

**APPLICATIONS OF REGIONAL PLANNING STRATEGIES
TO SOUTH KOREAN RURAL DEVELOPMENT**

By

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ABSTRACT

The thesis analyzes South Korean rural development programmes implemented from 1968 to 1986. It examines the respective planning goals, implementation methods, and outcomes of two Korean development programmes: the Rural Non-Farm Employment Programme and *Saemaul Undong*. The theoretical framework for this analysis is based on a comparison of the Functional Integration Approach (FIA) and the Territorial Development Approach (TDA).

FIA theory has been developed mainly by consultants from the United States Agency for International Development (e.g., Dennis A. Rondinelli). These theorists assume that rural underdevelopment stems from the lack of urban technology and information. Accordingly, they see that transfer of urban technology is the key to rural economic development. The theory prescribes the promotion of rural trade centres and networks bridging urban and rural areas.

TDA theory has been modelled by John Friedmann and his colleagues. It is a bottom-up, people-oriented approach. Advocates of this approach emphasize even distribution of economic power, while those of FIA focuses on economic growth. The TDA theory proposes that planners involve intended beneficiaries in decision-making processes, and help poor people directly. TDA attempts to close the urban/rural linkages selectively, since it is thought that some urban influences are harmful to rural development. TDA has been criticized as unfeasible since in most countries it requires significant reforms of the existing power structure.

The Korean Rural Non-Farm Employment reflects some aspects of FIA theories, and *Saemaul Undong* some aspects of TDA. The non-farm employment programme has been planned by professional planners in national planning agencies. The planners have attempted to promote manufacturing industries in selected rural

centres. However, the programme has not been successful in creating more rural employment for poor people. A major reason for this appears to be that the programme promotes employment opportunities which are inappropriate to the skills of the rural poor.

Saemaul Undong was initiated by the late president Chung-Hee Park. The programme was implemented by central politicians, local administrators, and rural people. Goals of development were not purely economic. Rather, they included social development and the programme focused on areas regardless of economic potential. It has improved the quality of rural infrastructure, technology, and people's confidence, combinations of which may be a basis for long-term development. It has also improved rural gross income, though the growth has necessitated increased expenses.

From the analysis of the two Korean rural planning programmes, the thesis concludes that TDA, as exemplified by *Saemaul Undong*, is a promising regional planning strategy. Specifically the thesis concludes that planning for rural development in countries like Korea should include the following TDA approaches: 1) involve beneficiaries in the decision-making process, 2) employ appropriate local inputs and knowledge, 3) facilitate linkages among rural institutions, as well as between rural people and government agencies, and 4) assist innovation from within rural areas.

TABLE OF CONTENTS

ABSTRACT.....	ii
TABLE OF CONTENTS.....	iv
LIST OF TABLES.....	vii
LIST OF FIGURES.....	viii
ACKNOWLEDGEMENTS.....	ix
ABBREVIATIONS.....	x
 CHAPTER I: INTRODUCTION.....	 1
A. Statement of Problem.....	1
1. The Theory.....	1
2. The Practice.....	2
B. Purpose.....	5
C. Questions.....	6
D. Methodology.....	9
 CHAPTER II: THEORIES OF REGIONAL PLANNING STRATEGIES.....	 11
A. Foundations of Regional Planning Strategies.....	11
1. Growth Pole Approach (GPA).....	11
a. Theoretical Background of GPA.....	11
b. Evolution of GPA.....	12
c. Applications of GPA and their Consequences.....	13
2. Functional Integration Approach (FIA).....	15
a. Theoretical Background of FIA: Central Place Theory.....	16
b. Implementation of FIA.....	17
3. Territorial Development Approach (TDA).....	17
a. Foundation of TDA.....	17
b. Mechanisms of Dependency.....	18
c. Political Organizations for TDA.....	20
d. Means of Evolution.....	21
B. Applications of FIA and TDA.....	22
C. Planning Implications of FIA and TDA.....	27
1. Goals of Regional Planning.....	27
a. Content of Goal.....	27
b. Formulation of Goals.....	29
c. Decision Makers in Goal Formulation.....	29
2. Means of Planning.....	30
a. Theoretical Basis and Spatial System.....	30
b. Economic Systems.....	31
3. Outcomes.....	32
a. Equity.....	32
b. Effectiveness in Economic Growth.....	33
c. Development Momentum.....	33
D. Summary.....	34

CHAPTER III: PRACTICE OF KOREAN RURAL NON-FARM EMPLOYMENT PROGRAMMES..... 35

A. Significance of Non-Farm Employment in Rural Korea.....	36
1. The Concept.....	36
2. Why Non-Farm?.....	38
B. Historical Background of Rural Industries.....	40
1. Rural Employment Structure.....	40
2. Rural Income.....	44
C. Government Programmes for Non-Farm Employment.....	45
1. Rural Sideline Business Programme.....	45
2. Saemaul Factory Programme.....	48
3. Rural Industrial Park Programme.....	51
D. Performance of the Government Programmes.....	53
1. Employment Effects.....	54
2. Income Effects.....	55
E. Summary.....	56

CHAPTER IV: PRACTICE OF KOREAN NEW COMMUNITY MOVEMENT..... 57

A. Socio-Political Conditions before SMU.....	57
B. SMU at the Central Decision-Making Level.....	59
1. Foundation: 1970-73.....	59
2. Take-Off: 1974-76.....	62
3. Extension: 1977-79.....	62
C. SMU at the Local Implementation Level: a Village Study.....	64
1. Village Setting.....	64
2. SMU Projects Implemented in the Village.....	65
a. Street Widening.....	65
b. Housing.....	66
c. Rice Seed Variety.....	67
3. Beyond the Government SMU.....	69
a. Livestock Breeding.....	69
b. Mushroom Cultivation.....	71
D. Performance of SMU Programmes.....	72
1. Living Standards.....	72
2. Agricultural Productivity.....	77
3. Household Income.....	80
4. Mentality of Rural Population.....	83
E. Summary.....	84

CHAPTER V: ANALYSIS OF KOREAN RURAL DEVELOPMENT PROGRAMMES.....	86
A. Goals of RNFE and SMU.....	88
1. Major Contents of Planning Goals.....	88
2. Intended Beneficiaries.....	91
3. Decision Makers.....	93
B. Implementation of RNFE and SMU.....	95
1. Theoretical Basis.....	95
2. Spatial Systems.....	96
3. Economic Systems.....	100
C. Goal Achievement of RNFE and SMU.....	102
1. Equity.....	102
2. Effectiveness in Economic Growth.....	103
3. Development Momentum.....	104
D. Summary.....	106
 CHAPTER VI: CONCLUSION.....	 108
 BIBLIOGRAPHY.....	 115

LIST OF TABLES

Table 1.1: Questions To Be Answered through the Thesis.....	7
Table 2.1: Projects of FIA.....	23
Table 2.2: Comparison of FIA and TDA.....	28
Table 3.1: Rural Household Income Sources in Korea.....	37
Table 3.2: Employment Share of Korean Rural Areas and Rural Manufacturing.....	42
Table 3.3: Proportions of Korean Rural Income From Agriculture and Non-Agriculturae.....	44
Table 3.4: Average Household Income Share of Crop Production, Sideline Business, and Manufacturing in Korea: 1953-81.....	55
Table 4.1: Evaluation Categories of SMU Performance.....	72
Table 4.2: Performance of Selected SMU Projects: 1971-78.....	75
Table 4.3: Electric Appliances Used in Korean Rural Households.....	76
Table 4.4: Korean Agricultural Products: 1960-85.....	79
Table 4.5: Average Rural Household Incomes and Expenditures in Korea.....	81
Table 4.6: Growth of Average Rural Household Incomes and Expenditures in Korea...	82
Table 4.7: Average Rural Household Incomes Subtracted by Expenditures in Korea...	82
Table 4.8: Comparison of Average Debt of Rural and Urban Households in Korea: 1980-85.....	83
Table 5.1: Comparison of RNFE and SMU Approaches.....	87

LIST OF FIGURES

Figure 1.1: Summary of Korean Rural Development Programmes.....	4
Figure 1.2: Thesis Organization.....	9
Figure 2.1: An Organizational Model for Territorial Development.....	21
Figure 3.1: Monthly Agricultural Labour Use of Korean Farm Households.....	39
Figure 3.2: Map of Korea.....	41
Figure 3.3: Composition of Korean Rural Manufacturing: 1930-75.....	43
Figure 4.1: Numbers of Underdeveloped, Developing, and Developed Villages.....	75
Figure 4.2: Growth Rates of Korean Agricultural Products :1960-85.....	79

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ABBREVIATIONS

EPB	Economic Planning Board (Korean)
FAO	Food and Agricultural Organization (UN)
FIA	Functional Integration Approach
GNP	Gross National Product
IBRD	International Bank for Reconstruction and Development
IMF	International Monetary Fund
IRDP	Integrated Rural Development Programme
KREI	Korean Rural Economics Institute
KDI	Korea Development Institute
M/T	Metric Ton
ORD	Office of Rural Development (Korean)
RNFE	Rural Non-Farm Employment
SMU	Saemaul Undong (Korean New Community Movement)
TDA	Territorial Development Approach
USAID	United States Agency for International Development

CHAPTER I: INTRODUCTION

A. Statement of Problem

1. The Theory

Development specialists (planners and economists) in the 1950s and the 1960s assumed that the primary goal of development was economic growth. Their research was designed to determine potential areas for investment which would maximize growth. Consequently, public investment was often concentrated within a few core areas, and central planning was the most commonly adopted method. It was expected that the benefits of growth within core areas would trickle down to other areas. This was known as the Growth Pole Approach (hereafter, GPA). The validity of this approach came to be seriously questioned by the end of the 1960s. Despite the remarkable growth of Gross National Products (GNP), economic and social disparities between the selected cores and remaining peripheral (rural) areas were not reduced.

Since the rejection of GPA as the chief strategy of regional planning, two alternative approaches have emerged: the Functional Integration Approach (Rondinelli 1976) and the Territorial Development Approach (Friedmann and Douglass 1976). The Functional Integration Approach (hereafter, FIA) tries to improve rural economic conditions by enhancing the accessibility of urban services to rural residents. The improvement of networks (e.g., roads, transportation modes, and communication routes) and the promotion of intermediate cities are the major means of the approach. This approach is based on central place theory.

The Territorial Development Approach (hereafter TDA) aims at strengthening the social and economic power of rural populations. It attempts to selectively terminate those networks which contribute to the exploitation of rural assets, assisting direct participation of local people in decision-making process.

The applications of these new strategies, however, have not shown any significant signs of success. Experimental applications of FIA in several Asian countries, especially the Philippines, India, and Bangladesh have failed to improve economic well-being in project areas. On the other hand, there has not been any solid evidence of success in regional development projects which explicitly applied the concepts of TDA. Rather, TDA has been criticized in that the theory is not politically acceptable because it envisages upsetting the balance of power at the rural/agropolitan district level (Mathur 1980: 93). The proposal is not attractive to any of the existing power groups. Therefore, it is argued it is not feasible (Hilhorst 1980: 88-89). An examination of these arguments is expected to contribute to the evolution of regional development planning theory.¹

2. The Practice

The South Korean government has planned and intensively implemented economic development plans since the 1960s. Between the early 1960s and the late 1970s, its industrialization policies were largely based on GPA. The policies were to invest financial and administrative resources in a few urban areas, such as the Seoul and Pusan regions. Policy makers assumed that rural development would automatically occur as a result of urban growth.

In the late 1960s, it was generally recognized that the GNP of Korea had been significantly increased; however, rural residents had not been benefited equally from this growth. In addition, the growth of a few cities was in marked contrast to the

1. "Planning" here has meant a process of making agreements which collectively guide social change of a community, a region, or a nation in the future. The most official Korean plans are the Five-Year Economic Plans and the Comprehensive Land Development Plans. Others include government announcements and guidelines of administration. A "region" in this thesis is defined as a geographical area which consists of a national territory. It can be a combination of, or a part of provincial territory, in general. When the term specifically relates to political boundaries within Korea, it is a sub-concept of a province, i.e., county.

stagnant socio-economic conditions in rural Korea. This fact was perceived as a crucial factor weakening the political basis of the government, since rural voters had largely been supporting the ruling party. Therefore, from the late 1960s the government planned changes in national development policies.

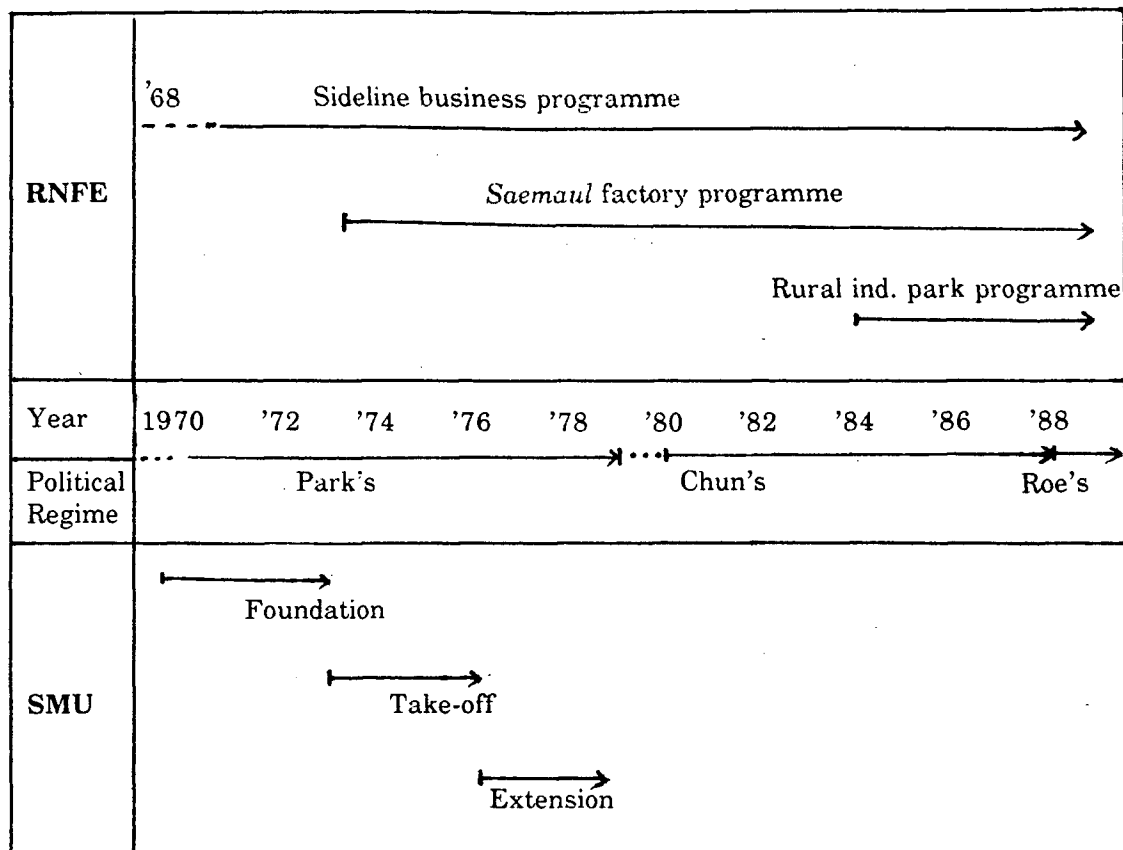
Two major changes have been significant. The first was to shift the orientation of development from unbalanced growth to balanced growth. This was realized to disperse the concentrated growth of population and economic facilities in large cities to small cities and towns. The change has been initiated by the two national plans: the First Comprehensive Land Development Plan (ten year plan), and the Third Five-Year Economic Development Plan since 1972.

The second was rural development planning. To promote rural income, the Korean government has attempted to modernize rural enterprises, focusing on the promotion of Rural Non-Farming Employment (hereafter, RNFE). The first programme, called the rural sideline business programme, was introduced in 1968. As impacts of this programme had been marginal, the late president Chung-Hee Park called for an intensive programme for rural development, called *Saemaul Undong*.² In the middle of *Saemaul Undong* (hereafter, SMU), the second rural income development programme, called the *Saemaul* factory programme,³ was planned by the Korean government beginning in 1973. Along the lines of the *Saemaul* factory programme, the government, since 1983, has attempted to further assist the creation of rural employment opportunities with its name of rural industrial park programme. The RNFE programmes were planned following academic research and continue to the

2. "Saemaul" in Korean means a new village, and "Undong" movement. Most Korean rural villages had been of the *Gemeinschaft* type. *Saemaul Undong* is often translated as "New Community Movement" in English writing.

3. Although this programme was labeled the "Saemaul" factory programme, its model of planning, its implementation systems, and its beneficiaries have been different from those of SMU projects. It is commonly regarded as one of the RNFE programmes in Korean academia.

Figure 1.1
Korean Rural Development Programmes: A Summary



present time, while SMU was formulated by political processes and was terminated in late 1979.⁴ Figure 1.1 summarizes these programmes.

A brief review of the rural development programmes reveals that the impacts of the rural employment programmes, on the one hand, appear to be marginal in increasing the share of rural non-farming income. SMU, on the other hand, has noticeably improved rural well-being in a relatively short period-- a decade. Although it

4. The movement has been virtually terminated by the death of Korean President Park. Successive presidents after him attempted to continue the movement. However, their effects have been negligible. A primary reason for this appears to be that the old method SMU has been unsuitable for the changed behaviour, needs, and expectations of rural populations. Thus, rural populations did not fully cooperate with old government strategy in this matter.

was terminated, impacts of the programme have been considerable, and continue to affect the current conditions of rural Korea. The strategy was effective in mobilizing resources and motivating rural people; however, its success required considerable hidden costs, such as increased agricultural inputs and disintegrated community cohesiveness.

Evaluations of the performance of the past Korean rural development programmes are complicated. Official statistics show remarkable improvement of both rural income and living standards; however, they also indicate a widening gap between rural and urban economic and social well-being. Rural people in general appear to be isolated from the benefits of the country's expanding economic prosperity especially in the second half of the 1980s.⁵ Therefore, an effective planning strategy is necessary for the integration of development needs and desires in rural Korea. The author believes that policy recommendations need to be based on a profound investigation of past experience.

B. Purpose

The thesis attempts to examine the Korean rural development programmes between 1968 and 1986 and their performances. Based on this examination, it will recommend approach to solving Korea's problems.

The purpose of this thesis is two-fold. The first is to find a rural planning strategy which is widely applicable to developing countries, like South Korea. Two selected approaches: FIA and TDA, will be compared. In terms of the theory, the

5. The sense of economic and social disparities, both between urban and rural areas and between Seoul and the rest of Korea, became widespread among various groups in the country, especially in the second half of the 1980s. The issue has been an important debate among scholars, business groups, and local communities after the general elections in 1988. The present government regime is attempting a political solution-- a more autonomous local governance, in order to cope with this problem. Currently political parties are preparing a revision of the constitution compatible with this decentralization.

author has initially found that TDA is more effective in improving economic and social well-being in less developed countries. To verify this, the thesis will attempt:

- 1) to differentiate FIA and TDA, in terms of theory;
- 2) to disclose the respective weakness and strengths of FIA and TDA;
and
- 3) to clarify how TDA is the more effective in integrating rural resources and motivating rural populations.

These are important because many development projects have not been able to meet project goals due mainly to improper selection of planning strategies. The results of these are expected to shed more light on the debates between FIA and TDA theorists.

The second purpose is to search for solutions suitable for the conditions of rural Korea. This is important because the historical rural planning strategies may not be relevant given the new circumstances in rural Korea. Since the termination of SMU, there has not been a solid direction to Korean development policies. In addition, after the general election of 1988, the new government regime has planned for a more autonomous local governance, where a "bottom-up" planning strategy can be applied.

The thesis will explore both the planning methods adapted in RNFE and SMU and their performances. In this examination, each programme will be compared to the respective FIA and TDA theories. The primary concerns of this examination are goals, implementation methods, and results of the programme implementation.

C. Questions

To accomplish the purposes stated in the previous section, the thesis raises two sets of questions (Table 1.1). The questions in the first group are associated with the processes of goal formation and methods of implementation. They will refer both to the prescriptions of FIA and TDA theories and to the implementation methods in practice,

Table 1.1

Questions to be Answered through the Thesis

=====

QUESTION SET I: Questions for Describing Planning Process

GOAL FORMATION

- 1) Development for what?
- 2) Beneficiaries?
- 3) Decision-makers?

IMPLEMENTATION

- 1) Assumptions?
- 2) Spatial system?
- 3) Economic system?

QUESTION SET II: Questions for Evaluating Planning Performance

OUTCOMES

- 1) Social equity?
- 2) Effectiveness in economic growth?
- 3) Development momentum?

=====

i.e., RNFE and SMU. In terms of theory, the questions are concerned with what FIA and TDA theories prescribe planners and their clients to do. In terms of practice, the questions attempt to clarify what were actually applied in RNFE and SMU programmes. The questions in the second group are to examine implementation outcomes. They will be applied to the evaluation of the performance in practice.

Planning goals have been defined as socio-economic conditions which a planning strategy attempts to achieve. This thesis is concerned with the goals of RNFE and SMU planning, specifically in terms of the following three questions:

- 1) What were the detailed results which SMU and RNFE were to achieve? The answers could either be economic or social development,⁶ or both of them.
- 2) Who were the intended beneficiaries of the programmes? Possible answers in the thesis could be urban based businessmen, rural elites, or the rural poor.
- 3) Who played the key roles in formulating the programmes' goals? Answers could include central government politicians, professional planners, local administrators, rural populations, or combinations thereof.

Methods of implementation concern the theoretical and practical means of planning and implementation. A basic question is how the FIA or TDA theories were applied in RNFE and SMU practice? This question is elaborated as follows:

- 1) What are principles of development? Which models were used in planning for RNFE and SMU?
- 2) What were the working concepts of spatial distribution of resources and investment applied in planning and implementation processes?
- 3) What were the economic systems encouraged by each planning practice, exchange-value or use-value economy?

