art nowadays and it will give you an impression of the Randstad as an actual laboratory of urbanization and its planning (Kreukels, 1992). After this you can draw your own conclusions about this example of an urban region in Europe.

Then, I will transfer to the following part of my lecture. I will introduce to you “Growth Management”, or as it is also called “Managed Growth”. Let me already make some comments about it. This Growth Management/Managed Growth originates from the U.S. I’ll refer to this Growth Management/Managed Growth from the U.S., not because Europe for instance is less in terms of quality of regional development. I even think Europe has a lot of qualities in its regions and the policies related to it that one is missing in the U.S. The reason, why I’m using it as a referential framework of policies
related to urban regions all over the world, is in terms of this methodology (Stein, 1993). The Growth Management is an important frame because of its implicit but mature basic methodology of approaching regional growth and policies in a situation of complexity and dynamics. That is why this Growth Management is useful also in Europe, Asia, and in a country as Japan, even if conditions can be very different from that in the U.S. Subsequently, I’ll apply this methodological framework (implicitly) to the Randstad policies. It will be shown as a solid instrument for assessing what is going on in this urban region in Europe. For instance, what are here the disadvantages and the advantages of further urbanization, what are the freedoms, and what are the new challenges in this horseshoe urban system.

Then, to finish with my contribution, I’ll generalize my findings deriving from the actual state of the art of the policy sciences and the economy a profile of planning for the future of the Randstad. That is how my lecture is structured.

2. Evolution and Actual Profile of the Randstad

A. Recent Past
= Second Transparent: Evolution of Spatial Policies in the Netherlands =

Before I introduce the first period in the evolution of this region after the Second World War, as showed in the transparent, projected now for you, I like to say something about the basic characteristics of the main cities in the Randstad. Then, I will introduce to you the administrative system in the Netherlands, that is decisive for regional policies and planning, related to the Randstad. For following the exposition of the evolution of this urban region, I think you need this basic information.

First some general information about the main cities and the urbanization of the Randstad. In 1986 – 1990 I was asked as member of the Netherlands Scientific Council for Government Policy, to do research and to prepare a report for the Dutch Government about the main cities of the Netherlands, together constituting the Randstad region: Amsterdam (the capital of our country at the northern part), the Hague (the seat of the government at the eastern part), Rotterdam (the city for exports and imports of goods: the main seaport in Europe at the southern part), and Utrecht (the convention and service center at the eastern part and in the middle of a country). These cities together are – as I mentioned before - a nice example of a polynuclear urban system. The different functions and accommodations in a nation state are distributed in this case among the four main cities. When I did this study in 1990, I detected the following, which is important, especially in an international comparative perspective (Netherlands Scientific Council for Government Policy, 1990).

Until the late 1960’s the cities of our country, especially the four main cities (Amsterdam, Rotterdam, Utrecht, and The Hague) offered statistically for citizens and firms a high chance of higher income, higher employment, higher profits and better living conditions. I am just speaking in general, but when you look all over Europe until
the end of the 60’s, the best location to live was within the main cities rather than outside these cities.

Only at the end of the 60’s this privileged ranking of the main cities changed. You could see the same phenomenon all over Europe. From the 60’s and 70’s, an increasingly pronounced suburbanization manifests itself. The population of the (main) cities is diminishing quickly and these urban centers lost a lot of functions to its suburban areas and to other lower ranking cities. The (main) cities became gradually weaker in the 70’s and 80’s in terms of income, employment and as centers for profit making. At the same time these urban areas became concentrations of unemployment and of people who are dependent of social assistance and require social security. From the 70’s onwards, the chance to ranks the best in terms of income, employment and profits was to be located in suburbs and middle-sized cities. These suburban and middle size cities became soon robust and strong. The main cities: Amsterdam, Rotterdam, the Hague and Utrecht were now more vulnerable in terms of functioning.

In the last period: that of the late 80s and the 90’s, there is a shift again. Then, at least in the Netherlands in some sense deviating from other European countries), you see the main cities (Amsterdam, Rotterdam, Utrecht and the Hague) becoming again stronger. The profile of these cities in terms of huge unemployment and lower income changed. Especially Amsterdam became a concentration again of high income and ample employment, especially of high ranking jobs. Rotterdam stayed somehow behind, showing still high unemployment and an under representation of higher incomes. Overall the main cities in the Randstad/the Netherlands regained some of their strength of the 50’s and 60’s. However, there is a difference with the situation in the 50’s and the 60’s. This refers to a phenomenon that is the same all over the western world. Cities are strong locations again in the last part of the 20th century(in the U.S. this starts even already in the late 70’s) but these urban centers are now increasingly part of an extended regional territorial system, forming one urban complex together with surrounding suburbs and outlying urban centers. This you should keep in mind, following the evolution of urbanization and planning in the recent past and today.

Secondly, I make you acquainted with the administrative system that is decisive for decision making in the Randstad after the Second World War. Especially if one wants to compare in an international perspective, it seems important to know something about the administrative system of which the urban region at stake is part. In the Netherlands we had in the far past a pronounced system of local and regional self-government. The local authorities and to some degree regional authorities were decisive in the old Republic of the Low Countries. The small country: the Netherlands was famous for this regime. It formed an exception in the central rule kingdoms and nations of Europe in the sixteenth and seventeenth century. The municipalities and the regions functioned without a really strong national government. Instead of that they were a loose federation of regional and regional authorities. It is important to realize that this self-government system did disappear later in the historical development of the Netherlands. In the nineteenth century Napoleon introduced in the Netherlands – after invading this country from out France - a centralistic and hierarchical administrative system. This
administrative system you will encounter from then in more parts of Western Europe. In this administrative system the national government is dominant and central rule and top down policies are characteristic for the administrative systems. The hierarchical structure is indicated by a series of administrative layers in which the national government is the first layer, then follows that of the meso-government (provinces, departments, prefectures), and finally at the basis of the pyramid: the layer of local authorities. It is this originally French administrative system that forms as yet the administrative context for the Randstad region within the Netherlands nation state. The national government became even increasingly powerful in the 20th century. In this administrative system there is sub sequentially not a separate authority for the whole area of the Randstad. There are four provincial authorities: that of Northern Holland (for the northern part), Southern Holland (for the Southern and Western part), Utrecht (for the Eastern part) and Flevoland (for the Northeastern part) who share with each other the administrative power over this area. Within this provincial meso-governmental layer you have quite strong local authorities for the cities of Amsterdam, Rotterdam, the Hague and Utrecht. However, during the 20th century these local authorities became financially and in administration more dependent on the national government. At the same time they have to share more and more the jurisdiction in a number of policy fields with the surrounding municipalities in the wider urban region, of which they are the urban centre. The same phenomenon one observes in France and Germany. The functional units and the administrative territorial units are not at all congruent. You should keep in mind this basic information about the administrative context, when following me now in an exposition on the different phases of urbanization and parallel to it the different planning regimes in time, as showed in the transparent, projected now for you (Kreukels, 2000a).

After these two basic facts as background information I start with the evolution after the Second World War.

As you see in the first period (in the same way as in U.S. and other European countries), in the 50’s and the 60’s the planning mode was the so called blue print planning (Note there can be a difference between countries with regard to the exact period/time of blueprint planning). In that period, planners, architects, and urban designers made beautiful grand designs. This is illustrated for Japan/Tokyo at that time in Kenzo Thange’s proposals for a Tokyo Bay Superlayer). The approach at that time was very top-down and professional planners were seen as being decisive for the strategy. This period ends in the late 60’s/early 70’s in Europe, then a new generation rebelled to the establishment (Student Revolts in Paris, Berlin, as in Amsterdam, and in Tokyo too). Urban planning was one of the topics of the revolt (Especially the Free University of Berlin in Germany was promoting from out the Faculty of Architecture an alternative mode of urban design and planning).

From the 70’s onwards urban planning transferred to what is called a “process mode of planning,” meaning there was attention for participation of citizens (instead of a blueprint, which you can take or leave only) and approaching the interventions and proposals in urban and regional planning as a step by step process. The student revolts in the late sixties were here very influential. They did blame the technocratic approach
of the sixties, as manifest in the blueprint planning. They functioned as promoters of a more human approach in planning. In Japan too you see examples of this transition. This transition expresses itself particularly in the institutional context. At least in Western Europe one observes a transition to pronounced welfare states from the 70’s onwards. A lot of nation states in Western Europe invested a lot from out the government for the welfare and the well-being of people, especially for those who couldn’t afford for themselves. The concerned governments in these nation states in Western Europe became—otherwise than the U.S.—in this way powerful redistribution systems for helping dependent people and for organizations and institutions, which needed support.

From the 80’s onwards we enter the 3rd phase, in which we still are at the moment. This third phase we can see as a reaction in most European countries to the welfare state regimes that became dominant in the seventies. The reaction was related also to the economic recession and the oil crises of the seventies. There was an inclination to reduce and to recede even from the overwhelming profile of the welfare state. This one sees everywhere in the Western world at that time. Thatcher in the U.K. and Reagan in the U.S. were the symbols of this transition, favoring the market and to relate the administration more to the market. That implies in the 80’s a transition to the system of so-called “strategic planning,” still in a limited sense because the governmental system of central rule permitted as yet not enough freedom for this planning by negotiating and to this market related way of planning. By the way, my opinion is in that we have got in Europe more market in the planning in the meantime, but that we at the same time, when compared with the U.S., are as yet in a situation, in which the government plays still the main role in planning, at least this is the case in continental Europe.

By the way, I will show in the following part of my presentation about Growth Management/Managed Growth, that Europe cannot escape from a more updated way of planning, in which the market is not decisive per se but in which planning is more related to the market, be it only in order to condition the market more effectively, because of categories of public interest. In this perspective, I’ll introduce then to you growth management.

As you see in the transparent showing the different phases, it is also mirrored in the phasing of the five National Memorandums of Spatial Planning in the Netherlands. Note that we have in the Netherlands quite the same pattern of national comprehensive plans as you have in Japan, with in 2001 a Fifth National Memorandum, while Japan issued this in 1998. Besides, this new national planning scheme is - like the current one in Japan – approaching the regions as a strategic layer of national planning. Urban and regional planning is now no longer merely a matter of national planning but at least a combination of national and regional planning.

Now I transfer to the Present, in focusing on the different elements/issues of planning, approached as an in time cumulative agenda.
B. Present

Third Transparent: Main Metaphors and Accompanying Policies: The Randstad – The Netherlands

In the next transparent, there is an overview of these different elements/issues of planning, as expressed in the subsequent concepts of urbanization and planning for the Randstad, differing in emphasis during time.

Going back to the 1920’s and the 1930’s, I’d like to mention the person who introduced the word “Randstad.” He was one of the air-transport pioneers at that time, related to the origin of the Dutch Airlines: KLM. This was Mr. Plasman. He flew in the the 20’s above the Western Urbanized Region of the Netherlands and said, noticing this circle of cities at the edge, “this is a Randstad”. In this way he introduced and he coined the term the Randstad. As you see, this concept of Randstad focusing first on a polynuclear system of cities at the edge (the horseshoe form of cities: Amsterdam, Rotterdam, the Hague and Utrecht) in the period 1930-1969.

This changed in the late mid 60’s gradually in a pronounced emphasis on the concept of the Greenheart (1965 – 2001). This concept focuses on keeping the central green area (the heart of the Randstad) green and free. This doesn’t mean that from the 60’s onwards, the cities at the edge were not seen anymore as important, but in terms of attraction of living and also in terms of environmental quality the green center --the Greenheart -- became the central issue and priority in national land use planning. What was dominant in the 70’s and in the 80’s are restrictive policies, aimed at preventing that this green empty heart became suburbanized. This remains until now an important target in the national land use policies.

However, this concept and policy of the Greenheart has a complement. That is the concept of new growth centers, related to the strategies of urban decentralized concentration or at other times the strategies of compact cities. This selection of growth centers should canalize the continuing growth in the Randstad and prevent suburbanisation in the Greenheart, in offering at selective locations opportunities for continuing growth in the Randstad. I call the Greenheart the first element of planning and these new growth centers the second element of planning.

What you also see in that period of the 80’s during the 4th Memorandum, is that two so called mainports became important. These mainports are related to the cities of Amsterdam (Airport of Amsterdam) and Rotterdam Seaport of Rotterdam).

When we replace the map of the Randstad, projected for you, for a more detailed map with the four cities, then you see more clearly the two mainports: Airport of Amsterdam and the Seaport of Rotterdam.

These two main infrastructural elements in Randstad are decisive also in the planning for the next period of the 21st century. First I refer to Rotterdam. The Seaport of
Rotterdam is a gateway to Western Europe as Hinterland. It is one of the biggest in the world, like that of Singapore and of Hong Kong at the moment (Kreukels, 1996).

It is one of the strategic issues of planning: How can you develop these main gates to the outside world, so important for a trade and distribution economy as that of the Netherlands, and maintain at the same time the quality of the area in a broader sense, given the environmental impact, pollution, and all this kind of things, related to these main infrastructures. The same applies to the other mainport: the international airport, situated at the south of Amsterdam in a “polder”, which offers free and flat land. As you take a flight to Amsterdam, you will find that this is one of the very important “hubs” in Western Europe. However, it experiences the same problems as your Tokyo-airports of Narita and Haneda. How can one develop an airport in a very condensed area/region? How can one maintain its qualities without damaging or negatively impacting the surrounding areas? So the mainports become important issues of planning, besides the restrictive policies for the Greenheart and the selection of new growth centres. I call these mainports the third element of planning.

Finally, the fourth element of planning, is to maintain the four cities: Amsterdam, Rotterdam, the Hague and Utrecht as robust and strong centers in a wider polynuclear and suburbanized Randstad.

What we see in the most recent period, starting in 2000/2001, is gradually a broader and cumulative agenda, in which the policies related to new growth centers and that related to the Greenheart, together with those related to the main urban centers themselves, are more balanced to each other.

Additionally, there are two other differences, compared with the recent past. There is a new approach of regional policies in the Randstad under the umbrella of the concept of the Delta-metropolis. Delta refers to the main European rivers Rhine and also the river Maas opening in the sea in the Rotterdam area. This approach is a bottom-up one. It is an initiative of the joined authorities of the four cities: Amsterdam, Rotterdam, the Hague, and Utrecht. The second and important characteristic of this Delta-metropolis approach is that the pression of growth in suburban municipalities outside the growth centers and outside the urban centers is not denied anymore, but becomes accepted to a certain degree. This is enough, as far concerns my introduction on the ongoing planning agenda in the present time.

In concluding about the Present, I summarize this as follows. What we see at the moment and what I think is important for the discussions during this symposium is that the specific polynuclear configuration of the Randstad with ample potentials for adaptation to continuing dynamics, is transforming again. Urban systems are not stable but dynamic. The Randstad is changing in two senses. Firstly, this region of a circle of cities at the edge becomes more and more, much the same as in the wider regions of Tokyo or Los Angeles, part of a widening regional whole, enclosing finally the whole country of the Netherlands. The Netherlands as a whole become one integrated urban field.
In the southern part of the Netherlands, you notice cities in the Province of North Brabant (‘s Hertogenbosch, Breda, Tilburg and Eindhoven) becoming gradually part of the southern wing of the Randstad. The same widening of the urban configuration is manifest in the zone between Amsterdam and Utrecht. This zone continues in a corridor to the eastern part of the Netherlands, towards the cities of Arnhem and Nijmegen. In this sense, the Netherlands gradually transforms into one urban field of which Randstad (the Western conurbation) is a part only, be it a central urban core. This is the same as in Tokyo, where you have metropolitan area, if you add to the metropolitan area the surroundings in a wider regional setting, you’ll get the more extended megalopolis of Tokyo. This is the first way of reconfiguration of the Randstad at the moment.

The second way in which the Randstad is changing, can be characterized as follows. There is an ongoing process of differentiation within the Randstad region. The northern wing of the Randstad (the Amsterdam Utrecht zone) appears to have its own dynamics and momentum. It is the most powerful and robust part of the Randstad and it has its own territorial impact in its surrounding areas. The southern wing (the Urban zone between Rotterdam and the Hague) remains behind and Rotterdam especially keeps its vulnerability in terms of economic progress. This implies that the Randstad is differentiating internally and evolves gradually in two subregions, each with its own profile and dynamics: a Northern-Eastern (Amsterdam – Utrecht) wing and a Southern-Western (Rotterdam – the Hague) wing.