In terms of outcomes, Question Set II is concerned with socio-economic conditions resulting from the application of each programme. Detailed questions include:

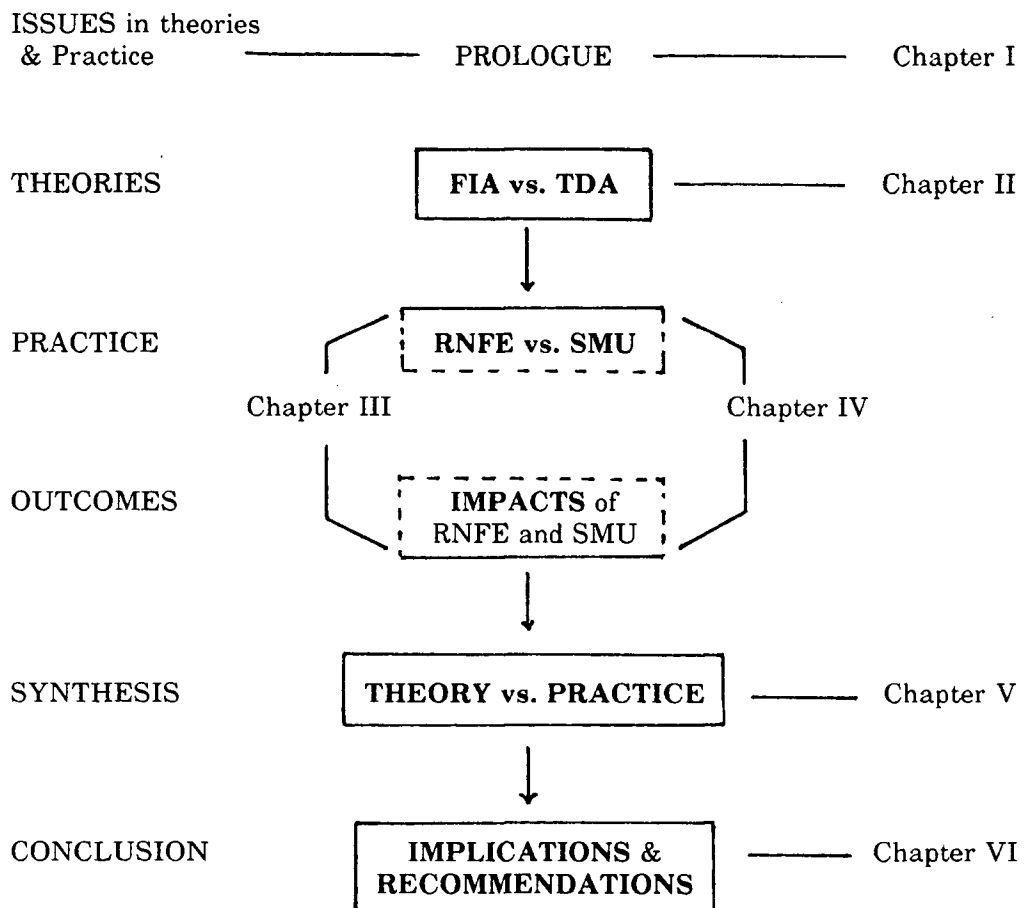
- 1) Could people access the decision-making process and the benefits of RNFE and SMU equally?
- 2) Were RNFE and SMU approaches effective in achieving economic growth? and
- 3) Could the planning systems and programmes of RNFE and SMU continue to play important roles?

6. In this thesis the term "economic development" refers to the growth of monetary and material gains, while "social development" has meant the improvement of culture, education, knowledge, and human and institutional relationships. Social development in the thesis specifically emphasizes the improvement of non-material resources which are essential for long-term regional economic development. Examples of non-material resources can be advanced knowledge, heightened motivation, development of community organizations, experience and a sense of confidence.

D. Methodology

This thesis is composed of four major parts (Figure 1.2). Following an overview in the present chapter, the second chapter will create an analytical framework articulating the differences between FIA and TDA theories. This will be done through an analysis of their theoretical backgrounds.

Figure 1.2
Research Methodology and Thesis Organization



The thesis will first introduce the historical backgrounds of FIA and TDA, and then clarify their differences. This will be a presentation of planning implications under the headings of goals, methods, and outcomes of planning. A comparison of FIA and TDA will be made through a review of literature written by major advocates of the two approaches.

Second, based on this theoretical framework, the thesis will analyze Korean rural development practice. It will describe the planning and the implementation processes of RNFE programmes and SMU, and show how they are examples of FIA and TDA, respectively. It will discuss how the FIA and TDA theories are used in RNFE and SMU practice, and what their performances are.

Third, this thesis will assess the adequacy of FIA and TDA theories by evaluating Korean RNFE and SMU outcomes. It will examine whether the assumptions made by theories can be achieved. Could the respective goals of RNFE and SMU have been met? This thesis then will attempt to synthesize the theories (FIA and TDA) and the practices in Korea. Finally the thesis will make recommendations for future planning in rural Korea.

Available data related to the thesis topic is limited, especially for the data associated with RNFE performance. However, this thesis does not intend to produce new data. Rather, it uses the author's own observations⁷ and personal communications with a local official.⁸ Other data sources include official publications such as government publications, research articles, newspapers, and statistics.

7. The author had been living in Moryang village (see map in Figure 3.2, for its location) and has observed most SMU projects in the village.

8. He is working at Gunchun Town Office, and advises SMU projects for Moryang village.

CHAPTER II

REGIONAL PLANNING STRATEGIES

The purpose of this chapter is to provide a theoretical framework to analyze Korean rural development experience. The chapter introduces three major post war regional planning strategies: GPA, FIA, and TDA. It consists of four sections: the first is the introductions of the three strategies. These include the theoretical backgrounds, assumptions, and methods of each strategy. The second section analyzes the results of FIA and TDA practice in four countries: China, Kenya, Pakistan, and the Philippines. The third section draws planning implications of the three strategies synthesizing previous discussions. The final section makes concluding remarks on the FIA and TDA debate.

A. Foundations of Regional Planning Strategies

This section explores the historical background of modern development theories. It begins with the emergence of GPA, which is fundamental in the current regional development and planning debates.

1. Growth Pole Approach (GPA)

a. Theoretical Background of GPA

This idea of the growth pole approach was developed by Francois Perroux (1950), and further refined by Walter Isard and Douglass North. Isard and North saw a region as an open system, and assumed that core/hinterland relationships are neutral. North noted that "external" demand brings outside wealth into the regional economic system. An assumption of his argument was that increasing the geographical division

of labour, decreasing the friction of distance, and increasing the level of inter-regional trade are keys to local economic growth (Weaver 1984: 80).

Isard improved North's view of the role of the basic sector in regional economic growth by adding the concepts of nodes and networks into that of the open regional system. In addition, he emphasized the role of transportation in production, and argued that the cost of overcoming the friction of distance is of equal importance with production factors such as labour, resources, and capital.

b. Evolution of GPA

The basic concept of concentrated growth was refined by Albert Hirshman, Gunnar Myrdal, and John Friedmann. Myrdal, for his part, argued that economic development can be reiterated through a process of "circular" and "cumulative" causation. He believed that economic growth would be transmitted to regions through a network of "spread" and "backwash" effects. The spread effect here means the expansion of wealth from core areas to peripheral areas, while the backwash effect refers to the declining economic power in peripheral areas due to selective migration and outflows of capital. Hirshman suggested linkage effects as a crucial factor in choosing the key sectors for investment. Although he also spoke of "trickle-down" and "polarization," his arguments concerned economic sectors, rather than geographic areas.

Myrdal's spread-effects and Hirshman's trickle-down effects are similar in their theories of growth within core areas, but significantly differ in terms of the notion of the backwash effect in hinterland areas. While Hirshman held an optimistic view of the trickle down effect, Myrdal warned that selective movements of population and capital from hinterlands to core increase the inequality between growth centres and hinterlands. Myrdal argued that these factors reinforce dependent status of peripheral

areas in relationship with core areas (Hansen 1981: 18). This was a crucial warning about potential outcomes of GPA; however, it was largely ignored in practice (Weaver 1984: 83).

While the previous debates concentrated on economic effects of development policies, Friedmann began to examine political implications of development models. He presented a comprehensive core/periphery development model which was used for the analysis of Venezuelan regional development policy (Friedmann 1966a).

Friedmann provided an institutional framework of core/periphery relationships. He argued that development originates in small numbers of "centres of change" located at the highest development potential areas. Modern technological innovations are diffused from these centres to lower potential areas. Core regions are major centres of innovative change, while the rest of the territory consists of peripheral regions. Development of peripheral regions is largely determined by institutions in the core regions.

Friedmann's framework was attractive because it attempted to anticipate possible results of a policy implementation, including cultural, political, and economic effects (Weaver 1984: 85). Its principal weakness to some, however, is that the theoretical position is not in a form testable by hypothesis, especially by quantitative measurements (Hansen 1981: 21). Moreover, it does not provide any solutions to reduce core/periphery tension. It is useful for analyzing any political consequences of planning. However, it is inappropriate as a development strategy.

c. Applications of GPA and their Consequences

GPA came to have a singular fascination for regional planners. Its attractiveness stemmed from the common sense notion that you can not be everywhere at the same time. In addition, the experience of urban industrial industrialization has

shown that development arises from a few economically potential areas and its impacts spread over other areas. And it had a strong political appeal in that the designations of growth centres could be awarded like medals (Friedmann and Weaver 1979: 125).

GPA was widely accepted in the 1950s and the 1960s, notwithstanding some concern about backwardness in peripheral areas. Central planning was adopted to guide national economies and to integrate regional economies into national and international systems. In developing countries, central control was encouraged by international assistance agencies (e.g., IBRD and IMF) that were providing large amounts of capital and material assistance during the 1950s and 1960s.

In the late sixties, the problem of polarized development began to be noticed by theorists like E. A. J. Robinson:

There was no country represented in our conference and none known to any of us which could claim that it had no backward area. ... These problem areas exist in every type of country from the richest to the poorest, from the most perfectly socialist to the most *laissez-faire* (Robinson, ed. 1969: ix-x, as cited in Friedmann and Weaver 1979: 140).

Leo Klaassen defined a backward region as an area which is economically at a disadvantage in comparison with other regions, or, especially, with the country as a whole (Klaassen 1965: 28-29). For comparison, he suggested two economic indicators: regional income and unemployment.

Dudly Seers (1969) raised fundamental questions concerning the "meaning of development." He argued that the GNP standard is not sufficient as an indication of development and income distribution, and that "employment" must be accounted for. In addition, radical theorists in the early 1970s promoted a critical examination of the regional planning strategy, GPA.

Harry W. Richardson (1971) made the earliest critical observations in a review of Spanish development policy experience. Richardson argued that first, the number of

designated growth centres have to be kept at a minimum, and second, spatial priorities of investment have to be left unaltered over a long period of time. Subsequently, there followed criticism of GPA by the World Bank (1974), Hansen (1975), Stohr and Todtling (1977), and Friedmann and Douglass (1978). According to these authors, the problems of the growth pole theory were:

- 1) Planners applied the terms, "growth centres," indifferently to major urban centres and to small rural centres;
- 2) It was not clear whether the term actually referred to growing regions or growth potential regions; and
- 3) The means of the growth pole approach (e.g., financial inducement offered to private enterprises) were generally too weak to achieve a permanent restructuring of spatial organization. Thus the "natural" growth of a national economy is unlikely to be diverted (Friedmann and Weaver 1979: 173).

After 1974, the growth pole doctrine was generally rejected as a primary strategy of regional development (Rondinelli 1978a: 392). A number of alternative approaches have been formulated to replace the conventional growth policy. They can be grouped into two different streams: FIA and TDA. Both streams have placed the problem of rural poverty, especially for developing countries, at the front of regional planning discussions. The following section introduces the theoretical backgrounds, assumptions, and strategies of FIA and TDA.

2. *Functional Integration Approach (FIA)*⁹

9. There are a number of names referred to describe what in this thesis is called FIA. These include Functional-Spatial Integration (Rondinelli 1986); Integrated Rural Development Programme (Ruttan 1975); Urban-Based Rural Development (Friedmann and Weaver 1979); Urban Functions Rural Development (Rondinelli and Evans 1983). There are no fundamental differences in terms of the principles of their methods. I prefer to use the term, the Functional Integration Approach, since it grasps the basic concepts of various terms and can also be compared with another major term of this thesis, the "Territorial Development Approach."

FIA was based on the theoretical framework of central place theory. Therefore, the next sub-section introduces central place theory as a basis of FIA. It will then explore methods of the approach in the subsequent sub-sections.

a. Theoretical Background of FIA: Central Place Theory

Central place theory had been developed by a group of European geographers (including Christaller 1933) and American rural sociologists (Galpin 1915; Brush 1953; Philbrick 1957; Berry 1958). The theory was fully advanced by E.A.J. Johnson (1970, especially section 4). It has identified the principles of spatial formation as follows:

- 1) The system of spatial structure consists of hierarchical ordering of trade centres;
- 2) Each order of trade centres functions as consumers, retailers, wholesalers, or producers; and
- 3) All centres are interwoven by networks, which provide accessibility from one place to another.

On the basis of these principles, advocates of FIA explained that GPA had not been successful because physical barriers hinder the transfer of urban information and technology to peripheral areas. Therefore, rural residents could not use urban information and technology (Rondinelli 1986: 16-20). It was also argued that systems of settlement hierarchy were inadequately articulated (Rondinelli and Evans 1983: 32; Ruttan 1975), and administrative systems of FIA were inadequately designed (Griffin (1974: 255).

Ruttan (1975) has argued that the improvement of rural welfare requires institutional innovations which effectively link urban and rural areas through a series of market relationships. The institutional innovations make more efficient markets through which people in backward areas can acquire credit, land, and new technologies.

Through the analysis of spatial systems in the Republic of Kenya and Malaysia, Rondinelli and Ruddell (1977: 186) argue that poorly integrated spatial systems fail to provide opportunities for interaction among villages, marketing centres, intermediate cities, and metropolitan areas.

b. Implementation of FIA

A rationale for FIA implementation is to diffuse development benefits in urban areas to the rest of the areas. FIA attempts to do so through improved systems of trade centres and their linkages by:

- 1) generating more intermediate trade centres;
- 2) enhancing the access from poor rural areas to urban areas;
- 3) streamlining local administrative institutions; and
- 4) decentralizing the central planning authority to intermediate cities.

FIA was supported by U.S.-based international development agencies (e.g., United States Agency for International Development (USAID), World Bank groups, and the Ford Foundation). Numerous projects have applied this approach for rural development in developing countries, including India, Indonesia, Malaysia, Pakistan, and the Philippines (Table 2.1 on page 23).

3. Territorial Development Approach (TDA)

a. Foundation of TDA

As with FIA, the most critical motivation for designing TDA comes out of the re-examination of the consequences of GPA. However, TDA interprets the prime reason for the failure of the GPA as the dependency of peripheral areas on core areas.

Economically, underdevelopment is seen as chronic, not temporary. Because of "cumulative causation," the advantage of a growth pole will increase, not diminish, within its region. Concentration of economic growth in a economically advantaged region in turn creates agglomeration economies leading to further concentration within the region (Seers 1980: 17).

Therefore, TDA regards development in a disadvantaged region as stemming from enhanced regional power-- social, cultural, political, as well as economic. It tries to build a power base first on the preparation of basic human needs for the poor, such as food, shelter, health, and other collective needs. The way to enhance power is seen to be in serving the interests of regions which want to create societies more resistant to penetration from core regions, maintain their uniqueness and rootedness. Indeed, the most urgent task is viewed as enhancing not economic power alone, but social power. Advocates of TDA propose to solve the backwardness problem in peripheral region through political coalitions by which class interest, and territorial consequences, break the established political mould (Wight 1981: 34).

Friedmann and Douglass (1975) first presented a model for political coalition as an organizational basis of agropolitan development. Friedmann (1981) has refined it criticizing the past development policies in South East Asian countries. Stohr (1983) and his colleagues have suggested methods of TDA, examining dependency phenomena in Austria.

b. Mechanisms of Dependency

Resource-based regions provide excellent examples of political dependency. During past periods of high aggregate economic growth (up to about 1975), resource regions frequently enjoyed increases in production and employment. Indeed, the

economic growth within core regions spilled over to the resource regions.¹⁰ In this case, although the quantity of growth expanded in resource regions, there is a problem in the quality of this growth. That is, key functions, such as company research and development and long range decision-making always remain in the core regions.¹¹ This type of spill-over effects may also be a result of the economic mechanism of international trade (Seers 1980: 17-18).

Cultural disintegration is a further possible consequence of economic dependency. Since economic structures in peripheral areas are often dependent on demand from core areas, the need for labour demand in core regions causes large out-migration or long-range commuting in peripheral areas. Out-migration in lagging areas, in turn causes a break down of family structure. A similar example is found in a rapidly growing region where a large influx of people from other regions intrudes upon local indigenous culture and identity within the growing region. Newly industrializing towns in peripheral areas of developing countries, such as Korea, are typical examples. The case of Cornwall, England, where linguistic and cultural identities have been drastically destroyed by large in- and out-migration, illustrates these phenomena well (Wight 1981: 28).

Lo and Salih (1978) argue that core/periphery linkages tend to reproduce unequal development. Therefore, a regional development strategy capable of self-sustaining rural development has to eliminate the dependency of peripheral areas on core areas through the creation of different core/periphery linkages at lower territorial scales.

Essential features of their suggestions for this include:

10. For example, B.C.'s resource-based communities experienced increases in the period of economic prosperity between 1971 and 1981; however, the employment and population growth rates drastically declined in the period of 1981 and 1986, when overall economic conditions worsened.

11. For example, actual forestry practice is not conducted in Vancouver and Victoria, but most key decisions are made in these two urban centres and elsewhere (Bradbury 1986).

- 1) a relatively small geographical scale as a planning region;
- 2) a high degree of self-sufficiency and self-reliance in decision making and planning;
- 3) diversification of rural employment;
- 4) urban/rural industrial functions and their linkages to local resources and economic structures; and
- 5) utilization and evaluation of local resources and technologies (Lo and Salih 1981: 135).

c. Political Organizations for TDA

Friedmann and Douglass (1975) suggest development of political institutions as a suitable solution to existing dependency. Their goal is to transfer substantial power to a democratically constituted local government capable of speaking for and acting on behalf of local people.

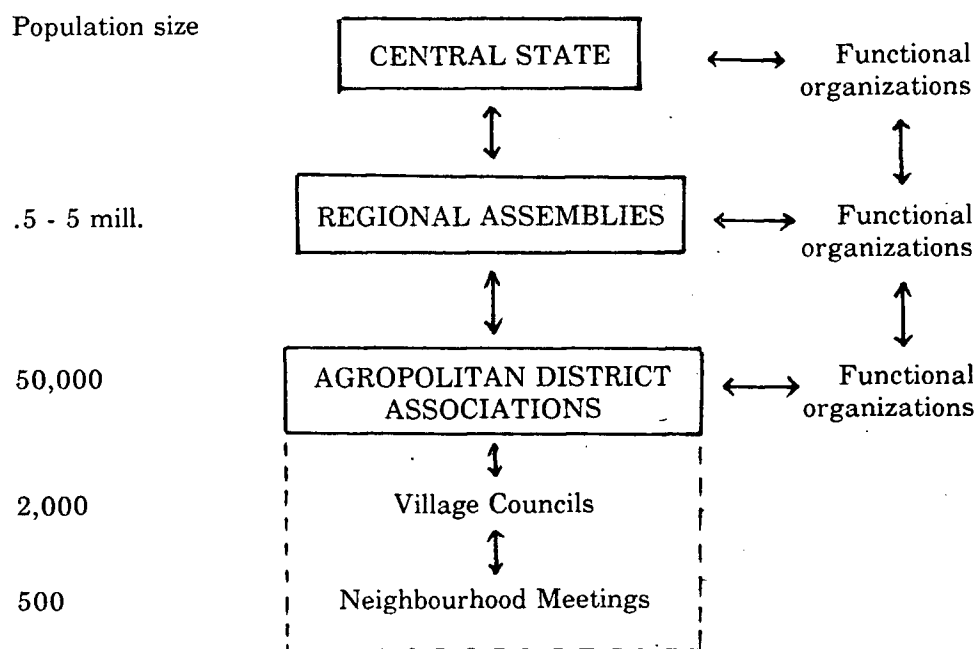
In contrast to FIA, Friedmann also states that political transformation is necessary for terminating the core/periphery relationship, and that social and cultural values are important dimensions of development indicators. He (1976) proposes transforming rural political organizations as a political solution to backwardness. His argument is that a partial modification of current economic development strategies cannot provide any solutions to rural backwardness.

An "agropolitan district" in Friedmann's model encompasses several dozen villages with a total population of approximately 50,000. The district is vested with an assembly. Members of the assembly consist both of people elected territorially by village neighbours and of those designated by functional organizations (e.g., farmers' associations, women's groups, cooperatives, and so on). The model assumes that village neighbourhoods would be clusters of up to 500 people.

An operational system of an agropolitan district, assembly, and their upper and lower organizations would appear in the following form:

Figure 2.1

Organizational Model for Agropolitan Development



Source: Friedmann (1980: 53)

d. Means of Evolution

In addition to political organization, "selective territorial closure" has been suggested by Friedmann and Weaver (1979: 194). According to their interpretation, it refers:

... to a policy of enlightened self-reliance at relevant levels of territorial integration: district, region, and nation. This condition flies straight in the face of the ideology of free trade and comparative advantage and the attempts of transnational enterprise to organize a functionally integrated world economy under its tutelage. Selective closure is a way to escape from the fetishism of growth efficiency; it is an expression of faith in the abilities of a people to guide the forces of their own evolution.

It means to rely less on outside aid and investment, to involve the masses in development, to initiate a conscious process of social learning, to diversify production, and to pool resources. It means learning to say 'we' and to assert a territorial interest.