Overall – given the widening of the whole Randstad outwards, as introduced to you before – one can say that this differentiated Randstad opens gradually up to the surrounding areas outside the Randstad.

This is my basic sketch of the Randstad. Now I’ll continue with the following section: Growth Management or Managed Growth. In the context of this contribution I can only introduce it to you in a summarized form.

3. Growth Management and the Randstad

A. Methodological Elements in the USA Growth Management as Guidelines for a Future Oriented Strategy in a Dynamic and Complex 21st Century

In the transparent: “Growth Management – Main Characteristics of the Professional Methodology”, now projected for you, the four main characteristics of this methodology are introduced. As I suggested earlier, I use this strategy of Growth Management as a referential framework for planning of urban regions in Europe.
The first acquaintance with Growth Management in the USA and especially making me aware of its (implicit) methodological useful framework was by the publication, edited by Jay Stein (Stein, 1993). For a longer period I followed the discussion on the administrative and governmental forms for urban regions, the new urbanism and the new regionalism in the USA. In the first part of this year I did an international explorative study on effective land use planning, focusing on - among other European countries - France, Germany and the U.K. ans also on the USA (Kreukels, Van Vliet, 2001). Then, the Lincoln Institute of Land Policy appeared a good center to update my knowledge about growth management in the USA in relation to efforts for growth boundaries and with movements of “new urbanism” and “new regionalism” in relation to a more general debate about sprawl versus condense forms of urbanization in the USA (Downs, 1994; Fulton, 1996; Greenstein, Wiewel, 2000; Knaap, Moore, 2000; Knaap, Nelson, 1993). This updating did not challenge ultimately my approach of Growth Management in methodological terms, but gave it even more impetus. It convinced me that it is even more important than before, given the strengthening of the discussions on urban centers in a wider regional context in the USA.

It seems wise to focus on this methodological core, for a better understanding of the dynamics and guidance of urban/metropolitan regions. Then, - -with this Growth Management framework as a solid basis—one can serve more effectively and efficient whatever position one takes with regard to the degree or the form of growth at certain locations, this depending on different views, interests and values on the ultimate best urban configuration (Kreukels, Van Vliet, 2001).

The first characteristic of the methodology of Growth Management is important, since a lot of people in Japan referring to Growth Management or Managed Growth(these two terms are synonyms – as I mentioned before) are equalizing this Growth Management in general with aiming at sustainability. With this they are neglecting the essential fact that these regions keep growing in economic and social sense. In Growth Management in a methodological sense, environmental quality is not regarded as the only and most important dimension, nor is economic growth or infrastructure as the only and most important dimensions. Central to it is that all these three dimensions are essential and are much related to one another. This Growth Management methodology, most clearly illustrated in Portland, Oregon in the U.S., expresses that when you like to be successful as planners or as politicians, you have to find a balance between these three dimensions. You have to give things to the economy, to the infrastructure, and to the (environmental) quality of the area. It’s more easy to give attention only to one of the dimensions out of three. However, it is a hell of a job to balance all three dimensions, while optimizing each in relation to the other and doing this in a way that not only the planners but the people who are stakeholders in the region give commitment to the quality in each of the three together.

This refers to the necessity of the negotiation in planning. So that is the first characteristic. One should not aim at “fixed targets,” in one or more of the dimensions, but at “trade-offs” between economy, infrastructure, and social/ecological quality of life in urban regions. You always have to negotiate between relative qualities of different
dimensions. That is a difficult job not only for planners but even more policy makers. This balancing happens in a sequential way—not in blueprints—but in allocation of money and capital investments in time (see also: Peterson, 1981; Kreukels, 1993). In this way, planning becomes decisive. Not blueprints anymore, but capital investments allocated for these balanced qualities.

The second characteristic of Growth Management is that—given the increasing interrelatedness of territories in a wider radius—you have to concentrate at a regional level. This implies that the traditional emphasis on the local and national level in urban and regional planning is shifting to the regional level: this implies co-operation among municipalities: an inter-municipal and a meso-government approach (Kreukels, Pollé, 1997; Kreukels, 2000a).

The third important characteristic of Growth Management in a methodological sense is not to approach urban and regional development in a short-term perspective, the way often manifest in the market, but to embark in a long-term development of the urban region, characterized by different and often conflicting interests. Examples of Growth Management in America and in Europe that it is possible in this way to have a solution which is good not only for 1 to 5 years but for 5 to 10 years. One of the principles, which is leading here is the so-called “concurrency” principle (Stein, 1993). Conform this principle you have to look at those characteristics of the region, which are the most decisive for the overall basis quality of that region. It can be the amount of drinking water needed in a region (note: this is decisive for instance in Los Angeles) or the minimal environmental quality necessary to continue as urbanized region. In the concurrency principle one tries to find out what is “critical” for a continued growth of the region. The strategic character of the concurrency principle lies in the fact that when and if you serve it, you’ll have flexibility for other things.

The fourth characteristic, the most important one, I referred already to under the first characteristic. Growth Management is primary a matter of politicians and the main stakeholders in the region and not of professional planners. Planning becomes here a servant of the key actors in the private and public sector. This implies that planning takes the form of negotiating and building of commitment in favor of allocating the necessary capital investments and initiating the necessary development projects. This stakeholders approach is also manifest in the so-called “strategic planning”. This strategic planning is not seeing professional concepts, ideas, research, expertise or future study as the most essential part of planning. Instead of this these expertise related contributions become instrumental for negotiating and arriving at commitment packages in which people define and bind themselves to the priorities for the region in the long term. This focus on the core reality of management and policy making refers automatically to market-related (note: this is quite different from conditioned by the market or dependent on the market) instruments. Important is how you can condition the market in land-use in such a way that for instance the real estate sector, the sectors of infrastructure and of construction can be related to the strategic issues of planning and land policy. We need, like in some urban regions in the U.S., to apply the market to take responsibility for and paying for the quality of the regions. In Europe and Asia, we
could learn from the U.S., how to use impact fees, incremental taxing, Transferrable Development Rights (TDR) etc. to realize this involvement of the market in regional development. These are the four main characteristics of Growth Management in a methodological sense (Peterson, 1981; Scharpf, 1994; Kreukels, Van Vliet, 2001).

B. An Assessment of the Issues, the Policies and the Context of Policymaking in a Future Oriented Strategy of the Randstad from out a “Growth Management” Methodology

Now I finish with the most important part of my contribution: coming from out Growth Management to a first assessment of the actual policies an strategies in the Randstad. This means that this assessment is based implicitly on the previous framework of Growth Management in a methodological sense. This part is based on a research on the Southern Part of the Randstad by a research team, coordinated by Professor Willem M.G. Salet, Department of Urban and Regional Planning, University of Amsterdam, and on an analysis of the Northern Part of the Randstad by colleague Willem M.G. Salet (University of Amsterdam) himself. Both research reports are in press now.

First I refer to the three main categories of territorial dynamics, which are decisive in the trade offs, which are necessary for continued strength of the region at stake. It concerns: a. economic/technological development in relation tot human capital; b) the development of infrastructure and c) the development of land and the maintenance of environmental basic quality.

At the local and regional level as well at the national level, one can observe that this is very related to the political debate in the Netherlands on environmental quality versus economy. The approach is not really in terms of balancing from out “trade offs” between the different interests and values, but one of starting from out “fixed targets”, decisive in trying to come to a final balance, related to the activated guarantees for the fixed target at stake (for economy, infrastructure, or ecology respectively) at the national level. Here one finds the particular stakeholders for each of the particular interests in distinctive ministries (Ministry for Economic Affairs versus the Ministry of Infrastructure versus the Ministry of Land, Housing and Environmental Quality).

a. Content - Agenda

Apart from the fact that the planning for the Randstad is in this way not regionalized, there is also a serious limitation towards the investing in the economic/technological development of the Randstad in relation to the human capital behind the continued growth of urban regions. This one can observe especially in the moderate commitment towards a really investing in the basic infrastructure of the Randstad (the Seaport of Rotterdam and the Airport of Amsterdam) and in the lack of anticipating the economic and technological “geography” of the Randstad in the near future. Neither is one occupied really with the social and cultural differentiation in a myriad of areas for living and working, related as these are to the world, associated with “human capital”. This is the case as well at the local and regional level, as at the national level. However, one
has to note that the Northern Part of the Randstad around Amsterdam and Utrecht is more pro-active with regard to this than the Southern Part of the Randstad, the area around Rotterdam and the Hague. In general, the emphasis in both subregions of the Randstad the focus is more on a real estate and project development of areas, than approaching the economic and social strengths themselves in urban areas as core issues and subsequently to relate in these (sub)regions for this to economic, social and cultural policies. At the national level one observes much the same phenomenon. It is particularly manifest in the latest and Fifth National Memorandum on Land. This policy document is very isolated from the economic and social policies, that are the core issues in programmed and factual commitments of the Netherlands Government of today. There is one exception. The Ministry of Economic Affairs invested over a number of years in an analysis and proposals for an agenda for the economic and technological strengths of urban regions in the Netherlands, in its care for regional economic policy. The same applies for the representatives of the Employers and the Labor Unions, as for the lobbyists of Environmental Quality and Nature Conservation at the national level. At the moment there is a lively exchange and opinion process between these groups going on-- within the Social Economic Council of the Netherlands—about a more advanced and balanced system of land use planning and land policy, that pays tribute to the regional context at the same time.

What also is not really leading the agenda in the urban and regional policies is the factual shifts and dynamics in the daily behavior of people manifesting itself in a spatial context, more particularly the movements and the location behavior of people, firms and institutions, as these relate to the economic and technological development and the human capital behind it. This lack of orientation to these shifts and emerging new patterns of behavior does result in a lack of the awareness of the pronounced differentiation of functions, categories of people and organizations as these manifest themselves in a myriad of networks at a local, a (sub-)regional, national and even international level (Cfr. : Urban Realms versus Urban Places, M.M. Webber; Urban Field, J. Friedmann). All this is not leading really the agenda in urban policies in the Randstad. This lack of orientation to the differentiated reality gets strengthened by the fragmented governmental system of municipalities and provinces, which each focus on their own areas and domains as “closed shops”. In this sense a regional approach is only starting hesitantly. However, one must admit that the Northern Part of the Randstad is more advanced in relation to a regional approach of the daily settings of people, firms and institutions in a spatial perspective than the Southern Part of the Randstad.

When in the planning system infrastructure and land and environment policies are not related enough to the economic/technological development and the reality of human capital, then it appears also that the interrelations between infrastructure planning and land and environment planning are deficient. This is particularly the case at the national level, but also at the local and regional level the interrelationships are weak particularly from out a regional agenda. This is very related to the institutional relationships between the three governmental layers, that is resulting in a “central rule approach”,

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even it is at the same time paying lip service to negotiation and to a regionally differentiated approach.

After this assessment of the content: the issues at stake in the regional development of the Randstad, I come to the assessment of the process and the context of policy-making in this region.

b. Policies - Planning.

At the moment, as I mentioned earlier, the Randstad is experiencing a reconfiguration. The northern part and the southern part of Randstad become each more and more separate subsystems of policy-making, which show a proper trajectory of continued growth. Firstly, First, I present to you an assessment of the policies and strategies of the northern part of Randstad (the zone Amsterdam - Utrecht). As I told before, this northern part is an example of a quite successful (sub-)regional development, derived from pro-active politicians and main stakeholders in this (sub-)region, which are committed to issues of urban planning. Two conditions appear to be decisive here. First of all, the public authorities —local authorities of Amsterdam and Utrecht, but also those of the medium-sized cities such as Haarlem and Leiden —work together quite well in this planning. They form an efficient and effective coalition together with the province of North Holland (the most important province responsible for the northern part of the Randstad). This province acts as a real leader in developing commitment to strategic issues. Besides, in contrast to the recent past, the relationship between the Governor of the Province and the Mayor of the City Amsterdam is supportive to the symbiosis between the provincial and municipal administrative authorities. In this sense is what you see in the northern part of the Randstad a quite good example of “multi-level governance”, which means joined decision-making through cooperation between local authorities, the meso-government (the provincial authorities), and even the national government. Given the challenges around the Narita and Haneda airports in the Tokyo Metropolis, the example of the future oriented development of Amsterdam Airport is illustrative here. The municipalities concerned and again the province of North Holland came with each other to an agreement on this continued development. Subsequently, they approached recently the national government with the following request: “Here we have a development strategy for the airport related to the wider region, assist us with the necessary financial and administrative devices for that. In this sense, I think, the northern ring is a good example of approaching planning in a modern sense —not only top-down or only bottom-up, but as a combined bottom-up and top-down approach, in which the regional and the national layers have their own part/share.

The second condition I want to refer to with regard to the Northern part of the Randstad is the involvement of the private sector, seen as containing both the profit and the non-profit in an interrelated way (representing so to speak the society itself). In the northern part this involvement is starting now and it is strengthening in time. From my point of view as a sociologist by origin, it is important that regional planning relates directly to the profit sector and to the non-profit sector, in which these two find their proper balance between themselves. The reason is that in the complex and dynamic world of
today, you need the direct involvement of the profit and the non-profit sector and this additional to the involvement of the government, to reach balances with regard to conflicting interests in regions as well as in the broader context of the nation state. I’ll give you an example of this in the northern part of the Netherlands. Recently, a National Association of Building Companies, a National Association for the Protection of the Environment, and finally a National Association of Car-Drivers came together and made subsequently a development scheme aiming to maintain the quality of particular green parts and green corridors in the western and northern part of Randstad. Finally, they approached the public authorities to authorize and to support this initiative. This is a nice example of widening the planning from the government to one in which the government and the private sectors are both involved, each with its own share and responsibility and in a cooperative mood.

Now I come to the southern part. Here, you see Rotterdam with its international seaport as its motor of economy. The southern part is a quite loose urban region. In terms of commuting and functional interdependencies, the southern part is a fragmented urban sub-region, while Amsterdam sub-region is more structured as one urban sub-region. Neither the people in the southern part of Randstad have the feeling of being one big region. So there is Rotterdam with its surrounding municipalities, the Hague with its surrounding municipalities. Together they form an overall diffuse and loose urban whole. This segmentation or fragmentation within the urban system is mirrored in the way in which regional development is handled by the municipalities concerned and by the province of South Holland, the regional authority responsible for the southern part of Randstad. The cooperation is almost non-existing and is as such opposite to that in the northern part of the Randstad. The private sector too is not at all involved in a real sense in the southern part of Randstad. While in the northern part of Randstad, the province of North Holland is pro-active in making local authorities work together even if they are competing with each other, one sees in the southern part a lot of conflicts between Rotterdam and the Hague, while within the Rotterdam area Rotterdam itself has a lot of conflicts with its surrounding municipalities. Also in contrast to the Northern part of the Randstad the province of South Holland is absent totally in promoting inter-municipal cooperation. Here the system that is loose in a morphological sense, is divided and split up in terms of the institutional relations in the wider urban (sub-)region too.

I hope this would give you some ideas about how issues of urban development are related to the institutional relations in the (sub-)region.

3. An Agenda an a Planning Profile for 21st Century Randstad

C. Future

In closing my lecture, I like to present to you an ideal typical agenda for the Planning of the Randstad in the 21st Century. Then, I’ll introduce to you a profile of planning and the conditions for it, as related tot the institutional framework.
a. The Agenda

First of all one should continue investing in the economic/technological strength of the urban region. This means in the Randstad first of all a better insight in what is the changing geography of this economy in a broader national and international context. This changing geography of economy and technology is very related to the social areas of different social and ethnic groups. This is a think the core part of a pro-active and future related planning of the Randstad. This relates very to the main infrastructure and the basic setting of land as related to this main infrastructure. The future planning of the Seaport of Rotterdam and the Airport of Amsterdam should be really at the agenda, as should also be the main rail infrastructure of the Randstad, as these serve this region in its changing configuration of a polynuclear urban system with open relations with other parts of the Netherlands and also other European countries. The highway infrastructure should serve in the best way first of all the connections between the four main cities: Amsterdam, Rotterdam, the Hague and Utrecht. This requires an enormous investment, because the system at the moment is used at the same time as infrastructure for local/subregional as for regional/national traffic. An investment strategy should lead to a very needed more differentiated system, that would strengthen the national and regional connections within the Randstad and from the Randstad to the outside world (Kreukels, 1996).