The term, "selective closure" is new; methods of closure have not been fully developed yet; only a few have been suggested through the analysis of development experience in several countries such as China, Wales, U.K., Appalachia, U.S.A. (Clavel 1983), Cornwall, U.K. (Wight 1981), and Peripheral areas of Austria (Stohr 1983). The experiences in these areas suggested that TDA is a promising strategy to break dependent mechanisms and to enhance local self-reliance, in that:

- 1) TDA stresses the improvement of human well-being as a whole, rather than economic growth alone.
- 2) Territorial development projects have a wide range of resources, since resources for development include both material, political, social, and cultural assets.
- 3) The TDA organizations are an alternative structure of political democracy, which is strongly demanded in Korea and also has been suggested for more effective administration of developing countries (Rondinelli 1978/9; Rondinelli and Ruddle 1977, 1978).
- 4) TDA is a mutual learning process where planners can more deeply understand local circumstances, and participating people can obtain professional knowledge from planners.
- 5) TDA facilitates direct communication between planners and their clients through mass participation in planning.

B. Applications of FIA and TDA

Many projects explicitly employed the concepts and the methods of FIA. Table 2.1 shows examples of the projects.

Table 2.1: Projects of FIA

Project	Country	Dates of project	Sources of outside assistance	Project components or activities								
				Credit	Extension	Marketing	Infrastructure	Inputs supply	Health	Education	Family planning	Other
Bicol River	Philippines	1975–	AID	y		y	x		Proposed W/nutrition	y x	Proposed	Resettlement Tenure reform
CADU	Ethiopia	1967–	Swedish Int. Development Agency	x	x	x	x	x	y	x		Research Water
Comilla	Bangladesh	1959–65	Ford Foundation	x	Trained selected villagers	x	x	x		x	x	Research
Helmand Valley	Afghanistan	1946–74 1975–	AID (1952)				x		x	x		Irrigation Research and housing
Invierno	Nicaragua	1975–	AID	x	x	x	x	x	y	y	y	Nutrition
Kigoma	Tanzania	1974–	World Bank UK	x	Trained selected villagers	x	x	x	x	x		Water project Resettlement
Lilongwe	Malawi	1968–78	World Bank	x	x	y	x	x	x	x		
Puebla	Mexico	1967–73	CIMMYT and Rockefeller	y	x	y		y				Research Crop Insurance
Vicos	Peru	1952–67	Cornell Univ.	x	x	x	x	x	x	x		Land tenure
Vihiga	Kenya	1970–76	AID and others	x	x		x				x	Rural Industry

Source: Cohen (1979).

x = Project provides these components.

y = Project coordinates these inputs which come from outside sources.

Ruttan (1984: 395) concluded that these projects have largely failed to strengthen economic capacities. The results of two experimental cases of these projects, in the Philippines and Bangladesh, have also shown little promise of success of the strategy. In the case of the Philippines, the Bicol River Basin Development Project facilitated only a minimum basis of economic growth.

All irrigation facilities constructed, for instance, were located in a single sub-region out of the total of three, and benefited rice production within the sub-region almost exclusively. Between 1981 and 1985, irrigated areas harvested increased by 29%, while there was a 2.5% decrease in the areas devoted to rainfed production. The total production in all irrigated areas increased by 36.8%, while overall production in rainfed areas increased by just 1.1%. In terms of productivity, yields in the irrigated areas increased by 6%, and in the rainfed areas by 4%. Both rates of increase were below the population growth rate (7%) in the region during the same period (Koppel 1987: 209).

By the improved network (i.e., a road to Manila metropolitan areas), local terms of processing and trade (of agricultural products) significantly declined. For instance, milling capacity in the project area declined by 25% during the period of 1981 and 1985. Total number of rice wholesalers and retailers went down 8%, and storage capacity declined by 25%. Furthermore, income distribution became more unequal from 1978 to 1983 without any significant change in the overall employment rate increase (from 31% in 1978 to 32% in 1983) (Ibid.: 210-11).

The facilitation of more administrative organizations has failed completely to coordinate planning and administrative institutions. Rather, the project caused authority conflicts between old and new, central and local institutions. A sophisticated medium, Management Information System (MIS) was introduced for a better interchange of information between the institutions. However, it was abolished in the

middle of its experiment because of the unrealistic amounts of required data and money. Therefore, it is reasonable to state that there had been neither growth nor equity created by the Philippines' Bicol River Basin project.

In the case of Pakistan, the performance of FIA was also poor. The experience of Integrated Rural Development Programme (IRDP) in the Punjab and in the North Western Frontier Province was that the programme could not create any integration of local government functionaries. Rather, it caused conflicts between newly created government institutions. It disintegrated planning functions within existing organizations by taking over ongoing programmes such as the People's Work Programme (Qadeer 1977). Furthermore, it hardly can be said that IRDP increased agricultural productivity as there was no difference of the productivity between members and non-members of the project.

In the case of TDA, there are no projects which explicitly employed the TDA methodology. However, the Korean rural community movement-- SMU, which used some concepts of TDA, has shown a strong positive promise of TDA practice. Although, there have been negative effects, overall quality of community life in most Korean villages has improved. Through the processes of the movement, the Korean governments and rural people have demonstrated the ways of integrating people's hope towards development into government policies. By the performance of cooperative construction projects, the Korean rural populations saw their community life become much more convenient and efficient.¹²

As well as Korea, the experience in Kenya's Harambee movement and China's decentralized rural commune planning (Wu and Ip 1981; Wu 1980; Gurley 1975; Schenk 1974) have indicated feasibility of TDA. For example, the Harambee movement in Kenya made development activities diverse and dynamic. About 50% of the value

12. Chapter IV discusses SMU in detail, and Chapter V compares it with both the TDA theory and RNFE practice.

gained by Harambee self-help activities in the 1960s was education oriented, while 20% was in health and social facilities (Kenya 1971: 220). Project volume also displayed rapid growth during this period, rising from about 8,700 ongoing projects in 1964 to over 26,000 in 1967. Approximately 1,800 projects were completed in 1972 and 6,500 others were carried over into 1973 (Winans and Haugerud 1977).

In terms of equity, regional variance of the Harambee movement was moderately high. However, contribution to development and accessibility to the benefits of the movement was relatively equitable. Although cash contributions to cooperative projects were mostly from wealthier people, labour contributions came equally from the rich and poor (Thomas 1987: 467-69, and 472). A survey in 1981 indicated that roughly one-third of 1,000 respondents "believed they have benefited a great deal" from the Harambee projects, while no one reported that they received "none" (Ibid.: 472). This again is clearly in contrast with the results of an evaluation on Pakistan's experience, where only 22.7% of the respondents agreed that everybody had benefited from IRDP (Qadeer 1977: 35).

TDA, however, also has weaknesses. The initiation of TDA is difficult because of the following reasons. Rural people in many poor countries have little knowledge, material resources, and organizational skills required for TDA practice. In addition, politicians in most less developed countries are unwilling to change the existing power structures since they think that their positions will be weakened as a result. Furthermore, there is a dearth of dedicated and talented leaders (or planners) who can speak for the public.

In conclusion, TDA is criticized by being "weak" and "romantic." Some authors argue that it is just not feasible (Mathur 1980, Hilhorst 1980, Bhooshan 1980, Sundaram 1980).

C. Planning Implications of FIA and TDA

Major concerns of this section are goals of planning, means of planning, and outcomes of practice. In Table 2.2, those of FIA and TDA are compared by integrating the discussions in section A and B in this chapter.

1. Goals of Regional Planning

a. Content of Goal

The primary goal of FIA is to increase material well-being. The two experimental applications of FIA in the Philippines and in Pakistan mentioned in the previous section support this statement. "To stimulate agricultural production" (Rondinelli 1978: 1-2) was set as an important objective of the Philippines' project in the initial stage. However, it appeared that a test of the planning strategy, the "Urban Functions in Rural Development," made by Rondinelli and Ruddell (1977), became the dominant practical goal (Rondinelli 1978). Indeed, the term, "experiment," was explicitly stated as an important purpose of the project in the out-set stage.

In another FIA project in Bangladesh (Momin 1987), "to boost production in the shortest possible time" and "to integrate all supplies ... for productive purposes" were the primary goals. IRDP in Punjab, Pakistan, also stated "increasing economic growth and food production" as ultimate goals (Qadeer 1977). None of these FIA projects included non-material well-being as an important goal.

In contrast, a primary goal of TDA is the achievement of self-sufficiency. The concept of self-sufficiency extends far beyond material well-being. Self-sufficiency contains cultural, social, and political meaning, in addition to economic growth. The Harambee movement in Kenya (in the 1960s) attempted to improve non-economic well-being by investing considerable proportions of value gained through the movement in the construction of educational, health, and social facilities (Kenya 1971: 220).

Table 2.2
Comparison of FIA and TDA

Contents	F I A	T D A
GOAL		
What to create	Material well-being	Self-sufficiency
What to satisfy	Regional function	Public demand
Decision makers	Specialists	the Public
IMPLEMENTATION		
Theoretical basis	Modelled by central place	Breaking dependent mechanism
Spatial system	By diffusing technology	By selective closure
Economic systems	Exchange-value	Parallel economy
OUTCOMES		
Equity	Less important	Important
Creation of economic growth	Ineffective	Effective
Development momentum	Weak	Strong

China's decentralized rural commune planning in the 1960's proposed to enhance self-reliance by re-drawing boundaries of communes and brigades in order to preserve customary mutual aid and inter-marriage ties. The new approach aimed at the integration of existing agricultural, social, political, educational, medical, and other activities within the limited territories of communes (Schenk 1974: 386).

b. Formulation of Goals

FIA and TDA theorists both address the needs of rural poor populations at least in principle. FIA theorists prescribe plans to help the wealthier, assuming that the poor can benefit from the growth of the wealthy. Unfortunately, the practice of FIA appears to be in contrast with the theorists' intent. FIA projects in the Philippines and Pakistan have shown that initial growth created by development projects have not been channelled to rural poor people, rather wealthy individuals tended to benefit from the development effects.

TDA theorists have suggested that the assistance of poor people requires a direct approach to rural poor. They favour the policies for strengthening the poor' social power so that the poor can benefit directly from development effects.

c. Decision Makers in Goal Formulation

In FIA practice, the people who determine goals of planning are often (external) specialists. However, the goals in TDA are made by the local people themselves. Ultimately, people in TDA are the controllers of planning, while those in FIA are controlled by planning. The role of people in identifying goals of TDA is to determine, while their role in FIA is to provide information for specialists' decision making.

In the case of the Philippines, project objectives were made by international planners (USAID mission staff) and local professors (in the University of Philippines) (Rondinelli 1978; 1979). The projects in the Philippines and in Pakistan lack any evidence indicating the involvement of local population in determining project goals.

Goals of TDA, however, are made by the public. The changed rural commune planning in China had been prepared by local people. Commune residents formulated next year's work plans on the basis of last year's performance. This process provided

commune residents with opportunities of participation in formulating goals of their commune planning. The following sub-section deals with methods of achieving these goals.

2. Means of Planning

a. Theoretical Basis and Spatial System

FIA attempts to create a standard urban hierarchy modelled by the central place theory. It promotes intermediate cities, such as rural centres, and tries to improve their networks in order to enhance rural accessibility to urban technology. FIA has been based on the assumption that rural underdevelopment is caused by a lack of advanced technology. Therefore, the introduction of urban technology is a key to growth in underdeveloped rural areas.

The Philippines' Bicol River Basin project tried to make better physical linkages to bridge the project area and the Capital city, Manila, by constructing roads. For institutional linkages, various task forces, committees, and ad hoc groups were created. MIS was introduced as a medium of linkages among these institutions (Rondinelli 1978: 13). IRDP in Pakistan also attempted to improve networks by streamlining government institutions, and posted more local branches of central government organizations to rural centres (Qadeer 1977: 7-8).

TDA, however, attempts to break dependent relationships between urban and rural areas, regarding the relationships as intensifying exploitation. Thus, it tries not only to terminate the linkages selectively but also to create different networks. Stohr and Todtling (1977) and Stohr (1983) have argued that better linkages between peripheral areas, rather than between core and peripheral areas, are necessary for a

successful TDA. Friedmann's (1981: 152) proposal is one of the remarkable examples of networks in this regard.¹³

These linkage concepts implied in TDA are fundamentally different from those in FIA.

b. Economic Systems

The most prevalent form of use-value production is in the home. It is predominantly women's work: raising children, the preparation of meals, the making and repairing of clothing, the beautification of home, and the celebration of festivals. In agrarian societies, use-values are additionally produced in subsistence activities, primarily in fishing and in farming. The production of use-values contrasts with that of exchange-values (Friedmann and Weaver 1979: 191).

FIA attempts to promote an exchange-value economy, while TDA promotes a use-value economy. FIA tends to depend mainly on external resources, while TDA tries to utilize local resources. Furthermore, TDA promotes local production and consumption, while FIA utilizes market functions by promoting trade centres. This is true both in major authors' theories and actual practice, as shown in the previous section.

Thus, local economies within TDA tend to become more diversified than those in FIA, since the TDA system encourages the production of more diversified kinds of commodities and services. The economic system of TDA can be considered more stable in the long run since the system is less vulnerable to destructive external influence, like drainage effects and rapidly changing international market prices. FIA, however, encourages specialization of production, according individual functions to each region

13. See Figure 2.1.

within hosting countries. Therefore, the economic system it creates is more vulnerable to external impacts.

Indeed, the decentralized rural commune planning in China allowed the production of more diverse items-- creating diversification from within the agricultural sector and shifting to forestry, fisheries, through animal husbandry and then small industries. Education and health facilities financed through commune savings have expanded considerably under the new system. In 1973, for instance, the Hung Sing Commune near Beijing had 10 middle and 69 primary schools, in which all children over the age of 7 were enrolled (Aziz 1973/4: 4-6). A hospital in the same Commune was well equipped with beds and doctors. During the 1980's, manufacturing sectors in rural areas have also been remarkably improved both by the increased demand for agricultural inputs and with the technical assistance made available from industrial growth (Atavis 1985).

3. Outcome

a. Equity

Equity can be defined as even distribution of socio-economic power among individuals. Where regional planning is concerned, the even division of power can be interpreted in two ways: even power between regions and between individuals within a region. FIA and TDA propose to create even development by assisting the development of backward regions. Both are concerned with equity between regions. However, TDA emphasizes equity between individuals as well, while FIA is emphasizes dominantly economic growth in backward regions. Therefore, it is reasonable to state that TDA is more concerned with equity than FIA.

As stated in section A of this chapter, FIA specifically emphasizes economic growth as an immediate target. However, TDA is more concerned with the even

distribution of accessibility to decision-making power, assuming that equal power is a basic condition of improving social well-being. Therefore, it appears that economic growth in FIA is primary, while in TDA it is a secondary goal.

b. Creation of Economic Growth

Even though economic growth is a primary goal of FIA, experimental applications of FIA (both in the Phillippines and Pakistan) have shown little effectiveness in the creation of economic growth. The reasons for this appear to be: First, FIA projects largely rely on external resources, which may undercut benefits resulting from project implementation. Second, planning for FIA does not make the best use of informal resources available locally at lower cost (compared to external inputs). Finally, FIA projects tend to employ scientific know-how, which evolved from the paths of development experienced in developed nations, which may not necessarily be suitable for underdeveloped countries.

TDA employs domestic techniques, resources, and local knowledge, rather than modern scientific know-how. It utilizes common sense which can be acquired from people's experience. Existing cultural practice in common life have also been utilized in TDA practice. Therefore, TDA is more effective in economic growth even without heavy external assistance than FIA.

c. Development Momentum

Development momentum here is meant as the capacity of a planning system to maintain itself in the long-run, adapting to external change. FIA tends to be terminated easily, especially if external assistance ends. Outside funds have been an important incentive for the technical and financial assistance of FIA. Decisions on the continuation of assistance through the following stages often depend on the evaluation of the

performance at the initial stage. Therefore, associated personnels, including planners, tend to focus on the creation of successful evidence in a short period, which may not be essential for the achievement of long-term goals. Furthermore, changes in the terms of assistance largely depend on the circumstances of aid agencies, rather than those of project areas. Aggravated circumstances of agencies often result in cut-off of assistance before the completion of project implementation. This is a characteristic of international aid (Rondinelli 1987).

Once external assistance ends, the system of FIA tends to break down. Two major reasons for this can be induced: first, external specialists may not be able to assist concerned projects any more without financial support. Second, the people who actually live in a project area have little grasp of FIA as the application technique of FIA requires professional knowledge that the average rural population can not learn in a short period. Therefore, FIA system is vulnerable to external changes.

The TDA system once established is much less fragile than FIA. This is in large part because it does not rely heavily on external assistance, which is often flimsy.

D. Summary

In conclusion, TDA is a more promising strategy of regional planning for rural development in less developed countries. It is more feasible and sustainable due to its use of less complicated techniques and its employment of domestic resources without heavily relying on external resources.

The major problem of TDA lies in the preparation of basic conditions in which TDA can occur. First, existing top policy makers in most countries are reluctant to empower the public and allow them to plan for themselves. Second, rural populations in most less developed countries lack the organizational skills and basic knowledge in the social sciences which would enable them to integrate their economic and political power.

CHAPTER III

RURAL NON-FARM EMPLOYMENT PROGRAMMES

Rural non-farm employment became an important income source for the rural residents of the countries¹⁴ where arable lands of individual farmers are limited by high population density. In Korea, rural households commonly have been producing both agricultural and manufacturing goods¹⁵ for their self-consumption. Non-agricultural production in rural Korea had been no more than a secondary income source until the 1960s. As the country industrialized, rural manufacturing emerged as an important issue of rural development. The present chapter introduces the Korean government approach to rural non-farm employment, as a practice of FIA. Chapter V will analyze implications of the method, and compare it with SMU-- TDA practice.

Beginning with the scope of rural non-farm employment, this chapter will describe the historical background of rural non-farm activities, and explain the importance of rural non-farming industries to rural Korea. Then it introduces three government programmes designed to boost rural manufacturing. In 1968, the first initiative, called the rural sideline business programme, was applied to expand the size of existing rural informal enterprises, such as the factories producing papers, textiles, straw bags,¹⁶ and handicrafts. The second was the *Saemaul* factory programme

14. After the Green Revolution, international assistance for rural development was shifted to rural non-farming employment in Asian countries. The World Bank, International Rice Research Institute (in the Philippines), Asian Productivity Association (in Japan), and many research institutes have been actively supporting research projects since Anderson and Leiserson's publication, "Rural Enterprise and Non-Farm Employment (1978)." Country studies include Malaysia (Ahmad and Chew 1986), the Philippines (Kikuchi 1983, 1986), India (Chadha 1986; Natarajan 1985; Rayappa 1986), Indonesia (Kasryno 1986; Wiradi 1986), Korea (Choe 1985; Ho 1982; Park 1986), Sri Lanka (Herath 1985; Navaratne 1985), Thailand (Onchan and Chalamwang 1986; Panpiemras and Phongpaichit 1986) and Taiwan (Ho 1982, 1986; Shihi 1985). In Korea, most research in this field has been conducted by the Korean Rural Economics Institute.

15. For instance, agricultural equipment and inputs, textiles, and handicrafts.

16. These are used for containing and storing rice.

initiated in 1973, and the most recent one the rural industrial park programme formulated in 1983.

Unlike SMU, the non-farming programmes were developed by professional planners in government planning agencies, mainly the Korean Development Institute (KDI), the Economic Planning Board (EPB), and the Korean Rural Economics Institute (KREI). KDI and EPB played key roles in providing long-term goals, while KREI did so in detailed research and implementation planning.

A. Significance of Non-Farm Employment in Rural Korea

1. The Concept

The sources of rural income can be classified into agricultural and non-agricultural production. Rural income from agricultural production is obtained by cultivating crops, animal husbandry and sericulture, while non-agricultural income is acquired from rural industry, employment in cities, and transferred income (Table 3.1).

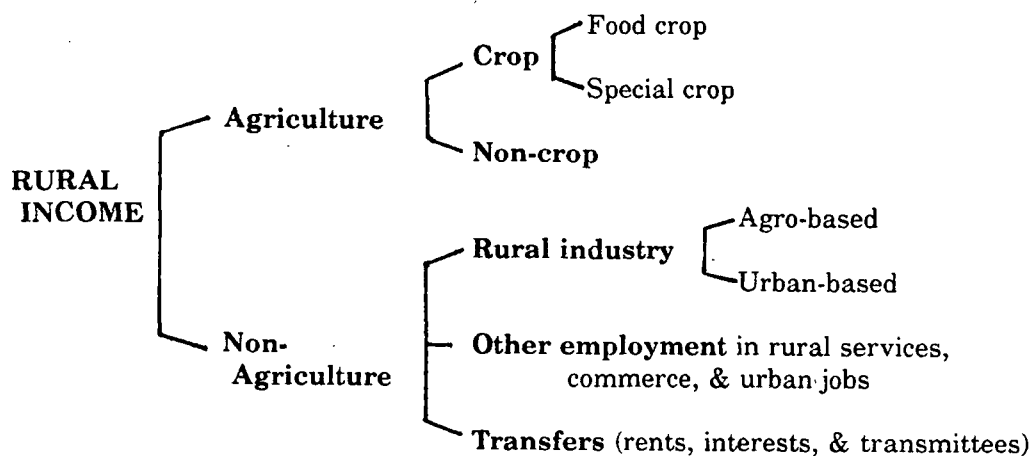
Farming of food crops has been the dominant source of rural household income in rural Korea. In most rural households, the cultivation of rice and barley was the most popular source. This nature of the rural economy is changing in a process of overall social change. Individuals in rural Korea have become more aware of the need for obtaining cash-income, due both to their rising living standards and their desire for higher education for their children.¹⁷

It was understood, however, that the volume of crop production is limited by the availability of land.¹⁸ Because of Korea's climate, the number of harvests is restricted.

17. Most Korean students, including those in post secondary schools, customarily receive full financial assistance from their parents.

18. Korean average farm size of a rural household was 1.1 ha. in 1986 (*Korea Statistical Yearbook*, 1987).

Table 3.1
Rural Household Income Sources in Korea



Source: Constructed by the author, adapting the classification method of 1987 *Korea Statistical Yearbook*.