More in general, the basic infrastructure in the Randstad is a radially organized one, that is organized towards the main urban centers: Amsterdam, Rotterdam, the Hague and Utrecht. What is need now—as in other very urbanized regions in developed countries—is an extension and restructuring of this basic system in favor of tangential connections in a regional context, with especially connections between outside centers and satellite cities directly, apart from the old dominant connections to the centers of the main cities. The same applies to direct connections between outside locations, outside centers and satellite cities with the main regional specialized distribution and traffic nodes, as airports and main railway stations.

In this complex and dynamic urban fabrique, the land and environment planning should function finally as a strategic intervenient. Therefore—as said before—it should relate first of all to the economic/social development and the infrastructure related to it. This means a (land) market related planning, that at the same time makes a distinction between planning for growth and planning for maintenance, as also between planning at the micro/meso level (occupying itself with different areas in the wider urban region), as at the meso/macro level (occupying itself with restructuring and development in a regional context). Only a multi-level and a multi-agency planning can realize this complex and interrelated agenda of urban and regional planning. That is the issue of the last part of the Future Agenda and Profile of Planning.

b. Policies and Planning Profile
The last transparent, now projected for you, summarizes the four institutional conditions for regional development in terms of multi-level governance and a multi-agency approach. With these guidelines I finish my contribution, referring to the recent insights in political sciences and in economy (Peterson, 1981; Scharpf, 1994; Zacher, and Sutton, 1996). What are the main suggestions of these disciplines for strategies focusing on the long term development of urban regions?

The first I think to be the most important institutional condition is relative autonomy and variation permitted to the sub-national governmental units. This is important in the case of the pronounced centralistic administrations, which were representative in the recent past especially in continental Europe, for instance in France, Italy, and Spain. However, you see a lot of federalization at the moment in Europe. The administrative systems become more differentiated all over Europe. Especially France is very advanced at the moment in relation to reshuffling its administration in favor of the necessary sub national differentiation and autonomy. This concerns particularly the adaptation of the procedures of coordinating different policy fields at different layers of government. In contrast Great Britain shows under the Labour Administration that it is a whole effort to arrive at the necessary autonomy for local and regional authorities in a classical unitary nation-state. I think it is much the same in Japan, also here you are involved in a pronounced effort to come to more flexibility and differentiation at the regional and local level. The starting point for this decentralization is, as I suggested, not a complete bottom-up system, but a two-sided administration: within profiled nation-states powerful regional and local authorities. Cities and regions should themselves be responsible and also have to take the risks for regional economic development, for infrastructure, and for the quality of the area. That’s because a really tailored fit between all these interests can be attained only at regional level and not from the national top. For instance, you cannot have anymore singular nation states deciding for the Paris region, for Greater London, or the Randstad. The Metropolitan region has to take its own responsibility in cooperation with the national governments at stake.

The second institutional condition is a much requiring one. The national systems, the national bureaucrats, the offices working on planning and other policy fields, should not any more continue to think and decide about strategies for the regions. Instead, they have to shift to facilitate regional development, firstly a strategic matter for the regions themselves and formulated and decided about by themselves.

An example of this facilitating attitude can be found in France, in the Lille agglomeration within the Region North - Pas de Calais, the location of the tunnel under the Channel, connecting Continental Europe with the U.K. This new infrastructure, the tunnel under the Channel, has been used by the agglomeration of Lille to its advantage. Mr. Maurois, at the same time prefect of the sub regional authority and mayor of the city Lille, had the position and the capacity to unite the surrounding urban centers and suburban municipalities with the city of Lille in one consistent strategy, focusing on the new infrastructure related to the Channel-tunnel. Subsequently, Mr. Maurois, also
former prime-minister of France, succeeded to involve the national government in Paris to facilitate the necessary investments in Lille, financially and administratively, and even to organize funding by the European Community by intermediation of the French government. This is a pronounced example of advanced regional planning in which the national government, to a certain degree, becomes a servant of regional development.

Then, the third and the fourth institutional condition, to finish with. I’ve already spoken out my doubts about an absolute bottom-up system and referred several times to a two-sided and combined bottom-up and top-down approach as an institutional condition. Needed is a combined system in which the national and subnational governments come together. This is what the Institutional Conditions 3 and 4 are about.

First I refer to Condition 3. Here it is stated that the nation states and the international regimes, the latter becoming more and more important, are developing more and more the responsibility--but are also especially in a strategic position to it--for the main elements of the environment and also increasingly for the main parts of the economy and infrastructure. As sub national region you have to accept that the national government has the responsibility for the overall environmental quality, the economic assets and the overall quality of airports and seaports, railways and highways. There should be a balance between these main national interests and the regions themselves. This means that the national government conditions the region with regard to these main strategic issues of national or even international scale. At the same time the national government facilitates the regions within the reach of these national and international targets.

Then I come to the last institutional condition, as mentioned under 4. Within this multi-level governance framework I want to focus especially on the involvement of the private sector. As I suggested before, the private sector becomes very important. It is important not to reduce this private sector only to the market or the profit sector. It is a combination of profit and non-profit sector and besides the market there are other institutions in it. With this in mind, the focus on the variety of private/public partnerships becomes important. When we take a closer look to it, we see that in the public-private partnerships, often a combination of public-public and private-private partnerships are involved. Mostly partnerships are nowadays not limited to a single private or public partner, but are mostly complex combinations through the public and private sector. What you see in this complex and dynamic world of today with the big infrastructure schemes (in Europe, in the U.S., as in Japan), is that different private corporations and non-profit associations come together in complex consortia, together with agencies of the public sector and that of different administrative layers. These new ad hoc and not formalized complex networks, called “governance” (instead of a fixed and formalized “government”) is something we have to learn to organize. More important even, is to adapt our rules and and order to it. That is one of the challenges of regional development in the coming period. Not a purely government-led system, but regional development by multi-agencies and multi-level governance, which involves flexible and autonomous operating regions within the context of nation states and paying tribute to the increasing role of different international regimes.
All this refers to the old Dutch system of autonomous municipalities within a federal setting as illustrated by Amsterdam in the 17th century when it was very powerful and rich, as Amsterdam joined other free cities at that time, who had their own powerful responsibility, but also their own chances/risks within a loose and facilitating national federation of local and regional units.

In Europe, the U.S., and Asia (Japan) in this 21st century, I think, one needs strong subnational units, related to the main framework of national and international policy-making. With this last sentence, I finish my contribution.
LITERATURE


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Regional issues and policy responses in the Capital region of Korea

Sang-Woo Park
Senior Fellow
Korea Research Institute for Human Settlements

1. Introduction

Korea has experienced an unprecedented transformation of its industrial and spatial structures. In 1960, the per capita GNP was US$79 with the agricultural and fishery are the main industry of the total GNP, 63% of the workers were employed in primary sector. However, in 2000, the employment of primary sector has sharply declined to 11.3% of the total workers, and 5.7% of the total products.

During this period, the country transformed into an industrialized society. Through this industrialization process, labor-intensive manufacturing activities were concentrated in large metropolitan areas particularly in Capital Region. The concentration of workers and industrial activities in large metropolitan areas, generated a synergistic effect creating agglomeration economies. The industrial and infrastructure investments in Capital Region have resulted further spatial concentration and created regional disparity problem.

Decisions on individual locations in 1960s and 1970s have been based on the locational advantages. The Capital Region has been considered as the best location for industries. The regional development policy, however, has been more concerned with spatial concentration and regional disparity problems. The government policy presents promoting industries in Capital Region, on the other hand, the arguments favor the growth control or regulation of the region.
For the last four decades, Korean society has experienced a rapid industrialization and urbanization process. During this process, the key issue of regional policy is to balance distribution justice and economic efficiency. Individual regions have their own objectives in formulating policy goals. These goals may clash with the objectives of other regions, and of the nation. There is no easy solution to warrant the balanced distribution and economic efficiency.

The concept of promoting regional balance has been embodied in various subfractional plans during the last 4 decades. The main theme of Korean regional or spatial policy has been the decentralization of the Capital Region.

The 10 year National Territorial Plan has focused to release the regional disparity problem between the Capital Region and the other provinces. The other regional or spatial plans and policies have also mainly focused to control the overgrowth of the Capital Region, and encourage the provincial local areas. All these polices have the common goal to decentralize population and economic activities from Capital to local provinces.