Therefore, income from crop production has been insufficient in matching the growth of rural household expenses. This is especially true for small landholders and the landless, who have the will to work, but lack the resources to do so.

The momentum to create alternative income sources was provided by the rising demand for agricultural products and by rural industrialization. Changing Korean food habits, on the one hand, has necessitated a change in agriculture to more diverse products, such as meat, milk, eggs, fruits, and special vegetables. This change has gradually impacted upon the structure of rural economy since 1960s. Since then many farmers increasingly paid attention to possible income from working in non-agricultural sectors¹⁹ and on the production of special crops, fruits, and animals.

19. For instance, rural construction, horticulture, and jobs in adjacent cities.

Income sources in Korean rural manufacturing can be classified into two categories, in relationship to agriculture. The first is employment in firms which produce agricultural inputs and rural consumption goods. These firms often utilize agricultural, marine, and mineral resources obtainable within rural areas. They are characterized by forward and backward linkages with agriculture, rural resources, and rural people. They can be classified as agro-based industry. Agro-based industry is often small scale using simple local techniques. Processing of agricultural products (e.g., crop milling) and the manufacturing of traditional furniture and handicrafts are included in this category.

The second form of rural employment takes place in urban-based rural manufacturing which does not have any relationship with rural resources. This kind of manufacturing firms are medium to large scale using modern technology. They tend to maintain close relationship with urban or overseas markets. A typical example is a plant which manufactures parts of machinery, and supplies them to larger companies located in urban industrialized regions. While agro-based firms take advantage of existing rural assets, urban-based firms tend to move into rural areas in order to utilize government incentives. Although Korean government policy has tended to shift its policy focus from agro-based industry to urban-based industry, the scope of rural non-farm employment in this thesis includes both categories.

2. Why Non-Farm?

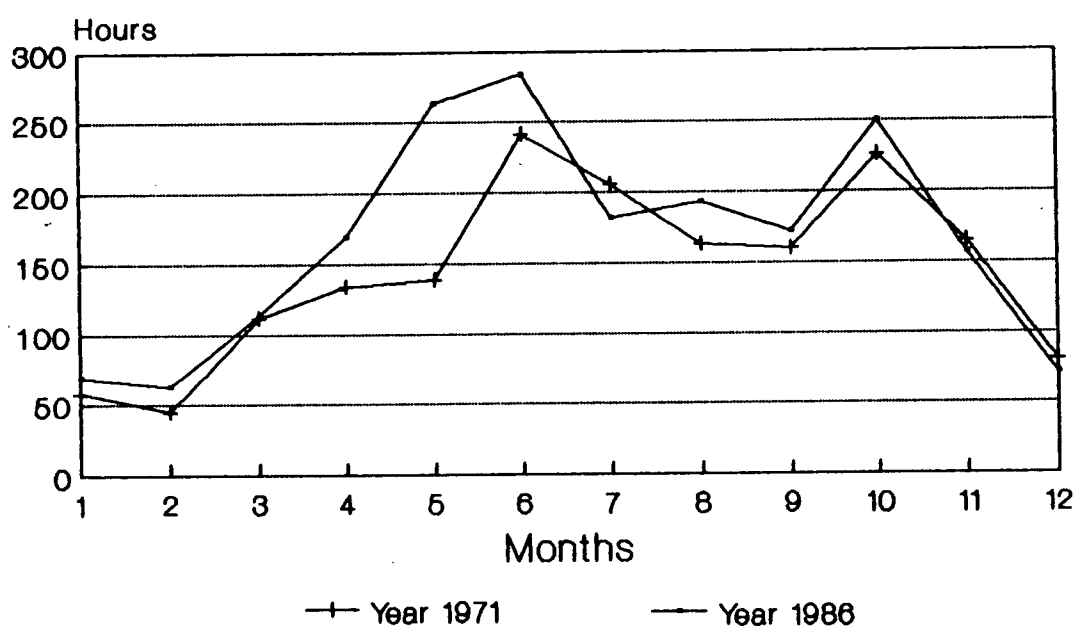
Why is non-farm employment important in rural Korea? There are several reasons for this, in terms of people's needs at the micro level and government policies at the macro level. First, rural populations are actively participating in the improvement of their economic conditions. Most Korean rural households have been engaged in the production of food crops for the purpose of self-consumption. Total individual outputs of

these major food crops would not be much above self-consumption level. It has been generally accepted by Korean farmers that non-farm activities are promising alternatives for generating income above the subsistence levels. The growth of rural household income has also been a primary government goal of policies since the problem of rural household debt became a hot political issue, and income from farming alone is viewed as insufficient for coping with the debt problem.

Second, non-farming employment enables the Korean rural economy to utilize the seasonally unemployed and underemployed labour force. This pool of available labour comes as a result of the Monsoon characteristics of the food growing sector. Because of the seasonal rainfall, labour intensive, irrigated, paddy farming has been developed over the long period of the Korean history. As Figure 3.2 shows, the required work hours of conventional agricultural practice are considerably varied, and this variation is cyclical.

Figure 3.1

Monthly Agricultural Labour Use of Farm Household: Korean Average



Source: *Korea Statistical Yearbook*. 1971, 1986.

Finally, there has been a strong call for a redirection of development strategies toward a more balanced growth among Koreans' regions. At present, large cities are suffering from the adverse effects of rapid urbanization, such as housing shortages, traffic congestion, and environmental pollution, while rural areas are being deprived of their productive (young) work force. This results in a retarding of rural development. Renewed attention has been given to the decentralization of urban industries to rural areas. This change is important because of the serious problems resulting from the urban over-crowdedness resulting from rural-to-urban migration. The Korean government attempts to promote rural non-farm activities to achieve a more balanced distribution of job opportunities between urban and rural areas so as to reduce the flow of rural population to urban areas.

B. Historical Background of Rural Industries

Research on Korean rural manufacturing in the period before the 1960, is not generally available. Two sets of information used here are from Korean census data for the years since 1930.²⁰ One is data on employed persons distributed by their principal economic occupations, the other average rural household income from non-agriculture.

1. Rural Employment Structure

Table 3.2 presents rural share of Korean employment by sector. In 1930, 95% of Korean employees were in rural areas. In the same year 99% of Korean agricultural employees, and 84% of manufacturing employees were resident in rural areas.

²⁰ In 1930, South Korea was composed of the following Kyongkee, Chungnam, Chungbuk, Kyongbuk, Kyongnam, Chunbuk, Chunnam, and Kangwon. "Rural" Korea in 1930 includes all settlements except Seoul, Pusan, Taejon, Inchun, Kunsan, Mokpo, Taeku, and Masan. (See map in Figure 3.2.). These eight cities ranged in population from 26,000 (Kunsan) to 394,000 (Seoul) in 1930. This category of "rural" data differs from that after 1953 because of the change in administrative boundary after the Korean War. However, the difference is minor, relative to the total. compare to the total area.

Figure 3.2: Map of Korea



Sources: Drawn by the author based on *Rand McNally, the new international Atlas* (1988: 99).

These numbers steadily declined through the period of 1930 and 1975. A distinctive phenomenon is that the rural share of Korean total employees and of Korean manufacturing employees has declined sharply during the same period.

Figure 3.3 shows the composition of the rural manufacturing employment. There are two remarkable points. The first is that compositions of textiles, etc. had consistently led all sectors of rural manufacturing employment throughout the years between 1930 and 1975. The second is that, while the proportion of metal production employment has steadily increased, that of wood, bamboo, etc. has been steadily decreasing. This means that, in terms of employment, the growth of urban-based rural²¹ manufacturing exceeded that of the agro-based rural manufacturing.

Table 3.2

Employment Share of Korean Rural Agriculture and Manufacturing: 1930-75(%)

	1930	1960	1975
Rural Total/Korea Total	95	78	59
*Rural Agriculture/Korea Agriculture	99	96	87
Rural Manufacturing/Korea Manufacturing	84	41	21

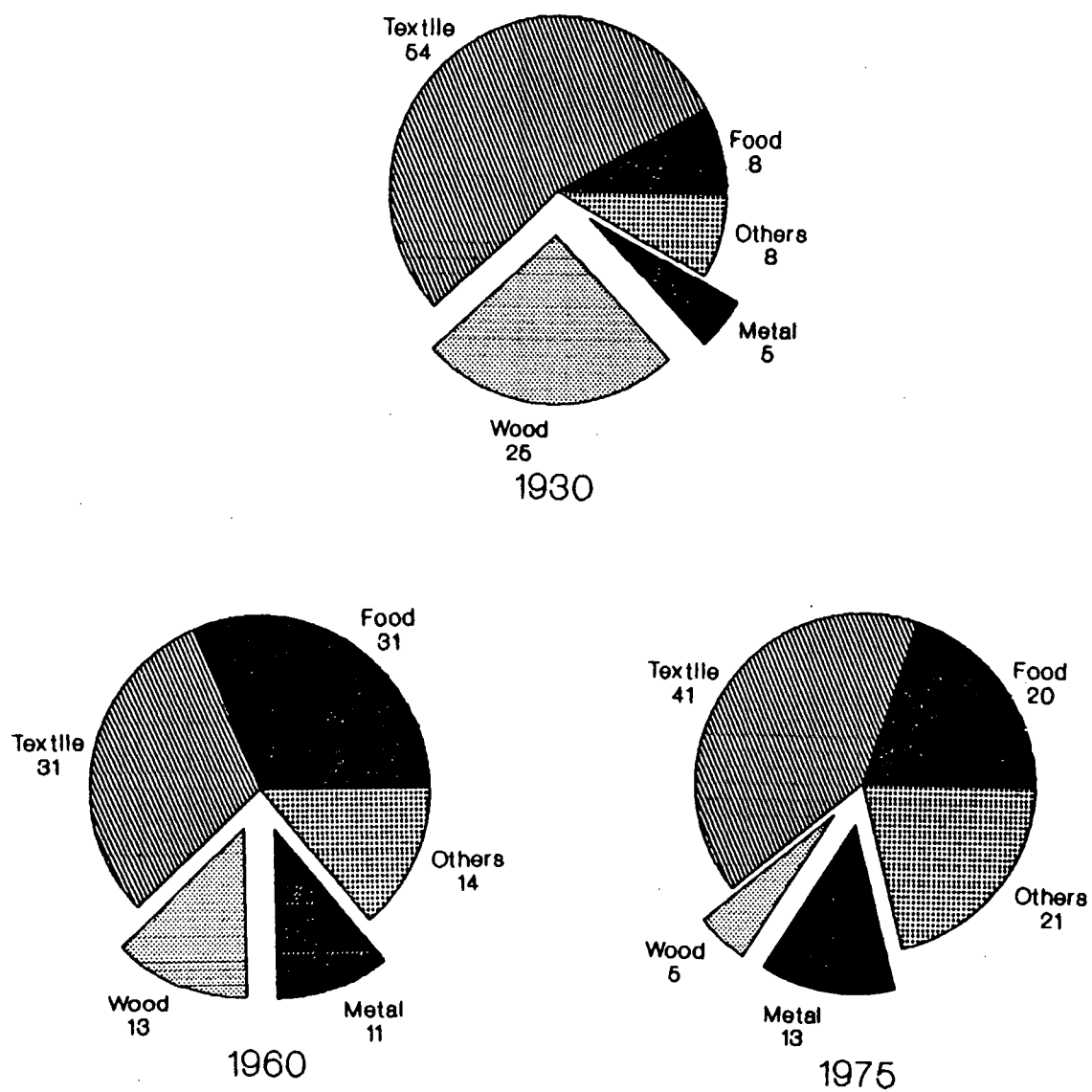
Note: * Since this thesis has defined Korean rural areas by administrative boundaries (footnote 25), urban populations engaged in agriculture are excluded.

Source: Ho (1982: 976, 977)

21. For its definition, see p. 38.

Figure 3.3

Composition of Korean Rural Manufacturing: 1930-75(%)



Source: Ho (1982: 977)

2. Rural Income

Table 3.3 shows the comparison of average rural household income from agricultural and non-agricultural activities. In 1953, the proportion of rural income from non-agriculture was 29% of total household income. In 1958, this proportion had declined to 24%, while the proportion with sideline businesses was 11%, and the proportion engaged in rural manufacturing was 2% of the total. The share of non-agricultural income in an average rural household ranged from 10% to 22% during the years of 1953 to 1973. However, the share rose rapidly to 26% in 1978 and again to 31% in 1980.

Throughout the whole period there has not been a noticeable difference in the income share of rural manufacturing, while that of the sideline business has even declined. The stagnant rural non-agricultural income in the period was an important reason for the initiation of new government programmes for boosting rural non-farm employment.

Table 3.3

Proportions of Rural Income from Agriculture and Non-Agriculture in Korea:

1953-80(%)

YEAR	1953	1958	1963	1968	1973	1978	1980
Agriculture/Total	71	76	83	78	82	74	69
Crop/Total	65	71	64	58	61	60	57
Non-Agriculture/Total	29	24	17	22	18	26	31
Side Business/Total	10	11	6	7	5	5	5
Manufacturing/Total	*	2	3	3	2	4	3

Note: * Data unavailable because different categories were used in that year.

Sources: *Korea Statistical Yearbook*, 1954, 1962, 1966, 1971, 1976, 1982.

22. Sideline businesses here have included agriculture related services, forestry, commerce, mining, and fishery.

While the numbers of factory establishments and factory employees in rural Korea have increased, their relative importance has declined. Between 1958 and 1975, there was a more than three-fold increase in rural factory employment. But the relative share of rural factory employment in total factory employment declined from 40% to 26%. The reason for the relative decline is clear. The most vigorous growth in factory employment occurred among the medium and large enterprises (those with 100 or more workers), and these developed mostly outside the rural areas (Ho 1982: 979).

In the following section, three non-farm employment programmes, initiated in response to these circumstances, will be introduced.

C. Government Programmes for Non-Farm Employment

1. Rural Sideline Business Programme

A rural sideline business is defined for the programme of the rural sideline business as a collectively operated enterprise by a group of rural households. It often manufactures household equipment and agricultural inputs using locally available raw materials. The Korean government initiated this programme in 1968 to promote and modernize traditional rural manufacturing by providing technical and financial support. In principle, ten or more farm households were required to incorporate, in order for a sideline business unit to be eligible for government support. Collective management is prescribed for production and sales activities.

The sideline business programme attempted to encourage and support non-farm activities of farm households. It proposed to utilize the seasonal surplus labour, particularly during the off-seasons (Figure 3.1). In case of small farm owners and the landless, there was a serious problem of unemployment throughout the year due to the lack of job opportunities other than in farming. The sideline business programme,

therefore, intended to provide small farm households with more employment opportunities.

To meet the objective of creating seasonal, or permanent non-farm employment, the sideline business programme supported the organization of farmers' groups participating in one of the following categories of industry: 1) manufacturing of handicrafts and agricultural inputs, 2) food processing, and 3) livestock husbandry. These items were considered to be producible largely utilizing local resources, such as rice straws and bush clover.

The programme provided approximately 3.5 million Won per business unit for the construction of workshops and factories and purchase of equipments, and another 3-4 million Won for working capital. Under this programme, a total of 1001 units were established throughout the nation by 1981 (Choe 1985: 359).

Between 1968 and 1981, the programme was directed mainly towards the creation of new units without paying attention to marketing. It was found that many products of the sideline enterprises lost competitiveness in their markets for the following reasons: 1) mass production of substitute materials by the urban-manufacturing industries exploited the markets of rural manufacturing products. For instance, the production of rice straw bags, which consisted of the majority of the sideline businesses, lost its sales market by the replacement of the product by the more popular plastic bags; 2) small scale production, which was common for the firms set up through this programme, could not reach proper economies of scale; 3) the cooperation from non-owner employees declined due to the gradual privatization of sideline units.

Under such aggravating conditions, the Korean Ministry of Agriculture and Fishery made important changes in 1982. The Ministry encouraged participants of the programme as follows: 1) to transfer less profitable units from agricultural to manufacturing production; 2) to close the units which were unlikely to survive in the

long-run, such as rice-straw bag factories; 3) to accept improved terms of financial support to enlarge economies of scale; 4) to use government marketing centres planned for establishment in cities.

These changes were intended not only to adjust the sideline business programme to the changing overall economic environment of the country, but also to support viable units by improving market conditions. As a result of these changes, 1001 working units were reduced to 228 units. The 454 units engaged in livestock husbandry and in other agricultural activities were transferred to manufacturing firms. Government financial support for 319 less viable units, including 251 rice straw bag factories, was terminated. In 1982, there were 270 rural sideline enterprises operating, including 40 newly established.

Major products of the remaining factories were folk crafts, food products, and rural household items, such as brooms and bowls. Most units were small scale both in budget and in number of employees. The average size of the work force in each unit in 1982 was 12.3 workers-- 7.0 permanent and 5.3 temporary. Thus the employment impact of the programme had been unsatisfactory relative to the nation-wide assistance offered by the government, and the government judged that it was less successful than its expectation. A planner engaged in RNFE planning noted that small scale manufacturing operations in rural Korea, organized and promoted through the sideline business unit programme could not be the key to meet the government objectives and rural people's expectation (Park 1986: 146-47).

Following several unfavourable evaluations published by the KREI, further government assistance for the rural sideline business programme has been virtually terminated after 1982. Since then the government's focus of rural income development

has shifted to planning for a new development programme, called the rural industrial park programme.²³

2. Saemaul Factory Programme

The *Saemaul* factory programme was established in early 1973. Two factors influenced the establishment of this programme. The first was the ongoing nation-wide rural development programme, i.e., SMU which will be reviewed in the next chapter. When the mood of rural development by SMU had matured; an initiative of income improvement was made by the Korean government to satisfy rural residents' growing expectation of cash income. The Korean government first encouraged owners of existing rural industries, such as paper mills and grain mills, to rename their factories as *Saemaul* factories. The programme was also a means to move the focus of SMU from social development to economic development.

The second was the evaluation of the achievements of the sideline business programme, reviewed in the previous sub-section. The government indeed attempted to supplement the shortcoming of the sideline business programme. The following were the objectives of the *Saemaul* factory programme stated by the Korean government, which are virtually identical with those of the sideline business programme:

- 1) to expand employment opportunities for rural residents, through which they can increase non-farm income within their communities;
- 2) to utilize underused rural resources such as surplus labour and raw materials;
- 3) to support technical innovation for manufacturing traditional handicrafts;
- 4) to disperse urban-concentrated manufacturing firms to rural areas.

23. See pp. 51-53.

The government promoted the construction of *Saemaul* factories in rural areas with less than 200,000 population where there had not been any industrial estates previously constructed. To be eligible for the benefits of the *Saemaul* factory programme, the following conditions needed to be satisfied:

- 1) raw materials can be obtained directly from rural areas;
- 2) production process should be simple and labour-intensive; and
- 3) technical and managerial assistance from large factories should be available.

The programme provided a set of financial and tax incentives for prospective entrepreneurs who would build or relocate factories in rural areas. Furthermore, the existing rural industries which had recorded more than 0.5 million U.S. Dollars of export could be appointed as *Saemaul* factories. Other existing rural industries which had more than 0.2 billion Won of sales in the domestic market and with no deficit were also eligible for assistance under the *Saemaul* factory programme. Once a firm was designated as a *Saemaul* factory, it was eligible for such government support.

There have also been marketing advantages for the *Saemaul* factories. Their products have priority in government procurement. Technical guidance was provided through experts from the Small and Medium Industry Promotion Corporation.²⁴

Under this programme, a total of 741 factories were designated as *Saemaul* factories, of which 494 were in operation by mid-1982 with some 65,000 factory jobs having been created. Of the 494 factories in operation, 40% were manufacturing textile and leather products and 18% were producing non-metallic mineral products.

24. This agency has been successful in promoting Korean urban Small and Medium Industries between the 1960s and 1980s.

An initial target of the programme was to establish at least one factory in each rural district (*Myun*),²⁵ but this goal proved to be too ambitious since not all rural areas were suitable for the construction and sustained operation of a factory. Of the 494 factories in operation, nearly 75% were located in the provinces of Kyongkee, Kyongnam, and Kyongbuk (mostly in the vicinities of Seoul, Pusan, and Taegu, see Figure 3.2) where the conditions for industrial location were much more favourable than in agricultural provinces.²⁶ The factories located near large cities drew their labour force both from rural areas and from the nearby cities. Therefore, it was clear that this programme has not benefited the targeted population who live remote from existing industrial sites.

Various reasons for unsuccessful enterprises in remote rural areas were found. Transportation to and from the factory sites was difficult and costly, as many local roads leading to factories were unpaved. An additional problem was the short supply of skilled labour in many rural areas. Workers, especially in the younger age group, tended to move to new jobs in large cities as they accumulated experience working at *Saemaul* factories. Finally, information channels leading to new production techniques and knowledge of market trends were difficult to maintain, except for some of those rural factories operating as subsidiaries of, or in close connection with firms located in metropolitan areas.

The *Saemaul* factory programme aimed at dispersing factories over rural areas close to farm villages so that off-farm employment opportunities could be provided to rural workers. However, the physical and institutional infrastructure in those target

25. In rural Korea, there four administrative layers: 1) *Ris* (villages); 2) *Ups* or *Myuns* (towns); 3) Counties; and 4) Provinces. Urban areas are defined as all cities with a population greater than 50,000. Towns and villages with fewer than 50,000 are classified as rural.

26. In 1980, Korea consisted of two special cities (Seoul and Pusan) and 9 provinces. Except three of these (Seoul, Pusan, Kyongkee), 8 provinces are counted as agricultural provinces, See map in Figure 3.2. Proportions of farming households in these agricultural provinces ranged from 33% (Kangwon) to 52% (Chunnam) in 1980 (*Korea Statistical Yearbook* 1981).

areas was inadequate to support sustained business operation. Under these conditions, the provision of financial and tax incentives has also not been sufficient for the programme to be successful in rural Korea.