This paper examines the national and regional policies affecting the region from the perspectives of competitiveness and equity. The regional development policies both for Capital and other regions will be briefly examined. The policy effects and problems will be the major issues of this paper.

2. Spatial Conditions in Capital Region

2.1 Urban Concentration

The majority of the nation's population in 1960s was residing in rural areas. The rural population has been mainly engaged in agricultural activities. However, the rural to urban in-migration has been very rapidly increased as the industrialization. This in turn created more jobs in large metropolitan areas, particularly in Seoul Metropolitan Area.

The rural-urban migration peaked in the period of 1975 to 1980, reached to 2.5 million in annual. The migration to Seoul peaked a little earlier, in the period of 1965-70, constituting approximately 44 percent of nation's population total rural-urban migrants. Seoul Metropolitan area already reached the level of relative decentralization. After 1980s, the population of outlying areas in Capital Region has been increasing much faster than the central city of Seoul. This result was due to the reaction from overconcentration of Seoul City. Resident and manufacturing firms started to move from Seoul to suburban Kyunggi Areas.

Meanwhile, the rural population has sharply decreased from 13 million in the early 1980s to 6 million in 2000. Through such a continuous urbanization process, in 2000, 87 percent of total population have settled in urban areas.
Table 1: Major Indications in Korea

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Area of National Territory(㎢)</td>
<td>98,500</td>
<td>98,477</td>
<td>98,992</td>
<td>99,274</td>
<td>99,816</td>
</tr>
<tr>
<td>Population(1,000 person)</td>
<td>24,989</td>
<td>31,434</td>
<td>37,436</td>
<td>43,520</td>
<td>47,733</td>
</tr>
<tr>
<td>Population Density(person/㎢)</td>
<td>254</td>
<td>320</td>
<td>378</td>
<td>438</td>
<td>478</td>
</tr>
<tr>
<td>Urban Population(1,000 person)</td>
<td>8,947</td>
<td>15,652</td>
<td>24,876</td>
<td>34,634</td>
<td>46,839</td>
</tr>
<tr>
<td>Urbanization Ratio(%)</td>
<td>35.8</td>
<td>49.8</td>
<td>66.4</td>
<td>79.6</td>
<td>87.2</td>
</tr>
<tr>
<td>GNP Per Capita(US$)</td>
<td>79</td>
<td>252</td>
<td>1,592</td>
<td>5,569</td>
<td>9,536</td>
</tr>
<tr>
<td>Products(%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary Sector</td>
<td>36.9</td>
<td>28.4</td>
<td>16.9</td>
<td>8.7</td>
<td>5.6</td>
</tr>
<tr>
<td>Secondary Sector</td>
<td>19.7</td>
<td>21.7</td>
<td>30.7</td>
<td>29.7</td>
<td>37.1</td>
</tr>
<tr>
<td>Tertiary Sector</td>
<td>43.4</td>
<td>49.9</td>
<td>52.4</td>
<td>61.6</td>
<td>68.3</td>
</tr>
<tr>
<td>Employment(%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary Sector</td>
<td>63.0</td>
<td>50.8</td>
<td>37.8</td>
<td>17.9</td>
<td>8.7</td>
</tr>
<tr>
<td>Secondary Sector</td>
<td>8.7</td>
<td>15.2</td>
<td>22.8</td>
<td>27.6</td>
<td>20.6</td>
</tr>
<tr>
<td>Tertiary Sector</td>
<td>28.5</td>
<td>34.0</td>
<td>39.4</td>
<td>54.5</td>
<td>70.7</td>
</tr>
</tbody>
</table>

Note: 1) Area of national territory increased mainly by land reclamation at the coast line.
Sources: Economic Planning Board, Statistical Year Book, each year.

2.2 Concentration in Capital Region

Seoul has been the capital of Korea since 600 years ago. It has never been contested as the center of the nation's political and economic power. More recently, after the Second World War and Korean War in particular, most of the refugees moved from their native communities settled in Seoul. In addition, the industrialization led by the central government further strengthened the influence of Seoul and the Capital Region.

In spite of strict regulatory control on growth, approximately 55.6 percent of the total industrial establishments and 44.2 percent of their workers were located in the Capital Region in 2000. The share of bank deposits and loans in the Capital Region constituted 68.0 and 62.2 percent of the respective national totals.

Since the early 1980s, however, the Seoul Metropolitan Area started to show clear signs of relative decentralization. The population in the outlying Kyunggi and Inchon areas increased much faster than in Seoul. This relative decentralization phenomenon is largely due to the suburbanization of Seoul citizens and the relocation of manufacturing activities in Capital Region. Among many sectors, only the proportion of enterprises and passanger cars in Seoul show smaller proportions compare with the other capital provinces, Incheon and Kyunggi.
3. Capital policy

3.1 Introduction

Majority of developing countries have experienced growth control or decentralization policy for the capital region. Even some of the developed countries still support decentralization policies. However, very little successful evidence of the policy has been reported.

In some cases these unsuccessful results are explained by poorly designed policies, inadequate implementation or infeasible goals. However, a better explanatory variable would be the isolation of the policy from the national or regional economic conditions. The regional policy in Korea is also isolated from the national economic planning process and from the overall context of macroeconomic and sectoral policies.

In addition, functional misunderstandings of the Capital and the local region may also be a more general reason for the failure of the policy. The decentralization policy is not fully considering the role of the Capital Region as the center of central management functions. The Capital Region needs the functions as headquarters of business, high level administration, research and development, high level education, etc.

3.2 Regional Policy

Regional Policy in Korea has been basically under the control of central government. The local governments have a limited access to the decision making process in regional policies. The policies have been implemented largely in a form of regulatory measures.
and direct intervention. The regional policies have been formulated and financed mostly by the central government. The development strategy was adopted in the 1960s to promote an export-oriented manufacturing industry. Comparative advantage were sought in labor intensive light industries. The growth in the labor intensive light manufacturing sector in major urban areas was sustained well with an abundant in-migrating labor from rural regions. This urbanization and industrialization fed one another.

In 1970s, a new policy was set to promote the heavy and chemical industries. Heavy and chemical industries were located mostly in the southeastern coastal regions. However, the population impacts of those industries were generally limited due to the capital intensive nature of their technology.

In 1980s, the policy was shifted toward achieving economic stability and social welfare. The share of government investment increased in the areas of housing, local roads, and water supply. With a general improvement in the nation's economy, the growth of the tertiary sector also became prominent in the 1980s.

The industrial policy had to focus on selectively chosen manufacturing sectors. At the same time, the locations of development were chosen mostly in the major cities and their hinterlands, where industries could profit from the existing infrastructure and agglomeration economies. Thus, the unbalanced growth strategy dominated industrial as well as spatial policies in the 1960s and 1970s.

Balanced regional development has been a supreme objective since the 1960s. The national regional policy is often defined in terms of the population ratio for Capital Region. To keep the population in rural areas and to deconcentrate from Capital Region, various regional policies have been introduced.

In the 1960s and 1970s, the spatial concentration in Seoul Metropolitan area created serious urban and social problems. However, the top priority during the period was on economic growth. The result was further spatial concentration of economic activities and government investment in a few major urban centers. The decentralization policy has been advocated on the basis of alleviating regional disparity and promoting efficient use of the nation's land.

Growth centers, industrial site development, financial aid or infrastructure construction are frequent policy tools for the development of less developed regions. Meanwhile, locational control of economic activities, decentralization of population and facilities are policy goals for the Capital Region. Through these encouraging process for the less developed regions and decentralizing regulation for the Capital Region, the policy attempts to attain balanced regional development. All these regional policies have been applied to solve regional disparity and overconcentration problems in Korea.

3.3 Growth Control Policy for Capital Region

3.3.1 Concepts of the Policy
To control the concentration in Capital Region, the government took major steps in its spatial policy in 1964. Various government policies have been introduced by various subfractional government level. Six ministries established more than 10 major strategies or policies since 1960s.

The decentralization policy for the Capital Region could be justified to achieve the following major objectives. First, the policy attempts to reduce regional disparity problem. Almost half of the nation's population and even higher proportion of economic activities are concentrated in Capital Region. The distorted spatial distribution has created regional inequity problem. Majority of Koreans believe that the concentration is an undesirable phenomenon. The first priority of the Capital Policy has been to diminish regional disparity problem between Capital Region and other provinces.