Government boosterism for the *Saemaul* factory programme ended in 1979 when President Park died. Firms established before this time remain in operation, with some continued assistance. However, there has not been a significant number of rural factories established as *Saemaul* factories since then.

3. Rural Industrial Park Programme

The rural industrial park programme is the most recently planned programme on the basis of the experience from the two previous programmes, i.e., the sideline business site programme and the *Saemaul* factory programme. The basic concept of this programme was to improve manufacturing enterprises in rural areas so as to compete with those of large cities. It was the intention to construct industrial estates in rural areas and then facilitate the necessary infrastructure. On this basis, the government attempted to provide various incentives to the companies entering rural industrial parks. The differences between this and the two previous programmes are found as follows.

Firstly, this programme promotes urban-based factories as the industries suitable for rural industrial parks, while the previous ones encouraged mainly agro-related business. Secondly, the new programme is planned to select specific areas as industrial sites in order to confine benefits of development within rural areas. Therefore, it is area specific, while the previous ones were general. Finally, it promotes entrepreneurs to set up new units; while the previous programmes had often been promoting the advancement of existing companies.

The new government plan attempted to address the weaknesses of the two previous programmes. Therefore, it began with the evaluation that the previous programmes had benefited the people residing around large cities, but had not benefited substantially the targeted population group, rural people. The target of the previous programmes, indeed, were the people in rural areas where non-agricultural job opportunities were in short supply. Thus, the new programme emphasized helping people living far from large industrial cities.

Initially the programme selected target areas applying three categories: population size, distance from large cities, and potential impacts to other areas. In terms of population size, a prospective industrial park should be in an administrative unit with less than 100,000 people, i.e., a rural sub-county called *Myun* or *Eup*.²⁷ To restrict the benefits of growth within rural areas, the park should be located remote from large cities as well as existing industrial estates.²⁸ Considering the efficiency of government assistance, growth potential should be expected to spread over other rural areas, i.e., areas surrounding industrial parks.

For this programme, KREI conducted a feasibility study in 1983. The Korean government designated one park for each of 7 less industrialized provinces in 1984, applying the three categories mentioned above. Several associated governments cooperated with the Ministries, in assisting prospective entrepreneurs entering the industrial parks. Factories built in newly designated rural industrial parks are entitled to preferential financial, technical, and managerial guidance from the Small and Medium Industry Promotion Corporation.

27. See footnote 25.

28. By 1985, the Korean government has constructed approximately 70 areas with 134,211 ha. In terms of the number, 75% of the industrial estates are located in urban, and 25% in rural areas (Lee 1985: 139).

In addition, the government has projected the development of 8 rural industrial parks in each agricultural province every year up to a total of 110 sites,²⁹ introducing four to ten medium-sized factories into each industrial park. In the targeted year 1991, there would be 1,100 factories located in rural areas. These factories are expected to employ 110,000 people, which is 40% of the projected total work force in rural manufacturing. The government is planning to provide 42% of total government funds in the form of grants and the rest as loans. By 1985 the government prepared approximately 41 ha. of rural industrial parks (Lee 1985: 61). Since it takes time to complete the construction of industrial sites and infrastructure, there is as yet insufficient information to evaluate the results of this programme.

D. Performance of the Government Programmes

Since 1968, rural non-farm income has been one of the major issues of Korean rural development policy. The government attempted to promote rural household income by creating more employment in manufacturing industry. Two unchanged purposes throughout the three government programmes introduced in the previous section have been the diversification of income sources and the creation of employment opportunities. The Korean government tended to place policy emphasis on the promotion of agro-based industries in the rural sideline business programme. However, the focus has since shifted to urban-based manufacturing through the later two programmes.

The government has been offering extensive financial, managerial, and technical incentives; however, it is uncertain that the programmes have met the needs of the

29. In Korea there are approximately 190 rural sub-counties which have populations less than 100,000. Of these only 110 of total are judged to be appropriate as potential sites of industrial parks since the rest are close to large cities. The remaining rural areas have been under less priorities of most rural development policies.

rural public or the government's goals. The following two sections will discuss this under the headings of employment and income effects.

1. Employment Effects

Before the 1960s, the percentage share of Korean rural manufacturing employment was much higher than that of a comparable country, Taiwan. However, the share has steadily declined since 1930, reaching half of Taiwan's in 1975. In 1980, of the 30,814 manufacturing firms with five employees or more in Korea, 29% were located in rural areas. Although the absolute number of rural manufacturing firms increased, the rural share of the Korean total declined. It appears that the rural sideline business programme and the *Saemaul* factory programme in the late 1960s and the 1970s have not created any noticeable difference in the decline of rural manufacturing employment in Korea.

Between 1968 and 1982, 1002 units of rural sideline business firms were set up; however, only 60% of these were still operating in May 1985 (Choe 1985: 335). A research survey indicated that 24% of the 195 operating firms interviewed were experiencing difficulties arising from the lack of funds, skilled labour, and market information (Lee and Kim 1981: 98). It appears that, although the Korean government attempted to improve conditions for entrepreneurs through assistance by government agencies and banks, the strategy has been ineffective in solving problems.

In terms of spatial distribution, research (Choe 1985: 339) has indicated that 63% of 498 surveyed *Saemaul* factories were operating in areas surrounding large cities (i.e., Seoul, Pusan, and Taegu). Of the workers at these factories, 30% of managerial and 20% of engineers were recruited from urban areas.

It can be said that people who live in rural poor areas have not fully benefited from the impacts of sideline business programme and Saemaul factory programme.

Reasons for this judgement are:

- 1) The survival rate of firms which were promoted by the RNFE programmes was low.
- 2) Impacts of the existing firms have proven to be limited mainly to rural areas surrounding several industrial cities. Therefore, the goal achievement of the Korean RNFE programmes in the real rural areas has not been remarkable.

2. Income Effects

Table 3.4

**Average Household Income Share of Crop Production, Sideline Business, and
Manufacturing: 1953-81(%)**

Years	1953	1958	1963	1968	1973	1978	1981
Crop/Agriculture	91	93	77	74	75	81	75
Side Business/Non-Agriculture	66	32	31	27	20	19	19
Manufacturing/Non-Agriculture	15	18	16	13	14	11	11

Source: See Table 3.3.

Table 3.4 shows the changes in the proportion of rural non-agricultural income from sideline businesses and from manufacturing over years. The proportion of rural non-agricultural income from sideline business is continuously declining from 66% of non-agricultural income in 1958 to 19% in 1981.³⁰ In addition the income share of rural manufacturing grew between 1958 and 1963; however, the growth trend did not extend to the 1981. This growth trend is in a clear contrast to that of the income share of crop production out of total agricultural income. This confirms that the two

30. See footnote 22, for the definition of sideline business.

government rural non-farm employment programmes did not have any noticeable effect in slowing the decline in income share of sideline business and manufacturing (out of total non-farming income).

E. Summary

The Korean RNFE programmes are products of academic research, primarily by the Korean Rural Economics Institute. Although the programmes were not created as any experimental projects of FIA, they have contained a number of the characteristics of FIA, in terms of goals identification, implementation methods, and their outcomes. Chapter V will discuss the similarities between FIA and RNFE in detail.

The impacts of the Korean RNFE programmes both on the creation of rural employment and on the increase of rural non-farm income have been less satisfactory. There has not been any evidence that the programmes have contributed to the expansion of urban technology into rural areas. RNFE programmes appear to be beneficial to individuals who already owned technical skills and economic power rather than average rural Koreans. The programmes did not create a significant change in declining rural manufacturing income.

CHAPTER IV

NEW COMMUNITY MOVEMENT AND ITS PROGRAMMES

This chapter introduces the Korean SMU (*Saemaul Undong* in Korean, commonly translated as New Community Movement). The purpose is to provide an example of TDA, with five sections. The first section begins by describing the socio-political conditions in rural Korea before the SMU. The second introduces the SMU programmes at the central decision making level. The third section discusses the implementation of SMU at the village level. This illustrates the local decision adopting process made by the central government. This is a description of SMU projects implemented in a village, Moryang in Weolsung County of Kyongbuk Province.³¹ The section attempts to illuminate local government behaviours and villagers' responses in the SMU implementation. The fourth section discusses the performance of SMU, and the final section concludes this chapter.

A. Socio-Political Conditions before SMU

South Korea experienced considerable turbulence in the 1940s and 1950s. It became independent (from the Japanese Colonial Government) after the Second World War, and set up its own government in 1948. During the 1950s, its political situation was highly unstable due to the division of its territory (into North and South Korea) and the Korean War. Economic conditions were so poor that the nation could not even feed itself.

A new government, following the military coup in 1961, initiated a series of intensive development policies. In the same year, the new regime established a central planning agency, i.e., EPB, and formulated the First Five Year Economic Development

31. See its location in Figure 3.2.

Plan (1962-67). The government set ambitious targets of economic growth, and initiated a strong economic reform package containing extensive changes to monetary, fiscal, taxation, and trade practices. Manufacturing was selected as a primary means of export expansion. Strategic industries receiving public investment were steel making, chemicals, shipbuilding, and automobile manufacturing. Production facilities were located in a few selected areas, such as Seoul, Pusan, and Inchun, where transportation of material imports and exports were most efficient. There was not any sense of balance in deciding the locations of these industries.

Through the first two Five Year Economic Development Plans (1962-71), Korea achieved remarkable growth in its GNP. However, this growth resulted in serious social and economic problems.

First, concentrated urban industrialization strongly attracted rural population--mainly educated and motivated-- to growing cities. The proportion of urban population grew from 28.0% in 1960 to 41.7% in 1970. In particular, Seoul's population increased by 71.2% during the same period. Second, the gross regional product of the Seoul region increased from 1.5 times in 1960 to 2.3 times of Chunnam province's in 1983,³² the slowest growing region in the 1970s. Third, disparity of living standards between urban and rural areas grew markedly. Fourth, most villagers were left without potential leaders since those who left for the cities were relatively well-educated and young relative to the remaining population (Cho 1981: 71). Finally, stagnant agricultural productivity necessitated a large and rapidly increasing amount of food importation.³³

These problems became sources of political tension and social conflicts. Government elites perceived them as serious problems weakening the stability of the Park regime in the late 1960s.

32. This is based on the 1975 fixed price. See (Kang 1986: 28).

33. Between 1966 and 1970, the amount of imported rice and wheat increased approximately 17 times and 2.7 times respectively (*Korea Agricultural Yearbook*, 1971).

Thus, the government introduced important changes in its development policies. President Park regarded rural development as the issue most urgently in need of attention. The government designed and implemented strong packages of rural development programmes. These programmes were given the highest priorities in the central government and represented most of the rural policies throughout the 1970s. In consequence, the implementation of the programmes improved remarkably the living standards of rural Korea. However, they also caused some problems.³⁴

The following sections will describe the SMU programmes in detail.

B. SMU at the Central Decision-Making Level

In designing the SMU programmes, the Korean government changed the policy emphasis every year. The changes of focus were to adapt to local socio-economic changes resulting from the movement itself and general socio-economic conditions. The period of programme implementation can be divided into three stages: 1) foundation; 2) take-off; and 3) expansion.

1. Foundation: 1970-73

President Park suggested SMU first in a simple fashion, without any theoretical and methodological studies. Later, SMU ideology was deliberately studied and programmes were planned further by scholars and government officials. An initial idea of SMU was presented in a presidential address at a meeting of Provincial Governors in 1970. The message of the presidential address was that people should be ready to render their assets (primarily labour and property) for implementing development projects, without relying heavily on government assistance. He emphasized the role of

34. These changes will be discussed later in section D of this chapter.

government officials in finding and encouraging promising community leaders. The ideas of SMU contained in the address were:

- 1) to cultivate a spirit of diligence, self-help, and cooperation;
- 2) to mobilize the idle labour of local residents in collective community action; and
- 3) to improve infrastructure in order to raise agricultural productivity and rural living standards.

The first project of SMU was the improvement of community infrastructure. In the winter of 1971/72, the central government distributed 335 sacks of cement directly to each of 33,276 villages over the country, free of charge. The government recommended their use for projects long-desired by villagers, such as the construction of village roads, bridges, drinking-water wells, and other sanitation facilities. The choice of projects and means of carrying them out was to be left to villagers. However, local officials exerted a great deal of actual influence on village decision-making.

In 1972, the government perceived that the performance of the first year programme had been more successful than it had expected. A brief estimate of the total value resulting was 112 billion Korean Won, while the government expenditure (in SMU) was 44.2 billion Won.³⁵ With bolstered confidence from the first year's positive experience, the government began to institutionalize SMU. Symbols (e.g., Saemaul song, slogans, and flags) were developed, and operational procedures formalized for SMU. The government hoped to create a favourable political mood towards the existing regime through the SMU.³⁶

35. This amounts to approximately 200 million September 1989 Canadian dollars.

36. There are three incidents which allow one to accept this. First, SMU was started just after the authoritarian political crackdown in 1970 through which President Park maneuvered to imprison hundreds of his political opponents including the opposition party's leader, Dae-Jung Kim. Second, during SMU the government made a great deal of political propaganda both at the national and community level. Finally, during election campaigns, candidates and the supporters of the ruling party took advantage of some community meetings which were planned as working sessions for SMU.

A study centre of SMU, which had also been made for training SMU leaders, was established in July 1972. In the same year, the government provided 500 sacks of cement and 1 ton of steel to each of 16,600 villages that were judged to have made the best use of the cement distributed during the previous year. Through these measures, it was hoped that a spirit of competition would be established and that less successful villages would be stimulated to emulate those that received additional help. Each of the 16,600 developing villages was again encouraged to implement further SMU projects through frequent and intensive contacts with officials from local governments. In December 1972, A propaganda campaign was launched emphasizing that SMU had the highest priority in the government policies.

In 1973, Presidential prizes and decorations were awarded to the most successful village leaders. In the same year, a set of categories³⁷ measuring the performance of SMU and the progress of village modernization was established. By these categories, all villages were classified into three kinds:

- 1) "basic" (underdeveloped) village;
- 2) "self-help" (developing) village; and
- 3) "self-reliant" (developed) village.

Since the experience had shown local leadership to be a crucial factor in successful projects, SMU leaders were elected in each village. The leaders were supposed to identify development issues in their villages and to bridge the gap between local governments and villagers.

37. See Table 4.1.

2. Take-Off: 1974-76

As the momentum of SMU implementation increased, the movement was extended to the urban sectors. SMU organizations were established in schools, factories, and urban neighbourhoods. President Park insisted on adopting the spirit of SMU ideology throughout the entire nation. His major objective was two-fold: first, to create a sense of loyalty to his own government from the rural population, and second, to improve rural economic conditions.

In 1975, the President defined SMU as a national spiritual revolution for the development of the whole nation. A new official position was created in each county with the rank of vice mayor. The person holding the post was responsible for promoting and monitoring the implementation of SMU within his jurisdiction. In this year, policy emphasis was placed on increasing farm incomes. The government intensively assisted two income expansion projects: planting a wide variety of rice seed and labour-absorbing projects (such as manual construction of roads and irrigation ditches).

In 1976, major stress was laid on the development of lagging villages and the foundation of an urban SMU. 4,418 lagging rural villages and 8,043 urban institutions (such as factories and public and private offices) were selected as targets of intensive promotion (Kim 1978: 11-12).

3. Extension: 1977-79

This is the stage when villages achieved self-reliant growth. SMU up to 1976 substantially improved the level of rural welfare. By the beginning of 1977, the focus of the movement was shifted from the development of village physical environment to the improvement of rural social welfare.

In addition, the extended SMU system was invented in this year. This new phase of the system attempted to integrate individual villages into a regional system. A

single village was thought to be too small as a self-reliant region. Therefore, the proposal aimed at increasing economies of scale in providing resources for the construction of storage, processing, and marketing facilities of agro-products. According to the population size of each region, all rural villages were incorporated into three regional categories: central regions, intermediate regions, and lower order regions. 276 intermediate regions and 113 lower order regions (but no central region) were first chosen for the implementation of the expanded SMU system.

A new housing programme was also started in rural areas. While previous housing projects had focused on the improvement of old houses and on the replacement of rice straw thatched roofs with tiles, the new programme was aimed at constructing new modern houses. In the course of these projects,³⁸ President Park, who had strongly supported the movement, was assassinated. Thereafter, the succession to the vacated position of President became the prime political issue. By the time General Doo-Whan Chun, emerged as the frontrunner to succeed Park as President, students' protests for political democracy had caused enormous social unrest. Political support for SMU and overall rural development declined as consecutive regimes concentrated on building political legitimacy. There have not been any remarkable government programmes devised, such as SMU, since October 1979.

Two reasons for the termination of SMU can be inferred. The first is that political assistance for subsequent SMU has been weakened because of other political priorities such as challenges to President Chun's political legitimacy and political democracy in various sectors of the Korean society. The second is that old methods of SMU could not meet people's changing expectations. Therefore, it become increasingly difficult to mobilize the people and necessary resources.

38. October 1979.

The following section illustrates how the central SMU policies were substantiated into actual projects. It presents SMU projects implemented in Moryang village.

C. SMU at the Local Implementation Level: a Village Study

1. Village Setting

Moryang is an intermediate size village. It consists of 191 households with a population of 704 in 1985. It is located in Weolsung County,³⁹ which is a surrounding administrative unit of the City of Kyongju, Kyongbuk Province. Moryang is between two rural centers: Gunchun town (population: 14,731 in 1985) and the City of Kyongju (population: 132,740 in 1986). The village is 4 km. from the town, and 8 km. from the city.

Traditionally, most of the Moryang villagers were engaged in agriculture. Agricultural productivity in the village was low because of insufficient arable land and underdeveloped agricultural techniques. The average land held by each household in this village was approximately 0.7ha in 1988 (Gunchun Town Office 1989). Production instruments were manually operated. As in other villages, many families in Moryang were accustomed to suffering from a lack of foodstuffs prior to the initiation of the SMU. By the early 1970's, many active, progressive, and educated villagers had migrated to urban areas in search of better employment opportunities.

SMU projects in this village were well carried out in the 1970s for two reasons. First, many of the villagers were ready to work to make their conditions better. Second, SMU utilized communal work (mainly collective labour contributions to community projects), which had been well practiced in common life in the village. With the help of SMU projects, the villagers' living standards have remarkably improved. The following

39. See map in Figure 3.2.

sub-section describes the SMU projects which have affected the quality of life in the village.

2. SMU Projects Implemented in the Village

Projects of the government SMU in Moryang village were composed of the construction of village infrastructure (village streets and bridges), the improvement of housing standards, the adoption of new rice seeds, and the development of mushroom plantation.

a. Street Widening

Widening village streets was an initial project utilizing the cement distributed by the central government. Renovating an old village street to make it wide and straight was important both for improving transportation and the appearance of village. For this project, the villagers were required to provide their labour without monetary reward. But they did not complain because historically voluntary contributions to communal projects were customary. It was also envisaged that the work would help prevent floods, and thus reduce future voluntary work since it was common to rebuild banks and streets after almost every flood.

People who owned land around project areas, however, were reluctant to accept this proposal because they had to contribute parts of their land. Supportive villagers tried to persuade the owners and sometimes quarrelled with them, because of the projects. After repeated persuasion by villagers, the village chief, and local officials, the owners of land unwillingly decided to offer their land.

The following description illustrates this reluctance of the owners at that time.

In our hamlet, one old farmer is very stubborn. He said, "If you want to take my land then kill me first." He then lay across his paddies. Every day all the young [and active] farmers went to see him. Finally he gave up, after they first begged and later threatened him. (Aqua 1975: 62)

b. Housing

The first housing project was designed to replace straw-thatched roofs with modern roofing materials, such as roofing slates or clay tiles. Most houses in the village were covered with straw-thatched roofs before SMU. Many of the houses were old and weak. The decayed straw-thatched roofs contributed to the gloomy appearance of the villages. To replace roofs with new rice-straw each year was time-consuming and laborious. Furthermore, the floors and walls of a traditional house were made of clay, covered by painted paper. When the paper covering the clay walls or the floors tore off, dust from the exposed surfaces caused an uncomfortable living environment.

Previously the villagers had neither the means nor the motivation to improve this serious situation. They did not have any incentive or money for improvement. Under these circumstance, the purpose of the housing project was to create a better image of the rural village, and to improve living standards.

To stimulate the housing project, the government subsidized the cost of materials, and provided long-term loans. Government loans were facilitated at low interest rates. The local government officials and the village chief, who had known all the villagers for a long time, visited undecided owners several times in order to convince them to cooperate. In addition, through the various mass media, SMU was advertised almost every day. The inference was that those who did not listen to the government recommendations were disloyal and were behind the times. The villagers had almost no choice but to comply as the provision of the government loans also eliminated any financial excuse.

Between 1971 and 1979, 248 units of straw-hatched roofs were replaced with modern roofing materials and 53 units of new houses were rebuilt in Moryang village.⁴⁰ The construction of urban style houses, and the replacement of traditional roofing materials have resulted in a complete change of the appearance of this village. However, a number of problems were detected in the new houses. Most new houses were built in an urban style, because repeated advertisements had attracted the villagers to that style. The style, unfortunately, was inappropriate for rural life because supplementary structures of the new houses were unsuitable, especially for breeding cattle and temporarily storing agricultural products.

Furthermore, the walls and roofs would leak in the summer rainy season for two reasons: first, the construction skills of locally recruited workers were poor. Second, the owners of houses did not use adequate materials for construction, due to insufficient funds.

c. Rice Seed Variety

In rural Korea, the dominant crop in production has been rice. However, due to the lack of arable land and insufficient inputs (such as techniques, irrigation, pesticides, and fertilizers) the villagers could not produce enough rice to attain even subsistence. Starvation had been a chronic problem in most of Korean rural villages including Moryang. In 1972, the rice seed variety project was launched through the SMU to tackle the problems of rural starvation and the necessity of importing grain.