Second, the policy also attempts to reduce urban problems and diseconomies accompanied with the concentration of population and economic activities in the limited Seoul Metropolitan Area. Rapid population increase in the limited spatial area resulted severe urban problems such as, traffic congestion, housing shortage, overcrowding, air and water pollution, etc. The poor financial situation of the central and local governments for the stage of developing countries, resulted poor supply of urban infrastructure facilities for the rapidly increasing rural to urban in-migrants. The only capable and acceptable measure to solve these urban problems at this situation has been the reduction of in-migrants from rural areas.

Third, another policy objective is the national security and defense from the North Korea. The Capital Region is bordering with North Korean territory. The spatial agglomeration of large population and major economic facilities in the Capital Region is believed to increase the risk of mass unrest. To avoid the mass emergency chaos, decentralization of the population and economic activities are desirable.

The problem, however, is that the decentralization policy for Capital Region is generally defined in terms of the number of population or important facilities. The policy is too often defined in terms of slowing down in-migration either to keep the population in rural or intermediate cities. Capital policy has not been conceived as slowing down urbanization likely either to be ineffective or to involve unacceptably high levels of resources. The regional or Capital policy defines the policy goal very narrowly to keep the even distribution of population over space. It will be ineffective, if the regional policy is equated with slowing down population concentration in Capital Region without demonstrating the decrease of productivity or welfare in large metropolitan areas.

Recently however, recovering or performance of the function as a national capital is considered another important policy objective for the Capital Region. The present decentralization policy considered only the disperse of population or economic activities through the regulation or control of major activities such as, manufacturing factories, business buildings, universities, public office buildings, etc. However, the control of high quality business activities in the Capital Region may result a decline of the functional capability as a national Capital. For the nation's continuous development, satisfactory performance of the role as the nation's Capital is the most significant factor.
The policy should support to supply adequate infrastructures and high quality functional facilities for this role.

3.3.2 Policy and Policy Measures

Various policy measures have been introduced to control the concentration of Capital Region. The policy measures include discriminated spatial zoning, regulating establishment of specific facilities and controlling large size development activities.

To control the concentration, the Capital Region is divided into five and laterly into three subregions. For each subregion, different degrees of development restrictions are specified. Overconcentration Cotrol Zone covers heavily populated areas, such as Seoul, Inchon and other large cities surrounding Seoul City. The most strict regulation for development activities are applied in this region. Growth Management zone covers the fringe areas of the Capital Region located North and South of Seoul City. Overconcentration problem in this region is comparatively less serious, and allowed some necessary development activities. Environmental Conservation Zone covers the fringe areas of the outer ring located in the basin of upstream Han River. In this zone, it is important to prevent the pollution of Han River basin to maintain water quality.

The establishment of population inducing facilities are strongly regulated in the Capital Region. Population inducing facilities include public offices, manufacturing factories, universities, and large-scale office buildings. These facilities are strictly regulated to locate in the Capital Region. They are targets to be decentralized to outside of the overcrowsed Capital Region.

The large-scale development activities are also regulated by the law. The development of large-scale industrial and residential sites are prohibited in the Environmental Preservation Zone. The other two zones also apply strict standards for developing large-scale sites industrial, residential and resort. The standards of regulation vary over zones(See table 3).

The policy has also attempted to relocate important facilities such as, public offices, manufacturing firms, and universities from the Capital Region. The plan included the relocation of 73 public offices since 1973. Under this program 44 public offices left Seoul. In 1972, the government also prepared a plan relocating universities from Seoul. Since then, three universities have been relocated and 12 universities established branch campuses outside of Seoul. In addition, to relocate manufacturing firms, various economic incentives have been introduced. Tax and financial aid incentives were proposed to encourage the relocation of plants.

The relocation policies, however, have been criticized for its limited impacts on dispersal of people and economic activities. First, the scope of the physical relocation plan was insufficient to affect the spatial concentration without changing the practices of centrality in decision making process in Korean government offices. Second, the public offices relocated were not important enough to influence on government decision making. Third, majority of the relocation occurred within the Capital Region. Some of the relocated manufacturing firms and public offices moved
back to Capital Region. As a result, it is indicated that the relocation policy has not been so successful.

<Table 3> Management Strategies for Subregions

<table>
<thead>
<tr>
<th>Subregion</th>
<th>Location</th>
<th>Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overconcentration Control Zone</td>
<td>Core areas covering Seoul, Inchon, Suwon and 13 other cities surrounding Seoul City</td>
<td>- regulation of population concentration dispersal of factory, university, public offices</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- prohibit new establishment of industrial site, new university and new public office</td>
</tr>
<tr>
<td>Environmental Preservation Zone</td>
<td>Fringe areas of the outer ring of Seoul located in the basin of upstream Han River(7 cities, 8 counties)</td>
<td>- prevention of water pollution in Han River Basin</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Natural resource preservation and promotion of recreational activities</td>
</tr>
<tr>
<td>Growth Management Zone</td>
<td>Suburban areas located Southern and Northern of the Capital Region(3 cities, 5 counties)</td>
<td>- Relocate facilities from over-concentration zone</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- New town development and expansion of existing subregional centers</td>
</tr>
</tbody>
</table>


3.3.3 New Growth Management Measures

The previous policy measures to control the overconcentration were not implemented effectively. In addition, the strict regulation of economic activities in Capital Region created illegal factory problem.

To cope these problems, new policy themes and policy measures are adopted. In 1994, the Capital Region Growth Management Act was revised to include new policy measures. These include 1) reorganization of zones, 2) introduction of congestion charge for the office and public buildings, 3) application of quota system for the manufacturing firms and colleges.

The five zones of Capital Region was reorganized into three zones. The Relocation Promotion Zone and Restricted Development Zone are now grouped under Overconcentration control Zone. The Development Inducement Zone and Development Reserved Zone are categorized under Growth Management Zone. The eastern area of Capital Region is remained as preservation Zone. The boundaries are also slightly
modified to fit the present regional condition.

<Figure 3> Subregion of Capital Region

The overconcentration zone includes all large cities in capital city such as Seoul, Incheon, Suwon, Sungnam and Anyang. In this zone, new construction and expansion of factories, and new universities will be restricted. New office buildings with floor space over 15,000 square meters in Seoul City should pay congestion charge. This charge attempts to discourage new construction of business and commercial facilities in the Overconcentration Zone by increasing location costs.

In addition, the quota system sets maximum allowable amount for factories for each local governments every year. Given the total sum in each local governments, they decide the lot size and the number of establishments. The quota system aims at reducing the unlawful factories by releasing current direct and strict restriction for the factories. Additional measures include fiscal and tax incentives for the factories to move outside the Capital Region.

4. Policy Effects and Issues
4.1 Introduction

It is difficult to measure the policy effects for the Capital Region. Some studies, however, have attempted to examine the economic and social impacts or implications of the regulation policy for the Capital Region. In general, it is observed that the regional disparity of economic productivity has been declining. However, the reduction of disparity is not entirely due to the regional policy. Many other factors have relations to the change of the regional disparity. None the less, we can guess some portion of the reduction of the regional disparities might be due to the contribution of the policy. But more portion might be because of some other factors, such as regional investment, stage of regional development, etc.

Agglomeration economies in Capital Region are empirically observed still existing. It is reported that the manufacturing productivity in the Capital Region is approximately 2~5% higher than the other regions. Location benefits for business activities in the region might be higher than the other regions. However, the level of surplus economic efficiency is declining considerably compared to non-capital regions. On the other hand, the concentration of Capital Region rapidly increases social costs and causes traffic congestion, environmental pollution and infrastructure investment. A recent study suggests the following results.

<Table 4> Results of Analysis

<table>
<thead>
<tr>
<th>Subjects</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Productivity</td>
<td>productivity in Capital Region is 2.0% higher than the other regions</td>
</tr>
<tr>
<td>Traffic condition</td>
<td>Commuting time in Capital Region is 50.4% longer than the other regions</td>
</tr>
<tr>
<td>Environment</td>
<td>Exists serious air, water and wastes pollution problem</td>
</tr>
<tr>
<td>Spatial structure and</td>
<td>Indexes show overcrowded spatial condition, especially in Seoul and its surrounding regions</td>
</tr>
<tr>
<td>Carrying capacity</td>
<td></td>
</tr>
<tr>
<td>Public administration &amp;</td>
<td>No diseconomies or inefficiency are observed</td>
</tr>
<tr>
<td>Finance</td>
<td></td>
</tr>
</tbody>
</table>


However, quantitative measurement of locational benefits for Capital Region is almost impossible. The locational preference of the business offices might be the proxy variable for measuring the comparative locational advantage. According to the reports, more than 80% of the headquarters for 100 large companies are located in the Capital Region.

It is observed that there exists some sign of deconcentration for population inducing facilities. Because of the strict locational regulation in Capital Region, the bordering provices are showing very rapid increase of manufacturing establishments.

During the period of 1986–95 some bordering counties in Chungnam province show almost three times higher increase rate in the number of manufacturing firms(See Table 4). Universities locating in Seoul also established new local campuses in provincial areas. In addition, tens of public offices and research organizations moved to Daejon City and other local provinces.
<Table 5> Increase Rate of Manufacturing firms in Chungchung Province Bordering with Capital Region

<table>
<thead>
<tr>
<th>Region</th>
<th>1986(A)</th>
<th>1995(B)</th>
<th>B-A</th>
<th>B/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nation</td>
<td>50,163</td>
<td>96,202</td>
<td>46,139</td>
<td>1.92</td>
</tr>
<tr>
<td>Chungbuk</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Jinchon</td>
<td>818</td>
<td>2,110</td>
<td>1,292</td>
<td>2.58</td>
</tr>
<tr>
<td>-Eumsung</td>
<td>32</td>
<td>243</td>
<td>211</td>
<td>7.59</td>
</tr>
<tr>
<td>Chungnam</td>
<td>1,207</td>
<td>2,715</td>
<td>1,508</td>
<td>2.25</td>
</tr>
<tr>
<td>-Asan</td>
<td>47</td>
<td>327</td>
<td>280</td>
<td>6.96</td>
</tr>
<tr>
<td>-Chunan</td>
<td>259</td>
<td>789</td>
<td>530</td>
<td>3.05</td>
</tr>
<tr>
<td>-Dangjin</td>
<td>35</td>
<td>118</td>
<td>83</td>
<td>3.37</td>
</tr>
</tbody>
</table>


However, the relocation effect is not totally considered as the result of decentralization policy. According to the survey for manufacturing firms, majority of them located outside Capital Region not by the government policy. Majority are relocated because of the cheap land price, convenient traffic conditions, etc. Moreover, undesirable secondary effects have been observed. It is indicated many students and some employees are still commuting from Seoul or leaving their families in Seoul. The regulation of manufacturing firms in the Capital Region also created illegal factory problem. Almost 46% of the total manufacturing firms in the Capital Region in 1989 had been without permission or regal permission. These phenomena will increase the social costs for the relocation policy.

<Table 6> Number of Unlawful Firms

<table>
<thead>
<tr>
<th>Classification</th>
<th>No. of firms(%)</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1984</td>
<td>1989</td>
</tr>
<tr>
<td>Total</td>
<td>21,742(100.0)</td>
<td>30,488(100.0)</td>
</tr>
<tr>
<td>Registered</td>
<td>14,424(66.3)</td>
<td>16,543(54.3)</td>
</tr>
<tr>
<td>Unregistered</td>
<td>7,318(33.6)</td>
<td>13,945(45.7)</td>
</tr>
</tbody>
</table>

4.2 Policy Issues
Since 1960s, regional policy in Korea has been interpreted as slowing down population concentration in Capital Region. The most familiar regional policy has been to control the growth or concentration for Capital Region, and to decentralize its population and facilities to provincial areas. After 4 decades application of the policy, the trend of accelerating population increase rate has been gradually declining. None the less, the proportion of total population in Capital Region is still increasing.

Some groups of specialists criticize the regional policy is totally failed to control the concentration of population in the Capital Region. Some of them further insist that the deconcentration policy should be abolished. The specialists with economic background generally agree with this criticism. On the other hand, some others argue the policy has contributed to reduce the severe overconcentration problem in the Capital Region. If there were no control or decentralization policy, the increase of the population size in the Capital Region would be much faster.

Furthermore, the decentralization policy itself has been in dispute. The decentralization policy would require demonstrating that it would either promote economic growth or increase overall welfare. However, the productivity of the Capital Region is higher than the other regions. The urban oriented sectors also have higher value added per employee and higher productivity than the rural sectors. It is not very simple to conclude that the decentralization of Capital Region is a desirable one. Deconcentration policy may impede economic growth by reducing economic efficiency in urban sectors.

On the other hand, strong counter argument prevails the above logic of economic efficiency. Concentration in large metropolitan areas may increase the economic efficiency in a short term period. In the long run, however, they argue the overcrowded population eventually will increase social and infrastructure costs. It also can cause environmental deterioration such as water and air pollution, overcrowded living conditions. These factors will be the burden of urban economy by increasing the indirect costs of production. As a result, in the long run, the concentration of population would increase economic inefficiency in the Capital Region. The higher concentration may result in higher congestion costs, a heavier investment burden in housing, and urban service provision.

Another serious argument is regional disparity problem. The common goal of regional policy in Korea is to alleviate regional income disparities. However, according to the findings of several studies, income disparities between regions were relatively narrow compared with other developing countries. Some study3) indicates the income disparity in Korea is even lower than in Japan. Generally the income distribution diverges in the early stage of development. As the economy matures, the inequality of income declines. In spite of rapid economic growth and extensive structural change in Korea, the regional disparity in terms of income level is apparently not a serious problem.

The argument of regional income disparity often suffers from political or social point of view. The distribution of income may be a partial criterion for explanation of regional disparity problems. Regional inequality is often indicated as a symptom of manmade endowments such as regional infrastructures, industrial structure, and investment of the central government. Comparatively poor regions sometimes criticize the centralized administrative system.

Centralized decision making systems worked towards intensifying the position of Capital Region. Also some regions believe that some part of the regional disparity is generated by the regional discrimination.
Many of the regionalists, however believe that the population concentration in Capital Region may worsen its productive and healthy manufacturing and business environments. They argue that the heavy concentration of various economic resources in a limited space will create high social costs and reduce overall economic efficiency for the resources. These social costs and inefficient resource allocation may result poor economic productivity, and in turn, will impede national economic growth.

However, the opposites argue that the strict regulations such as prohibiting new manufacturing activities may reduce economic efficiency by impeding the smooth activities for business of manufacturing companies and firms. This policy may result in a serious welfare loss to the Korean economy in the long run.

It is widely observed that the higher productivity for manufacturing productivity in the Capital Region. However, the opposites argue the higher manufacturing productivity can not compensate the unmeasurable social costs such as pollution, congestion, etc.

5. Concluding Remark

The policy of Capital region in Korea has evolved like a two edged knife. It pursued the efficient use of the nation's land and resource on the one end. It also pursued equity oriented regional balance on the other. In the early stages of industrialization, the economic growth had the supreme priority in government policy. In the late stages of the development, however, the government made an effort to mitigate regional disparities.

After the financial crisis, however, the policy for economic growth becomes more concerned with competitive regions and industries. Recently, the role of the Capital Region has been reassessed as a core of the information network. It is even suggested to establish a special district for foreign investment in the Western Capital Area.

On the other hand, decentralization policy for the Capital Region seems to be poorly successful. The attempts to reduce the centrality of the Capital Region have not been very effective. Moreover, it is not clear that the regional disparity in Korea is problematic by the international standards. In addition, there is no clear sign that the population concentration adds to the locational disadvantages in Capital Region.

Some contradicting policies also may reduce the efficiency of the deconcentration policy for the Capital Region. Since 1989, five new towns have been constructed around Seoul. More than a million new residents were settled in the new town. The central and local government have more new town plans even at this moment.

In addition, the remove of Green Belt regulation is under procedure. Many population inducing development activities have already been under way. Residential sites, public,

commercial, and other urban facilities are programmed to be located on the Green Belt area.

Recently the government has a plan to develop Free City for foreign investors. Because of the diversity of regional issues and policy contradictions there have always been difficulties in coordinating various regional and national policies. However, the growth control of Capital Region has been consistently attempted throughout the period. The policy was implemented basically relying on regulatory instruments. However, it is hard to conclude that the decentralization policy has been successful or failed.
References


2. KRIHS, Analysis and Policy Alternatives for the Capital Region 1997