Tong-il Rice was the highest-yielding variety developed by the Office of Rural Development (ORD) in Korea and its international cooperative organizations. To diffuse

40. In 1980, there were 167 households in Moryang village, and one household commonly owns 1 - 3 units of houses in Moryang. Replaced roofs amount to almost 100% of total units and rebuilt units are approximately one in three households.

the seed, the government advertisements exaggerated its productivity.⁴¹ But villagers were reluctant to adopt the seed for the following reasons:

- 1) They had no experience with it;
- 2) They were not convinced by the government advertisements about the productivity of the new seed;
- 3) Tong-il rice was less marketable than other rice; and
- 4) The taste of the rice was not favorable to Koreans.

The designated local official for Moryang village and the village chief repeated the claim that Tong-il rice had high productivity and good taste; and that villagers should plant it. The village chief even began a door-to-door campaign. Subsequently, the government provided more benefits, such as long-term loans and priority in participating in government purchases to the villagers who planted Tong-il rice. Although there had not been autonomous confirmation of the variety's productivity, the campaign was repeated for 4-5 years.⁴² The number of villagers that adopted the new seed increased through the process. During these years local officials and villagers discovered that Tong-il rice does not grow well in a cool climate.⁴³ Therefore, the seed required higher levels of inputs-- fertilizers, chemicals, labour and management-- than other conventional species.

This seed variety project was coordinated with the education of the farmers on pesticides and other modern agricultural techniques. In 1977 grain production exceeded the national domestic demand, and surpassed the national goal for food self-subsistence.

41. The productivity was estimated higher than other traditional rice species by 30%. Many countries that participated in the Green Revolution in the 1970s, such as India, Pakistan, and the Philippines, had found that the diffusion of the High Yielding Varieties has been a major problem. It was because the cultivation of the new varieties required new technology and more inputs. See (Tangle 1987).

42. Burmeister (1987) describes conflicts of decision making about whether the new seed should be diffused in a national scale without experiment.

43. This evaluation was consistent with that of agroscientists in the Organization of Rural Development (Burmeister 1987; 771).

The combination of advanced agricultural skills, increased agricultural inputs, and the high yielding species played key roles in achieving this goal.

3. Beyond the Government SMU

This section describes two community economic development projects implemented by Moryang villagers. The projects were planned and implemented after the period of SMU (1971-79), and were not formally supervised by any governments, as other projects had been. However, in this thesis they are regarded as SMU type of projects for the following three reasons.

- 1) Government assistance programmes (e.g., financial and technical supports), which were institutionalized during the period of SMU enabled the implementation of the two projects.
- 2) Participants in the projects utilized the confidence and knowledge acquired through the implementation of the previous SMU projects.
- 3) The relationship between the participants and personnel in government agencies which had improved through the previous SMU projects played an important role in carrying out the two projects.

a. Livestock Breeding

The project of livestock breeding maintained the SMU characteristics identified above, but differed from the original SMU projects in two senses. First, it was initiated by rural people themselves and subsequently supported by the government, while the previous projects were initiated by the government. Second, most SMU projects prior to livestock breeding were focused on improving general living standards. However, this project targeted an increase in cash income as its goal.

Before the SMU, the main reasons for breeding cattle were to use their power for cultivating farm lands and to transport agricultural products and other materials. As the price of livestock increased in 1981, opportunities for earning money through

breeding cattle appeared. Following the central government's emphasis on rural income improvement, the government provided long term loans for the initiation of breeding cattle. Young and progressive villagers seized the opportunity and invested a considerable part of their capital in livestock breeding. Subsequently many other villagers also engaged in this project.

As a consequence, villagers spent a large amount of funds purchasing commercial feed and building modernized barns. They bought cattle when the price was at its highest. Between 1981 and 1982, the number of households breeding cattle for beef increased from 8 to 251 in the hosting sub-county of Moryang village;⁴⁴ however, that number drastically decreased from 464 to 35 between 1983 and 1985.

By 1984 the market price of cattle had fallen to half of the 1983 price due to increased domestic production and imported beef. At this time, most of the villagers failed to receive even the purchase price of their cattle (Cho 1981: 20). This became a serious national political problem which was blamed on the ruling party in the 1985 national congress election.

Many farmers who lost their investment in farming cattle shifted their interest to pig breeding in the period when hog price were high. Initially, the supply of pork was low because many farmers were interested in cattle breeding. As hog farming became popular throughout the country, the price of pork collapsed because of over production. However, many farmers who experienced the price collapse in cattle did not sell their pigs promptly, expecting that prices would go up.

The price of pigs, however, did not rise as quickly as they expected. Therefore, farmers had to spend additional money to purchase commercial feed for their remaining pigs. The producers' collective behaviour, derived from the imperfect market

44. This is just an indication of fluctuation in the sub-county which contains Moryang village. Relevant data for Moryang village has not been available.

mechanism, resulted in speculation on the prices of cattle and pigs. Eventually, most households that had participated in livestock breeding incurred large debts.

b. Mushroom Cultivation

An initial proposal for a mushroom plantation program in Moryang village was to plant mushrooms in warehouses on a cooperatively prepared site. The villagers initiated the mushroom plantation project with information and skills acquired from the neighbouring village where such plantations had been successful for the last two decades. During the winter of 1984, several young and progressive villagers began to discuss the feasibility of a mushroom plantation in Moryang. They received funding assistance from the local government and consulted with the neighbouring villagers for technical assistance.

Eight villagers eventually began to build their warehouses and installed all the necessary equipment. They employed local technicians and local funds, in addition to the government sources. The preparation of necessary equipment for one unit needed 5 million Won.⁴⁵ However, the participants were able to recoup 25% to 30% of their total investment from one year's production.⁴⁶ Other villagers observing this project began to pay more attention as the profits from the cultivation grew. By September 1989, 30 households had joined in the projects with 49 units of barns. The net profits from one unit in a year ranged from 2 to 3 million Won in 1989 (Gunchun Town Office 1989).

In these processes, participants are cooperating with each other in working out individuals' assigned responsibilities. In the mean time, the local government responded only if the villagers requested assistance. Some participants focused on getting marketing information, while others were establishing cooperative networks for

45. This is compared to the 1985 average household income of Moryang village, 5.6 million Won (Gunchun Town Office 1989), or 7.1 million Korean rural average in the same year (*Korea Statistical Yearbook* 1987).

46. This data was obtained from a personal interview with two of the participants.

financial and technical assistance with government organizations (e.g., the township office and the ORD branch) and experienced individuals in other villages.

Mushroom cultivation, on the one hand, is labour intensive. Production of fertilizer (for mushroom cultivation) requires considerable amounts of labour. Luckily, the peak labour demand fits into the slack seasons of rice cultivation.⁴⁷ Although, most common work can be done by family members, the labour demand at the peak has made available a large wage pool of non-participants of the project. Additional establishment of cultivation units created a large source of income for the landless and small landholders.

D. Performance of SMU Programmes

The evaluations of SMU performance are mixed. Proponents of SMU often emphasize the quantitative growth of improved material well-being. Others tend to focus on the hidden costs of success, such as increased use of agricultural inputs, rising rural living expenses, and the disintegration of community cohesion. Each of these tend to underscore only one facet of SMU effects. To provide a basis for correct judgement, this section attempts to discover more profound advantages and disadvantages, under the headings of living standards, agricultural productivity, rural household income, and mentality of rural population.

1. Living Standards

The most desirable change by SMU is the improvement of rural living conditions. Since physical change had been the focus of central policies in the earlier stage, rural infrastructure, houses, and sanitation facilities in most Korean villages were newly constructed or renovated. The Korean government designed numerous

47. Rice is still the major crop in Korean agriculture.

projects including the replacement of roofing materials, the reconstruction of houses, village roads, irrigation routes, and farm roads. Through these projects, overall living standards in rural Korea have been remarkably modernized.⁴⁸

The government attempted an evaluation on the performance of SMU. The government evaluation was based on nine indicators relating to the conditions of village paths, village stream embankments, irrigation routes, communal facilities, community funds, family savings, and household income (Table 4.1). According to these categories all villages were classified as either underdeveloped, developing, or developed. The number of underdeveloped villages has steadily declined since 1972, while that of developed villages gradually increased between 1972 and 1979 (Figure 4.1). The proportion of underdeveloped village had been reduced from 53% in 1972 to 1% in 1976 and to nil in 1977, while the proportion of developed villages increased from 7% to 45% and 67% in the respective years.

One of the most visible difference created by SMU is the improvement in rural housing. Through intensive government support, the previously gloomy appearance of rural homes has been completely changed into colourful modern housing. During the period of SMU, the number both of replaced roofs and of newly built houses increased every year.

Over the country, approximately 2.3 million⁴⁹ straw-thatched roofs were replaced with modern roofing materials between 1971 and 1978. 52.9 thousand dwelling units were newly built between 1971 and 1978 by SMU project (Table 4.2). The number of improved bridges totalled 47.0 thousand. Renovated and reconstructed

48. In the case of Moryang village, in addition to the housing project, 24 cooperative projects were completed in the same period. Major projects include the pavement and expansion of the village entrance road to 70 meters and the construction of three small village bridges, 1,255 meters of farm road, 700 meters of village paths, a public storage house, and a community centre (Gunchun Town Office 1989).

49. This number is significant because it is more than the number of Korean rural households (2.2 million) in 1980.

Table 4.1:

Evaluation Categories of SMU Performance

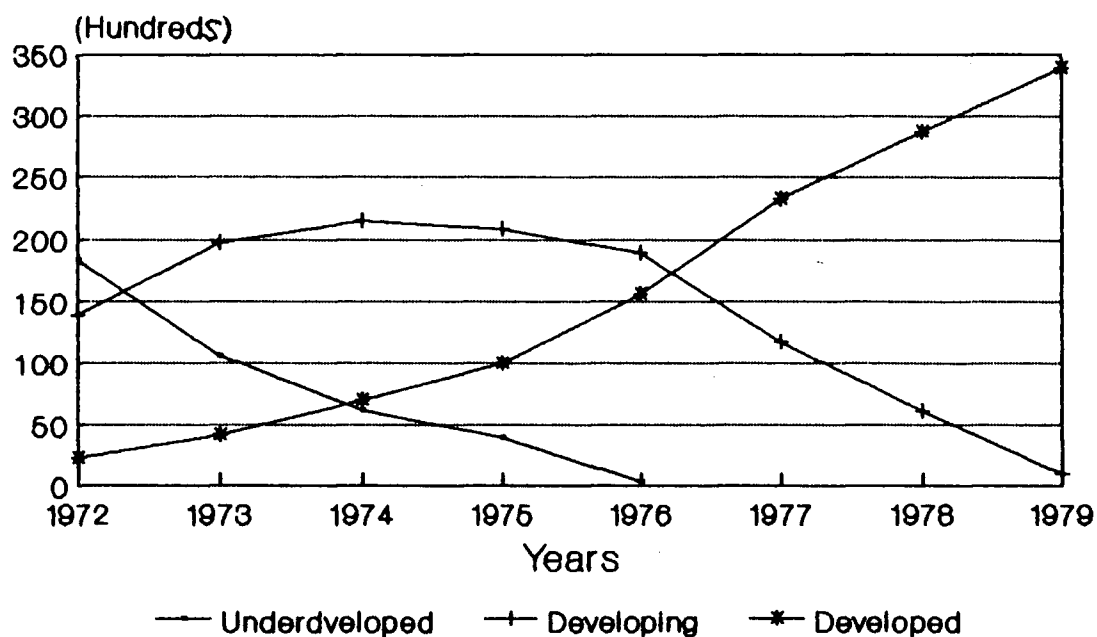
Staging	Undeveloped (Basic)	Developing (Self-help)	Developed (Self-reliant)
Pavement of roads	Below standard	Entrance road & service road	Entrance road village
Farm roads	Below standard	Road from village to farm	Entrance & secondary roads
Bridge construction	Below standard	10 meters or more	More than 20 meters
Village stream embankment	Below standard	Streams within village	Streams around village as well
Irrigation	Below standard	More than 80% of total paddy land	More than 85% total paddy land
Communal facilities	Below standard	One of village hall & public storage house	Village hall & Public storage house
Village fund	Below standard	Over 300,000 Won	Over 500,000 Won
Household saving	Below standard	Average 10,000 Won per household	Average 20,000 Won per household
Household income	Below standard	700,000 Won per annum	900,000 Won per annum

Note: Applications of these categories have been somewhat ambiguous according to different interpretations of the contents. The categories of monetary standards are also arbitrary because of high inflation rates during the SMU period. Seoul's index of consumer price based on 100 in 1975 became 221 in 1980. Seoul's index is used throughout this thesis as the Korean statistics do not show the index for rural.

Source: Choe (1981: 80)

Figure 4.1

Numbers of Underdeveloped, Developing, and Developed Villages: 1972-79



Source: Korean Ministry of Home Affairs, *Korean Agricultural Cooperatives*, 1981.

Table 4.2: Performance of Selected SMU Projects : 1971-78 (Korea total)

	Unit	Amount completed
Housing		
Roof improvement	No. of Houses	2,251,000
Reconstruction	No. of Houses	52,936
Village Roads		
Village paths	Km	33,472
Farm roads	Km	43,631
Bridges	Number	47,011

village paths extended 33.5 thousand Km and renovated farm roads 43.6 thousand Km in the same period. Through sanitation projects, the proportion of rural population with easy access to safe water also increased from 36.5% of total rural population in 1975 to 48.5% in 1980 (UN 1980). Indeed, most government targets for each programme have been met or even exceeded (Lee 1981: 81). As a result, straw-hatched roofs are hardly found in any Korean rural villages after 1980. Most village paths and farm roads, which were not wide enough to drive even a small tractor, have been widened and some of which were paved with concrete cement.

Another indication of the improvement of rural living standards is the presence of modern household appliances. In 1971, for example, only 0.8% of total rural households were equipped with television sets. However, this proportion increased to 15.7% in 1975, and even to 63.6% in 1979 (Whang 1981: 195). As shown in Table 4.2, in 1970, only 3.5% and 0.4% of total rural household owned audio sets and refrigerators, respectively. These numbers increased to 11.8% and 5.7% by 1979 (Ibid.: 195).

Table 4.3

Electric Appliances in Korean Rural Households(%)			
	1970	1975	1979
TV set	0.8	15.7	63.6
Electric fan	*	17.5	47.8
Audio stereo	3.5	7.0	11.8
Refrigerator	0.4	1.3	5.7

Note: This table is based on 5% sample survey conducted by EPB. * indicates data unavailable.

Source: EPB, Republic of Korea, 1970, 1975 (cited as in Whang (1981)).

These statistical indications are also congruent with the judgement of the rural public themselves. The results of two questionnaire surveys indicated that most informants agreed not only that rural living standards had improved but also that SMU had contributed to this improvement. One of the surveys, conducted in six villages in Kyongkee Province in 1980, indicated that 64.4% of 312 respondents answered that the conditions of rural life were (a little, or greatly) better than those ten years before. This is remarkable given that the proportions giving this answer in 1958 and 1969 were only 5.3% and 9.8% in respectively (Brandt and Lee 1981: 101).

Similar research conducted in the same province has also shown that about 45% of the interviewees answered that their living standards in 1976 had greatly improved, compared to those of 1971 (Lee 1986: 387). Another survey carried out in two villages of Chunnam Province also supports these results. 72.9% of 177 interviewees said that their living conditions had been changed for the better by SMU. Replies to another question, 'If your economic condition has improved, what do you consider to be the reason?', were also revealing. Approximately, 50% of interviewees attributed the improvement to SMU (Ibid.:102).

2. Agricultural Productivity

A frequently cited example of SMU's success has been the improvement in agricultural productivity. As mentioned in section A, food self-subsistence had been an important goal of national economic policy. Therefore, the government emphasized the improvement of primary food (rice) production as one of the SMU projects. New varieties of rice were developed by the Organization of Rural Development. Local branches of ORD, with the help of other administrative units, supported technical assistance. Improved production capacity of pesticides and commercial fertilizers allowed enough supplies of these inputs to allow intensive farming.

Overall agricultural productivity was significantly improved during the period of SMU. The per capita food production index⁵⁰ increased by 45% between 1971 and 1979, while there had been only a 12% increase in the previous ten years (UN 1971/2, 1981/82). Rice production between 1970 and 1980 grew at a rate of 36%, while during the previous ten years it has grown at only 29% (Table 4.4 and Figure 4.2). This growth is also remarkably higher than the growth rate in the next five years (7%). In addition, the total production of apples increased from 212 thousand Metric Tons (M/T) in 1970 to 410 thousand M/T in 1980. The amounts of grapes and peaches produced had also noticeably increased. Between 1970 and 1980, the production of apples, grape, and peaches rose by 93%, 68%, and 14%, respectively.

The growth rates of each item (except rice) in the SMU period, however, are much lower than those of the other two periods, i.e., the periods 1960-70 and 1980-85 (Figure 4.2). This is an interesting phenomenon which indicates that the Korean government's focus on assisting rice production substantially improved rice productivity, and in turn the overall food situation. Unfortunately the specialized production tends to neglect development potential which may exist in the production of other products, such as livestock, fruits, and vegetables. Indeed, growth rates of most agricultural products between 1970 and 1980 (SMU period) are far less than those both in the previous ten years and the next five years. In planning for Korean rural development, it is viewed as imperative that agricultural products be diversified since rice production in Korea has almost reached the maximum,⁵¹ and such high productivity may not be sustained since monoculture reduces plant ecological resistance (Chang 1984:24-25; Pimm 1984) and erodes several specific soil nutrients essential for rice growing. Indeed, production

50. The FAO (Food and Agricultural Organization, UN) calculates an agricultural production index which shows the relative level of the aggregate volume of agricultural production for each year. It is based on the sum of price-weighted quantities of different agricultural commodities produced after deduction of quantities used as seed and feed weighted in a similar manner. For more information, see (FAO 1986: xi).

51. In 1977, Korea recorded the highest rice production in the world. (5.9 M/T per ha.)

of Tong-II rice per ha. in Korea has already begun to decline since 1978 (Burmeister 1987: 777).

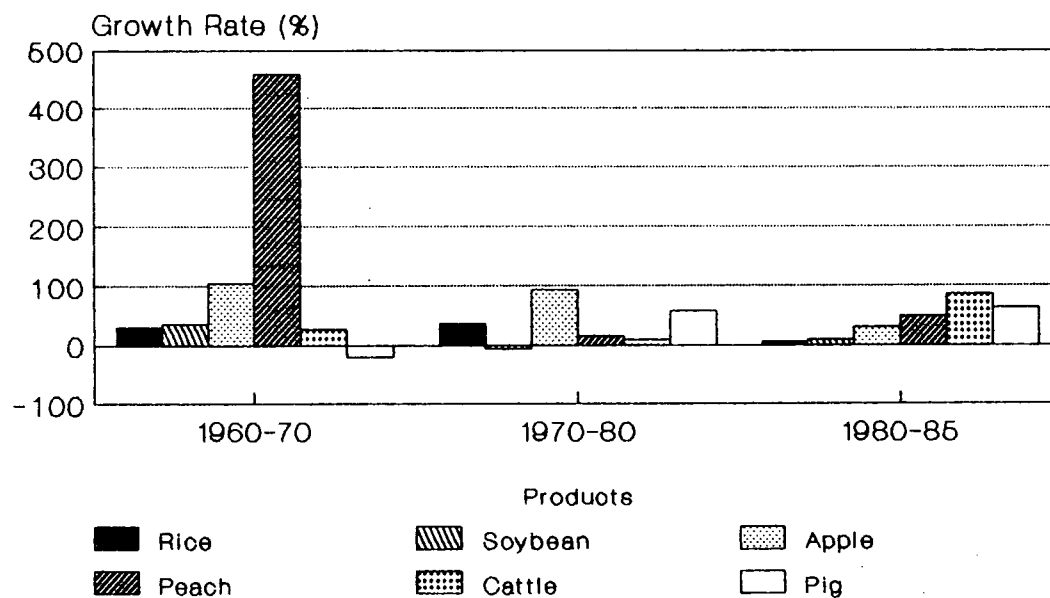
Table 4.4
Growth of Korean Agricultural Products: 1960-85 (Tons)

Year	1960	1965	1970	1975	1980	1985
Rice	3047	3501	3939	4669	5314	5326
Soybean	130	174	232	311	216	234
Apple	104	167	212	280	410	533
Peach	4	19	34	50	57	150
Cattle	1012	1314	1271	1546	1380	2553
Pig	1397	1382	1121	1247	1761	2853

Source: *Statistical Yearbook for Asia and the Pacific*, 1966/7, 1976/7, 1986/7.

Figure 4.2

Growth Rates of Agricultural Products in Korea: 1960-85(%)



Source: See source in Table 4.4.

3. Household Income

Concurrent with the rise in Korean agricultural production, official statistics show that there has been a sharp increase in rural household gross income in the past several decades. According to government statistics, average rural household income per annum grew from 316,874 Won to 3,386,095 Won (approximately 1,600% increase) between 1970 and 1979.⁵² Based on this evidence, one can easily assume that rural income has substantially improved. However, this direct interpretation results in a serious misreading of the real growth of rural income. To read correctly, one has to consider two important facts: inflation rates and the increased expenditure.

The growth of the Korean rural economy is often exaggerated by official statistics. The growth in the past several decades presented by current prices was enormous. However, if one considers high inflation rates in the same period, the real growth is not so high. In the period of 1965 and 1980, the average annual inflation rate was 18.5%. This has to be counted in measuring the real improvement of rural income.

Table 4.5 presents a comparison of Korean average rural household income, agricultural income, living expenditure, and agricultural expenditure,⁵³ deflated by 1975 Seoul's consumer price index. During the whole period under consideration, both incomes and expenditures have substantially increased. In terms of absolute number, the growth of gross income and agricultural income exceeded that of the sum of living costs and agricultural production costs.

52. For example, research conducted in 36 sample villages (Whang 1981: 187) has also indicated that, between 1976 and 1978, household income increased by approximately 58% in real term.

53. The data for total expenditure are unavailable from the *Korea Statistical Yearbook* published in 1987. However, it is assumed that the sum of living expenditure and agricultural expenditure is the majority of total rural household expenditure since 1982 *Korea Statistical Yearbook* indicates the sum ranging from 92% to 93 % of total expenditure in every year between 1976 and 1981.

Table 4.5

**Average Rural Household Gross Income, Agricultural Income, Living
Expenditure, and Agricultural Expenditure: 1971-86 (Thousand Won)**

Year	1972	1974	1976	1978	1980	1982	1984	1986
GI	829	1034	1253	1638	1532	1948	2189	2295
AI	690	841	1013	1220	1060	1388	1730	1761
LE	498	551	651	911	967	1131	1401	1566
AE	119	156	213	285	266	335	517	609

Note: GI refers to Gross Income; AI agricultural Income; and LE Living Expenditure; AE Agricultural Expenditure. All numbers are deflated by the index of 1975 Seoul's consumer price.

Source: See sources in Table 3.3.

The growth of agricultural gross income (1.1 million Won) in the same period was more than that of the expenditure for agricultural inputs (494 thousands). The growth rates both of agricultural expenditure and of living expenditure were higher than those of gross income and agricultural expenditure, respectively. In addition, agricultural income has been stagnant since 1984 (Table 4.6). Although this fact is not a crucial failure, it needs to be warned because of the following three reasons.

First, while the growth of gross and agricultural incomes has been stagnant since 1982 (Table 4.5), expenditures for agricultural production and for living costs is rapidly increased since then. This is especially true for the growth of expenses for fertilizers and animal feed which grew 64% and 75%, respectively, between 1981 and 1986.

Second, the remainders of total income subtracted by the sums of living and agricultural costs have also declined since 1982 and 1984. Indeed, the average remainder of the last four years of 1983 and 1986 is less than half of that in the period of 1976 and 1979 (Table 4.7).

Table 4.6

**Growth of Average Rural Household Gross Income, Agricultural Income,
Living Expenditure, and Agricultural Expenditure in Korea: 1971-86**

	Growth between 1971-86*		% Share of *		
	Thousand Won	%	1971/76	76/81	81/86
GI	1532	201	32	31	37
AI	1124	176	33	18	48
LE	1130	259	19	31	50
AE	494	433	20	17	64

Note : For abbreviations, see note in Table 4.5.

Source: See sources in Table 3.3.

Table 4.7

**Average Korean Rural Household Incomes Subtracted by Expenditures
(Thousand Won): 1971-86**

Year	1972	1974	1976	1978	1980	1982	1984	1986
GI-(AE+LE)	211	328	389	442	299	481	271	120
AI-AE	571	685	800	935	794	1052	1213	1153
GI-AE	710	878	1040	1353	1267	1612	1672	1686

Note: For abbreviations, see note in Table 4.5. All numbers are deflated by the index of 1975 Seoul's consumer price. Not all respective years' sums of GI-(AE+LE) in this table, and AE and LE in Table 4.7 are equal to GI in Table 4.5 because of rounding. This is the same in the relationship between AI-AE and AI.

Source: See sources in Table 3.3.

Table 4.8

Comparison of Average Debt of Korean Rural and Urban Households:

	1980-85					
	1980	1981	1982	1983	1984	1985
Rural	153	182	288	431	585	649
Urban	337	287	319	349	394	*

Note: * indicates data unavailable, and all numbers are deflated by the index of 1975 Seoul's consumer price.

Source: Hong (1986: 129)

Finally, increasing rural expenditure with slow growth of income in the early 1980s has influenced the rise of rural household debt (Table 4.8). Average rural household debt in the first half of the 1980's, when long-term impacts of SMU first start to appear, has steadily increased, and the gap between rural and urban household debt is also increasing. Pak's case studies (1987: 82) have indicated that approximately 70% of interviewed rural household heads in the study areas were currently indebted, and the average indebtedness of the households in two villages were 2.2 million Won and 1.6 million Won⁵⁴ in 1986.

4. *Mentality of Rural Population*

From the beginning years of SMU, the Korean government stimulated the rural public with a spirit of thrift, rationalism, and hard-work. The government recommended the simplification (or termination) of various traditional occasions, such as village feasts and ritual ceremonies, in which villagers would contribute the fruits of their labour

54. Average Korean rural household income was 7.3 million Won, in real term, in 1986. Therefore, the debts amount to approximately 28% and 22% of annual income of an average rural household.

without calculation of their profits. As a result, people now are less interested in continuing traditions and working for collective community projects, such as the construction of community infrastructure. They became more enthusiastic in the creation of projects which show more direct, concrete, and fairly immediate benefits than ever before, as Brandt and Lee (1981) have observed. They attempt to more systematically organize production and marketing networks for better profits (Chang 1986).

The implementation of many SMU projects provided rural populations with learning opportunities. People who participated in the origination and the implementation of development projects in the SMU period have obtained organizational skills and technology. The experience of working in development projects themselves and contacting with external assistants (such as local administrators and assistant technicians) were valuable learning processes for the rural public. Indeed, through SMU most Korean rural people have acquired a strong belief that "If you try, you will make it." Although the replication of the same kinds of SMU may not be possible (because of changed expectations), people's confidence, with enhanced skills and knowledge, will have a significant impact on the integration of future development activities in rural Korea, as shown by the success of Moryang's mushroom cultivation project.

E. Summary

SMU was a nation-wide programme which intensively infused the political will of the central government into the Korean rural society. SMU, as an approach to development planning, has a number of TDA characteristics in terms of the outcome created by SMU and the methods used in forming goals, setting targets, and motivating people. These will be further discussed in the next chapter.

Although it is hard to separate the impacts of the movement from overall rural changes, it is safe to state that SMU had a significant impact on both the improvement of material well-being within rural communities and in changing the mentality of the Korean rural public in a relatively short period.

Overall, SMU had a positive influence on rural life. It significantly improved rural household income, agricultural productivity, the quality of housing and community infrastructure, and people's confidence toward development. However, it should also be mentioned that the implementation of SMU has caused the loss of some existing traditions and an increase in rural expenditures for both living costs and agricultural inputs.

CHAPTER V

ANALYSIS OF KOREAN RURAL PLANNING PRACTICE

A brief review of previous chapters is as follows. In the first chapter, the thesis raised nine questions which attempt to clarify the difference between FIA and TDA in terms of theory and their applications. The theories of FIA and TDA were explored in the second chapter, and a summary has been made in Table 5.1. As applications of these theories, Korean rural planning practice, i.e., RNFE and SMU, respectively, were introduced, and their performance analyzed in chapters III and IV. The remainder of the thesis is to induce recommendations and theoretical implications of FIA and TDA from the previous discussions.

The current chapter proposes to explore the methodology of RNFE and SMU in order to identify implications of their approaches. It attempts to answer the questions raised in the first chapter by synthesizing the practice of RNFE and SMU. It will tackle the following tasks:

- 1) to explain why RNFE and SMU can be examples of FIA and TDA respectively,
- 2) to compare the strengths and weaknesses of RNFE and SMU, and
- 3) to clarify how TDA is a more effective rural development planning strategy in developing countries, like Korea.

This chapter consists of the following three sections. Section 1 is an examination of the contents and the formulation processes of goals in RNFE and SMU practice. Section 2 investigates the implementation systems of RNFE and SMU. These two sections address the Question Set I in Table 1.1, and will identify the theoretical principles used in planning for RNFE and SMU. The final section evaluates the results

of RNFE and SMU planning. This refers to the Question Set II, and will clarify whether or not the goals of RNFE and TDA were met.

Table 5.1 summarizes the description of RNFE and SMU methodology. Details of the summary will be discussed in the following three sections.

Table 5.1
Comparison of RNFE and SMU

Contents	R N F E	S M U
GOAL		
For what?	Creation of rural income & employment	Improvement of living conditions
Beneficiary	Entrepreneurs	Average rural population
Decision makers	Planners in KREI	Governments & the rural public
IMPLEMENTATION		
Theoretical basis	Economic principles	Political initiative
Spatial system	Urban/rural linkages	Linkages within rural sectors
Economic system	Monetary subsidies	Organization of of labour
OUTCOMES		
Equity	Advantageous to the wealthier	Evenly advantageous to all
Effectiveness in economic growth	Low	High
Development momentum	Weak	Strong

A. Goals of RNFE and SMU

This section addresses explicit and implicit contents of goals, intended beneficiaries of the goal achievement, and major actors in goal formulation processes. These are compared to the respective theories.

1. *Major Contents of Planning Goals*

In most development planning, economic development is an important goal. Theorists of FIA tend to approach directly the creation of material growth, while advocates of TDA try first to build the groundwork of economic growth through an even distribution of people's access to social power. The Korean RNFE programmes proposed to increase individual rural incomes either from personally working in rural factories or from managing rural enterprises.

The Korean rural sideline business programme focused on the promotion of earning income directly from managing businesses. The programme encouraged rural populations to set up agro-businesses. The most recent programme, the rural industrial park programme, on the other hand, has been designed to promote the employment of rural population at urban-based factories within industrial parks, and the *Saemaul* factory programme is a mixture of these two. It is clear that these RNFE programmes emphasize specifically economic development.

The Korean SMU, however, intended to build up the social infrastructure at the initial stage. This difference from the RNFE programmes is reflected in the non-economic development projects planned. The Korean government first encouraged rural populations to develop a progressive spirit, and promoted cooperative projects. As the Moryang's SMU has shown, Korean villagers could work collectively and cooperatively to execute various projects, such as street widening, roof replacement, and bridge construction. Most labourers employed in these community projects were paid not by

salary, but by the advantages arising from the community projects. The labour required for private projects (e.g., housing) was exchanged between concerned individuals. The villagers did not intend to create income directly from these projects.

The incentive for working in SMU projects is not economic. Rather, it was the feeling of achievement and convenience which could be assets of initiating later economic development projects, such as livestock breeding and mushroom cultivation. In Moryang village, the widening of village streets and farm roads made the movement of people and agricultural products more efficient and convenient, by which villagers can save time and money. Indeed, Moryang villagers need not repeatedly repair village bridges any more since newly constructed bridges can survive the effects of floods.

The non-economic projects within Moryang did not create income directly, rather the projects allowed rural populations to build confidence, organizational capacity, and agricultural techniques. The implementation of SMU projects has considerably strengthened the relationship between rural population and government officials, ORD researchers, and other relevant individuals. This improved relationship is one of the major factors which made mushroom cultivation projects more viable and successful, as chapter IV presented.

One slogan of the Korean SMU was "self-sufficiency" within the rural sector; however, the slogan was incompletely realized. The programming of SMU, on the one hand, was done cooperatively by villagers themselves using local techniques. On the other hand, the programme also made rural population accustomed to the use of external resources, such as government loans, luxury household items, and heavy commercial agricultural inputs. This eventually increased the expenditure of rural households, and in turn became the primary reason for the increase in indebtedness of rural households.

The use of external resources stands out as one of the factors which deters substantial and sustained growth of net rural household income in Korea. The purchase of external resources reduces net profits of development by increasing out-flow of rural currency. This is not to say that farmers should not use external resources at all. It is to emphasize that there has not been sufficient efforts to use alternative inexpensive local inputs.

Indeed, it is envisaged that household expenditure on the consumption of external resources could be reduced by the use of local resources. Instead of utilizing chemical fertilizers, natural fertilizers could be obtained both from grasses in mountains⁵⁵ and from agricultural by-products. This does not mean that the total amount of current external inputs can be replaced by local resources, but that the considerable amount of external inputs can be reduced by making more use of local ones.⁵⁶ An example is the fertilizer waste from mushroom cultivation which is extremely fertile for rice growing, but can be used for mushroom cultivation only once. Another example is commercial feeds which have been intensively practiced for livestock breeding. Before 1970s, Korean cattle were fed mainly with grasses freely available from the local environment. However, since the period of SMU, farmers have taken for granted the heavy use of commercial feeds. A major part of which (e.g., corn) is imported from foreign countries.⁵⁷ The lack of self-sufficiency in SMU planning appears to be its one of the most serious shortcomings.

55. Approximately 70% of Korea is mountainous.

56. Regional carrying capacities need to be considered in determining the sustainable amount of resource extraction.

57. The amount of imported corn increased from 383,315 M/T in 1971 to 2,881,000 M/T in 1979 (Lee 1986: 166). The exact proportion of this imported corn used in commercial feeds is not available; however, it is certain that commercial feed is the prime reason for importation since corn is not a popular food in Korea.

2. *Intended Beneficiaries*

The beneficiaries of both FIA and TDA theories appear to be rural poor people. TDA, however, enters the picture with a stronger emphasis on helping poor populations directly, while FIA tends to see poor people being advantaged by the "trickle down" benefits of growth made by the wealthier. In actuality, as the discussions of chapter II in this thesis have shown, FIA does not work as it has been proposed. The IRDP project in Punjab provided members of a cooperative who could afford the membership requirements, with the benefits of irrigation and loans with low interest rates. However, it is doubtful whether the poor within the project areas benefited from the growth of the cooperative (Qadeer 1977).

Two Korean RNFE programmes have considerable similarities with FIA practice elsewhere. As mentioned, one of the primary Korean government goals of RNFE programmes was to allow the rural poor (i.e., the rural landless and small landholder) to work in rural manufacturing industries. However, the *Saemaul* factory programme set requirements for qualifying for the programme's assistance. The requirements were based not on the capacity of rural poor people, but on that of entrepreneurs who might be richer than the average rural poor population. It has been assumed that the rural poor will take advantage of the employment opportunities promoted by the entrepreneurs who can meet the requirements. Therefore, it can be said that the entrepreneurs are the primary beneficiaries of RNFE, while the poor derive the secondary benefits.

In addition, the planners of the rural industrial park programme formulated virtually the same strategy as the *Saemaul* factory programme. They planned first to encourage urban-based industries to relocate within rural industrial parks, encouraging rural people to work in the industrial park factories. Although the ultimate beneficiaries

of the two RNFE programmes above are intended to be rural people, it is unlikely that the advantages will trickle down to these intended beneficiaries.

The reasons for this appear to be as follows. First, rural populations' opportunities for employment are limited by the nature of rural surplus labour. The results of a research, which indicate that the proportion of rural populations who are willing to work in full-time positions is low, support this contention. This arises from the fact that most rural populations are currently engaged in farming, which demands cyclical work, as Figure 3.1 has shown. This poses a problem since most new employment being created by the RNFE programmes is likely to be permanent.

Second, even if rural people are willing to work permanently, the chances of finding work in manufacturing or urban-based industries may be minimal since the quality of the rural labour force is lower than that of the urban one. Indeed, those who remain in the countryside are in general less educated and older than those living in urban areas. Concurrently, the rate of unemployment in Korea has been steadily increasing since 1980.

The SMU programme on the other hand foresaw rural populations as the direct beneficiaries unlike RNFE. This has proven to be the case in actual practice. The slogans of the central government such as "self-help" and "cooperation" have been translated into rural populations working for community development projects.

In rewarding presidential prizes, there was minor favouritism shown to those villages which could immediately show the results of SMU projects. However, the awards were intended to provide other villagers with motivation and incentives for the success of their own SMU projects. It is believed that the presidential prizes actually spurred people's will in Korean villages to work harder hoping to succeed. In addition, the prizes (i.e., money, iron rods, and cement) were awarded to many villages, as if they were subsidies. Furthermore, the prizes were evenly distributed over most of the

provinces. In other words the impact of this favouritism was not concentrated in a few provinces or counties.

3. Decision Makers

The FIA theory presumes that professional planners should make decisions in goal formulation. Planners under this presumption try to get information from survey research, and then define what the people in project areas are to achieve. In Korean RNFE planning, key actors have been professional planners from the three national planning agencies: KREI, KDI, and EPB. Most of the leading personnel of the agencies were trained in doctoral programmes in the U.S.A.

Planners in the Korean national planning agencies have conducted considerable research specifically for the RNFE programmes and for general social change in rural Korea. It is safe to state that they did not create any planning processes which include average rural inhabitants as part of the decision making apparatus. Rather, the planners assumed their research (often interviews and mail surveys) was enough in understanding the needs and expectation of the rural public. Therefore, the clients of RNFE programmes have only been used as informants in the process of goal formation, as the FIA theory states. The result of this might be that RNFE planning controls the rural public, rather than the rural populations controlling the planning process and its achievement.

The planners engaged in RNFE planning did not attempt to make contact with the rural public. Rather, they planned institutional arrangement to coordinate existing government agencies in executing RNFE programmes. It is interesting to note that this approach is similar to the method practiced by two FIA projects elsewhere, i.e., the IRDP in Punjab and the Bicol River Basin project in the Philippines. These methods are

in contrast to the approach employed by SMU which will be discussed in the following paragraphs.

Decision makers in SMU planning have been a mixture of central politicians, local administrators, and the rural public. At the outset, the central government (i.e., President) initiated SMU with its own agenda. At this stage, the basic strategy of the movement was decided at the top. Guidelines needed for the execution of the strategy were transmitted through administrative channels, i.e., ministries, provincial governments, county offices, and township offices. To create visible performance in a short period, the government officials urged rural population to work for SMU projects.

An approach to cooperative decision making at the local implementation level, however, has been slowly evolved through the foundation and take-off stages of SMU implementation. Although, in the beginning period, the roles of local officials of the national government were dominant, the decisions on how to actually make the strategy work gradually shifted to rural people. Much more flexibility has been given to the people in recent years.

The seed variety project in Moryang village introduced in chapter IV illustrates this changing nature of decision making. In the beginning of the project local officials urged farmers to adopt the new seeds as quickly as possible. However, after the 1977 attainment of the national target for rice production, the selection of seeds was left to farmers, and local officials simply acted as advisors. In other projects, such as the expansion of community infrastructure, at the earlier stages, local officials played dominant roles in determining sites and volumes of each project; however, this also changed to a more participatory system where villagers' roles were strengthened.

Public participation directly in the central decision making was also practiced. Since the initial performance of SMU was impressive, the Korean government tried to publicize and took advantage of successful cases of village development. Leaders of such

projects were invited to present their experience in the monthly meetings of economic ministries in Seoul.⁵⁸ Even though the leaders did not have the authority to make decisions, they indirectly influenced the decision-making processes of rural and national development policies.

The rural public did not control the entire process of SMU planning and implementation, but they took part in strategic decision making of SMU as well as its local implementation.

B. Implementation of RNFE and SMU

This section analyzes: 1) theoretical basis of RNFE and SMU; 2) spatial systems planned or intended by RNFE and SMU planning; and 3) patterns of exchange between people's contribution both to the implementation of RNFE and SMU and to its benefits, respectively. The results of this analysis will be compared with related theories.

1. Theoretical Basis

As mentioned in chapter II, FIA theory is based on the central place theory whereby theorists adopt the principles both of forming human settlements and of the expansion of technology from trade centres to backward rural regions. Even if the Korean RNFE planning does not specifically mention any theories or principles, it favours efficiency principles in that:

- 1) It encourages management to raise their efficiency of production by enlarging scales of firms and by applying modern technology.
- 2) It promotes profit-- making firms and recommends the closure of unpromising firms, especially through the 1982 policy change in the sideline business programme.

58. Successful cases of these have been documented in English. See (Institute of Saemaul Undong 1981).

3) It tries to set up industrial sites first in economically viable areas, and then expand to areas of lower potential (i.e., the industrial park programme). These characteristics are largely identifiable with FIA theory, but they can hardly be found in SMU programmes, as we shall see in the following paragraphs.

TDA theorists argue that the development of rural backward areas requires political solutions to break through existing core/periphery relationships. Wight (1981) has called for a political coalition forming a strong regional power base, and Friedmann (1980) suggested a model for political reformation, called the "agropolitan district" model. Therefore, it can be said that TDA is based on political principles.

The Korean SMU was initiated and supported by President Park. A comprehensive framework had not been made at the initial stage of SMU planning. Most early projects were devised through intuition, rather than academic research. They were tailored in detail as plans progressed through the political process. The political process was by trial and error where failures and successes in the earlier experiences were utilized in later planning for SMU projects. Therefore, it is safe to state that planning for SMU did not focus exclusively on economically viable regions. Rather, it was politically oriented and thus promoted the development of all areas, regardless of their economic growth potential.

2. Spatial Systems Planning for spatial systems is concerned with the allocation of resources and population over geographical space. It is an essential concept in regional development planning. Drawing boundaries of a region, defining relationships both among regions and between upper and lower hierarchies of regions are important decisions which impact on the spatial distribution of resources, population, and information flows. Both FIA and TDA have their own unique concepts of spatial

systems. A difference between the theories of FIA and TDA exists in the definitions of regions, networks among the regions, and the diffusion of technology.

FIA tends to define regional systems as hierarchical, and specifically emphasizes the promotion of trade centres which are directly above the level of rural communities. It attempts to nourish institutional networks between different tiers of urban hierarchies, expecting a diffusion of urban technology through the hierarchical systems. The spatial systems planned by the Korean RNFE programmes are easily identified with the respective concepts in the FIA theory in terms of the following several points.

First, although the rural sideline business programme did not conceptualize solid definitions of regional boundaries, the *Saemaul* factory and the rural industrial park programmes are both aimed at administrative units with intermediate size. The *Saemaul* factory programme specified target areas as administrative units with 200,000 or less people, and the rural industrial park programme those with 100,000 or less people. The industrial park programme planned to designate an industrial park in each agricultural province every year until 1991. The intention is to build a homogeneous spatial system of rural industry by the promotion of intermediate rural centres, and not cause the concentration of rural firms in and around already industrialized areas.

Second, through the three RNFE programmes, the government has been striving to diffuse urban technology to rural manufacturing industries. This intention appears to become stronger in more recent programmes, as the earlier programmes did not show noticeable progress. In the cases of the rural sideline business and the *Saemaul* factory programmes, the government tried to provide farmers and entrepreneurs with urban technology. The *Saemaul* factory programme and the rural

industrial park programme have attempted to construct institutional networks for technical, managerial, and financial assistance.

There have never been clear indications showing that planners themselves were directly engaged in transferring technology through RNFE projects. Rather, they tried to direct ministries, banks, and other government organizations to meet the goal of technology transfer. However, there has not been any evidence to indicate that this approach was at all successful. Two reasons for the unsuccessful outcomes in technology transfer are relevant here. The first is that rural populations may not be sufficiently qualified to absorb new industrial technology which is alien to their experience provided in agricultural technology. Kim's research (1981) has supported this by indicating that the proportion of those who can satisfy common requirements of employment in manufacturing (such as the completion of middle school (Grade 9 level) is low in rural Korea. Indeed, 64% of Korean rural adults had less than a grade 7 level education in 1980.

Second, institutional linkages between assistance agencies and rural entrepreneurs have not been strong enough to break the barriers existing between urban and rural areas. Industries in rural sites are by nature distant from large cities where the assisting government agencies are located. Transportation routes between cities and their hinterlands are not fully developed (Lee and Kim 1981). Therefore, personnel from the assistant agencies might be reluctant to make site visits. The present urban/rural network system is not likely to create solid relationship which can substantially improve the management circumstances of urban-based rural manufacturing in rural Korea. A research survey points out that from 41% to 91% of 330 interviewed owners of rural firms stated that their conditions of infrastructure, employing skilled labour, and obtaining raw materials had not improved, or even worsened (Ibid.).

In summary, the diffusion of urban technology to rural industry by the Korean RNFE programme is inappropriate for the promotion of rural employment, especially for the existing rural population. A very different systems of spatial organization of development will be explored in the following paragraphs.

TDA theorists have argued that the development of rural backward regions requires the termination of the unequal core/periphery relationship existing between urban and rural areas. Korean SMU practice has shown distinctive characteristics of defining planning units, forming networks, and transferring technology.

The units of SMU to be planned as villages, which are clusters of households bordered by natural boundaries (e.g., rivers and mountains). On this basis, the Korean government evenly distributed materials (e.g., cement, iron rods, and painting materials), presidential prizes (mainly money), government loans, and organizational assistance directly to villages.⁵⁹ Most of these development resources were owned collectively; therefore, no single person could dominate access to these resources.

The Korean government administrative system consists of the central government and three levels of local administrations: provincial, county, and township. Heads of each local government are not elected, but appointed by the heads of their superior level. At the foundation and the take-off stages of SMU, this top-down and authoritarian system had been the prime network for SMU planning and implementation. However, since the expansion stage, two major changes have been initiated at the township/village level.

One change in the network system is the improving quality and volume of institutional relationships bonding rural populations, associated government, private agencies, and individuals in other villages. The system can now be used as an effective

59. The Korean government tried to link several villages within a larger planning region at the expansion stage. The purpose of this was to expand the economies of scale in order to improve efficiency. However, this did not work, due mainly to the termination of SMU and the lack of people's participation.

route for the diffusion of technology, and help to consolidate people's awareness among assistant agencies and individuals. Another change in the pattern of technological innovation is the advancement of skills through enhanced local development activities.

Mushroom cultivation exemplifies these changes. The project was started in a neighbouring village of Moryang two decades ago. The skills required for this project were developed by the farmers within the neighbouring village. Some of the Moryang people had learned the skills by working in the mushroom project in the neighbouring village. With this experience, they initiated their own project, transferring the skills to other villagers in Moryang, and made it successful. Moryang's success in mushroom cultivation highly benefited from the evolution of agricultural and organizational skills in its neighbouring village, and their diffusion from that village to their own.

One might call these patterns of technology development and diffusion as evolution from within rural sectors and expansion from rural to rural areas. These look like typical advantages of TDA practice where rural populations can: 1) gain profits by making projects successful, 2) save money by reducing expenditures for purchasing external resources, 3) acquire confidence, and 4) reduce the fiscal waste associated with government administrative and financial investment.

3. Economic System

FIA and TDA theories both emphasize different systems of wealth creation. FIA theory does not specifically refer to any types of economic system; however, its prescriptions emerge to encourage exchange-value economy. An example is the promotion of marketing through trade centres. TDA theory, at least as it relates to the initial stages of development in a developing country, tries to boost use-value economy (Friedmann and Weaver 1979: 192). These two different characteristics of FIA and TDA theories stand out clearly in the practice of the Korean RNFE and SMU planning.

All individual programmes in the RNFE planning have encouraged exchange-value economy. The Korean government emphasized enhancing the marketability of rural products. This was a reaction to the lower marketability of rural manufacturing goods. This in turn is a result of the lower quality of rural manufacturing goods (e.g, rice straw bags) relative to urban products (e.g., plastic bags). For instance, the rural sideline business programme has encouraged the sale of products through the market system, rather than promoting the more traditional barter of goods between rural sectors.

Another indication of RNFE's emphasis on exchange-value economy is that the Korean government has tried to facilitate a number of large-scale trade centres in cities to improve marketing conditions for agricultural and rural manufacturing products since 1981. However, this scheme for the construction of market centres has already been partly cancelled because of expected urban congestion resulting from the location of markets and the lack of construction sites (*Jungang Ilbo*, September 13, 1989). Indeed, RNFE programmes did not count non-monetary exchange as being valuable for economic growth.

SMU, however, has shown a different approach to the exchange of economic values. As Moryang's projects have illustrated, SMU consisted of economic development projects and social development projects. Villagers who contributed their labour to community projects did not expect a cash-return. Rather, their labour contributions have been compensated by the convenience resulting from using facilities created by SMU projects. Some other SMU projects (such as mushroom cultivation and livestock breeding) emphasized monetary income. Therefore, it can be said that the pattern of economic value exchange applied by SMU is a combination of exchange-value and use-value.

C. Goal Achievement of RNFE and SMU

This section analyzes the outcomes of RNFE and SMU according to the criteria of equity, growth stimulation, and sustainability.

1. *Equity*

Two approaches can be used to assess the equity aspects of planning. One is people's accessibility to the process of planning, another to the benefits of planning performance. Both RNFE programmes and SMU were planned to create balanced growth by helping rural populations. An overall conclusion is that SMU was a more equitable planning strategy than RNFE in terms of people's accessibility to both planning processes and to its performance.

RNFE programmes did not fully involve rural populations in its planning processes. As mentioned, rural populations in RNFE concept were simply informants for professional planners' decision making. An accessibility to the benefits of planning outcomes has been concentrated on wealthier and skilled people. Only people who were entrepreneurially inclined and satisfied the government's requirements for assistance could take advantage of the opportunities promoted by the government programmes. These same people who had the appropriate skills could take rural manufacturing jobs. But others who were old, poor, unskilled, or under-educated could obtain neither government assistance nor employment opportunities created by government assistance. It is clear that most rural people are not equally advantaged from the performance of RNFE programmes.

SMU planning, however, provided rural populations with a much more equitable access both to its planning processes and to its performance. Most SMU leaders who approached central decision-makers and local administrators well represented⁶⁰ the

60. This position is designated by head of township. The author's observation is that the designation was customarily a good reflection of local residents' opinions.

voice from the bottom. In addition, people's accessibility to the results of SMU performance is also more wide-spread because of the collective nature of many SMU projects, such as the construction of community roads and bridges.

Allocation of individual contributions to the collective projects were fair. Differently qualified individuals could offer different contributions. In the SMU projects in Moryang village, old and weak people acted as watchers, or supervisors of projects. Some people offered labour, while others contributed their equipment. Women were able to provide cooking skills. Individuals who owned nothing were not charged any of these contributions.⁶¹ The combination of variously qualified people, and small amounts of government assistance,⁶² enabled all the households in Moryang village to create remarkable changes in the conditions of their lives.

2. Effectiveness in Economic Growth

Regardless of the equity aspects of RNFE and SMU performance, it is important to evaluate the effectiveness of their approaches in promoting growth. It appears that in this regard SMU was superior to RNFE. In planning for both RNFE and SMU, the authoritarian Korean government intensively assisted the programmes of RNFE and SMU to create noticeable differences in a short period. RNFE, however, never did work as its planners projected. Since an initial programme failed, the planners created new programmes in turn. Even the recent programme, the rural industrial park programme, appears to set impossible targets, e.g., the creation of 110,000 jobs in rural industrial parks by 1991.

61. In the allocation of charges, some minor complaints arose from contributors, as exemplified by the street widening project in Moryang village. However, similar complaints in later stages declined since property contributors were free from the charge of other work, or received a cash-return equivalent for their contributions.

62. For example, a common presidential prize for a village amounted to 1,000,000 Won, which was close to 1975 average gross income of a single rural household in Korea (1,079,000 Won).

The initiation of SMU was made possible by presidential support. The presidential initiation was followed up by local administrators and the rural public. The important factor which allowed the public to make the scheme of SMU effective in stimulating growth appears to be SMU's ability to promote organization around common interests, easy work, even contributions, equal benefits, and cooperation between local administrators and the rural public.

3. Development Momentum

This sub-section evaluates the respective abilities of RNFE and SMU to maintain momentum of development activities they stimulated. RNFE did not solve any problems and thus it will likely continue to fail to reach its targets. Reasons for this judgement, as discussed above, are that the conditions of rural manufacturing industry are less favourable than those of urban manufacturing, and that many rural inhabitants lack the qualifications for taking jobs in manufacturing industries which the current Korean RNFE programmes try to boost. Therefore, the new RNFE programme will also likely fail to improve the rural populations' economic status. The major reasons the RNFE has taken the approach it has are as follows. First, RNFE planners are solely from government agencies. They are charged with planning for rural development and maintaining a rural/urban balance. Without government involvement, neither planning agencies nor rural populations have the capacity to create such an intensive administrative and financial assistance network.

RNFE programmes attempt to link government assistance not with the intended beneficiaries, i.e., average rural populations, but with entrepreneurs many of whom are not rural people. Under this system, the rural publics have no direct relationships either with the planners, or with government and private assistant agencies. Therefore,

diffusion effects of urban technology and information, prescribed by FIA theory, do not accrue to the rural population.

Second, in terms of projects, RNFE programmes do not take advantage of the existing strengths of rural sectors. Viable manufacturing in rural areas are those production systems which are linked with rural resources, rural consumption, and rural people. Research has supported this by indicating that 75 % of surviving sideline businesses are engaged in the production of rural items, such as textiles, and handicrafts. The neglect of the rural linkages is an important factor which causes high turn-over rate of the firms promoted by RNFE programmes.

The RNFE approach overly emphasizes exchange-value economy, ignoring use-value economy, which is more popular in agrarian society (Friedmann and Weaver 1979: 192). In many cases, exchange-value economy is less viable because the exchange system often distorts the real value of a product. In Korea, the value of many Korean rural products (such as pigs and cattle) have been under-priced by the national and international trade system. The emphasis only on exchange-value economy is another factor which makes RNFE firms less sustainable.

The SMU approach, however, appears to be more sustainable, in terms of the planning system and SMU projects. Although the *Saemaul Undong* supported by the central government was discontinued in 1979, impacts of the movement are still alive in rural Korea. Regardless of what the results are, it is clear that the Korean rural population, with the help of local government, has been planning extended versions of SMU projects, as the livestock breeding and mushroom cultivation projects have shown.

The reasons for this stands in contrast with those for RNFE failure. First, SMU planners were not solely from the central planning agencies. Therefore, even without the central government's direct involvement, rural populations are able to plan for themselves.

Second, SMU made the best use of idle human and physical resources. Implementation of community projects utilized informal resources which can rarely be commercialized in Korea, such as the seasonally unemployed and underemployed, low quality labour, underused agricultural equipment, and a cohesive spirit.⁶³

Third, SMU had been using appropriate technology which the rural public can learn. As the seed variety project has shown, the Korean government tried to diffuse agricultural technology in which general rural people had experience.

Finally, the implementation of SMU planning facilitated relevant networks based on face-to-face relationship which use the existing powers of rural populations, local administrators, and other development assistants.

The impacts of past SMU stand out as invaluable grounding for current development activities. Although official planning for SMU and central assistance have almost disappeared, the Korean rural populations and local administrators are actively trying to work for "development," using their past experience in SMU, e.g., continuing the livestock breeding and mushroom cultivation projects in Moryang village. Therefore, it is safe to state that both the systems and the projects of SMU remain in rural Korea. This is why the author can argue that the Korean SUM system is more sustainable than RNFE system, even though the central government do not assist it any more.

D. Summary

The analysis of this chapter has shown that planning processes and their performances in RNFE and SMU programmes are largely identifiable with the theories of FIA and TDA respectively. The SMU type of planning strategy has shown itself to create more equitable growth and to build a strong development momentum, at least in such conditions as existed in South Korea in the 1970's.

63. In Korea, those with these characteristics can hardly be employed in a company given the competitive job market.

Although the Korean RNFE planners enthusiastically adopted some prescriptions as FIA theories, development effects of its planning implementation have been poorer than those of SMU. In aiming at increasing rural employment effects, RNFE programmes attempted to boost rural manufacturing industry. They tried to form institutional linkages by putting together various government agencies. Further, they planned to diffuse urban industries and technology to rural areas. There may be marginal success in dispersing urban industries to rural areas; however, it is doubtful that this approach help the rural poor to acquire urban technology, and thus jobs in manufacturing industries. It is also interesting to note that, in terms of the process and the performance, Korea's RNFE approach is similar to the FIA approach in Pakistani and Philippino projects, discussed in Chapter II.

CHAPTER VI: CONCLUSION

Descriptions of Korean RNFE and SMU planning have exemplified the prescriptions of FIA and TDA theories, respectively. The results of Korean RNFE and SMU planning are similar to FIA and TDA applications in other countries as reviewed in chapter II.

In conclusion, applications of TDA appear to be more successful than those of FIA in the creation of equitable economic growth and long term development momentum. This thesis has also shown that a modified TDA can be successfully applied in the real world by presenting the Korean SMU case. Based on the SMU experience, it can be argued that although an exact replication of the TDA model may not be feasible, TDA can be successfully applied in planning for rural development in developing countries even within the existing power structure.

The planning approach used for the Korean RNFE programmes has not been a successful strategy. RNFE programmes have created neither immediate economic development, nor any economic base for long-term development in rural Korea. It did not create any marked difference in growth of rural employment for rural poor. Firms promoted by RNFE programmes had a high turn-over rate (40%). In terms of numbers, the rural share of Korean manufacturing firms had steadily declined between the 1930's and early 1980's. Regardless of the success of rural enterprises (promoted by RNFE programmes), it is expected that the intended beneficiaries of the programmes (rural populations) will not significantly benefit from the growth of these enterprises. Some adverse effects (e.g., environmental pollution and cultural disintegration which have already begun to appear in Korea) are envisaged.

The analysis of SMU approach is that it was an effective approach to the social development of rural regions. Negative results of SMU appear to be the gradual loss of

traditions and the increase of rural expenditures. However, the positive impacts exceed the costs. Indeed, through the processes of SMU implementation Korean rural residents have improved the quality of community infrastructure, housing, and agricultural technology. The implementation of SMU has also created a solid groundwork for long-term economic development by enhancing people's motivation towards development and building their confidence in organizing development projects. The impacts have been spread over almost all Korean villages. Although there have been various factors which caused such success, the methods of SMU planning played a key role in making the success.

Direct involvement of beneficiaries in planning and its implementation provides planners (or decision makers) with opportunities to acquire local knowledge. Face-to-face communication between planners and their clients allows a more flexible implementation of the plan. In planning for Korean SMU rural people participated directly at two levels of decision-making. The first was SMU leaders' participation in the meetings of economic ministries, and the second rural residents' involvement in the implementation of village SMU projects. The former allowed the ministries attending the meetings to understand the reality of rural conditions more thoroughly and the progress of SMU implementation. The latter helped to feed back local information to higher decision-making hierarchies (i.e., counties, provinces, and ministries). These two mechanisms made possible changes in the imposition of SMU strategy by the central government at the initial stage to a more flexible implementation in later stages. The changes in the government's behaviour in the process of the seed variety project in Moryang village is an example of this.

This research confirms the lesson that planners have to listen directly to their clients, rather than to interpret the results of research through views which are often based on urban life and Western academics. However, this point has been neglected in

Korea's RNFE planning, with its tendency to assume that planners always have better skills than common people, even in defining the expectations of local residents.

Efforts for the diffusion of urban-based industrial technology, such as manufacturing of auto parts, to rural areas may be ineffective for the beneficiaries who are undereducated, less entrepreneurial, or older, as in rural Korea (Kim 1980; Lee 1984). This is mainly because the technology is alien to rural residents' past experiences, and thus rural people can not use the technology, at least in the short-run (e.g., 3 - 5 years). The Korean RNFE programmes attempted to transfer urban-based technology; however, there is some evidence which indicates that the attempts were unsuccessful (Kim 1980; Lee 1985). Rather, SMU planning for technology transfer between rural sectors emerged as being more effective. As the mushroom cultivation project has illustrated, farmers themselves were able to develop agricultural expertise, and transfer this know-how to other villages.

Planning for the formation of top-down organizational networks may not create a sustainable system for technological assistance and transfer. The institutional arrangements of FIA for assisting rural industrialization appear to be unsuccessful, as shown by the Philippino Bicol River Basin project and Pakistan's IRDP in the Punjab. It is better for planners to engage themselves directly in local implementation and establish direct contact with the intended beneficiaries.

Korean RNFE programmes were designed to form institutional networks assisting (intermediate sized) rural centres. Planners attempted to put together local branches of associated ministries, other government agencies, and banks without their personal commitment. This did not markedly improve the relationships among institutions that would allow local organizations to overcome barriers between cities and rural industrial sites.

The approach used by SMU, in contrast, appears to be more effective. The Korean central government invited rural leaders to the meetings of ministries. The plan arranged town officials and researchers of ORD branches to make direct contact with village chiefs, SMU leaders, and rural people. The networks among these groups have created influential formal and informal linkages which emerge as being sustainable, even without the central government's assistance.

Three advantages which arise from this direct contact between planners and their clients stand out clearly. First, planners can more profoundly and accurately diagnose issues of development planning at the implementation level. Second, local agencies and beneficiaries can obtain an understanding of the intentions of central planners. Finally, direct contact allows planners, local administrators, and intended beneficiaries to organize solid linkages which help raise awareness of their common interests.

It should be emphasized that, if the beneficiaries of development planning are intended to be rural poor people, the beneficiaries should directly benefit from the performance of the planning. It seems that the growth of wealth did not trickle down to the poor. In RNFE planning, government assistance has been available for the people who already owned the assets to afford the requirements of each programme, but not for the poorly endowed. The poor population may not be able to satisfy the requirements. It is also doubtful that the rural poor can take advantages of employment opportunities promoted by entrepreneurs because jobs are competitive and the underprivileged lack the assets that urban populations have. The intrusion of urban managerial officers and engineers in the Korean sideline business units illustrates this phenomenon.

Planning for rural development should rely on local informal resources as well. It should encourage development and diversification, not specialization. Some

international aid agencies have tended to encourage their beneficiaries to use external resources supplied by their own funding institutions (Rondinelli 1987). Development programmes should not encourage heavy use of external, especially expensive, materials. RNFE has assumed only conventional production factors for example, rural land, labour force, urban technology, and government and private capital. It considered only formal financial, technical, and organizational resources as bases of development; however, the impacts of RNFE's efforts have been less than those of SMU which utilized informal resources as well.

SMU planning, on the other hand, made the best use of informal resources consisting of the elderly, the unskilled, and women, as well as the underemployed and the seasonally unemployed in the construction of community projects. A positive side-effects of this was the training that people received. The housing and infrastructure projects in Moryang village provided training opportunities for talented people as carpenters, and the trainees played a major role in the construction of mushroom barns.

SMU does, however, have a serious shortcoming in that it encouraged farmers to use heavy commercial feeds, chemical fertilizers, and over-sized-- relative to the farm size-- agricultural equipment (such as binders and tractors). Eventually, this encouragement has contributed considerably to the growth of rural expenditure, and, in turn, indebtedness.

In planning for rural development in developing countries, exchange systems of economic value should be based on a mixture of exchange- and use-value economy. Over emphasis on exchange-value economy, especially with a few production items, tends to lead to an under-estimation of the value of products. The collapse of cattle and pig prices in Korea is a warning of this.

Replication of Korean SMU may not necessarily be possible in other development planning. However, the author sees that flexible application of the lessons

drawn from the Korean experience can contribute significantly to planning for rural development elsewhere. Major lessons can be summarized as follows:

- 1) The decision-making process in planning should directly involve the intended beneficiaries;
- 2) Political motivation and support for the implementation of programmes play critical roles in both the initiation and the continuation of any projects;
- 3) The system of wealth creation in any economic development programmes should combine both use- and exchange-value economies;
- 4) Individual projects should be planned to make the best use of both formal and informal resources;
- 5) Planning and implementation of projects should be simple enough that the projects are able to employ existing assets of the rural public; and
- 6) Face-to-face relationships are a key to maintain a long-term development momentum and facilitate domestic assistance linkages.

It is also worthwhile to remind readers that the old SMU approach will not be effective any more even in Korea. As mentioned, currently, rural people are more individualistic. They are increasingly more concerned with immediate and direct benefits. At the same time, planning for RNFE does not promise to create benefits for poor people. Yet there has not been any concrete central government's policy to guide individual development projects. The current central government regime will initiate a more independent local governance from 1990. Keeping these facts in mind, Korean rural development planners ought to create new approaches to rural planning. Some suggestions arising from this research follow below.

First, planners in the national planning agencies have to understand the qualitative features of the rural labour force. They should be aware of the reality of rural populations' circumstances, values, expectations, needs, and capabilities. They need to talk directly with their clients, beyond reading survey data filled out by their

junior researchers. This will allow the planners to acquire more practical information essential for planning rural development.

Second, they should stimulate rural people, associated entrepreneurs, and local administrators to organize themselves,⁶⁴ and to clarify their strengths and weaknesses. This process may allow people to identify valuable, under-used resources. One example is the replacement of commercial feeds and agricultural chemicals by natural resources.

Third, they should promote rural residents planning for rural enterprises utilizing local resources, local labour force, and local technology. "Local" is emphasized to reduce production costs. This is important because net profits from the Korean SMU performance have been significantly undercut by increased expenditures on external inputs.

Finally, they ought to assist their clients' activities by recommending appropriate technology and strategic production items. But they should not encourage some kinds of items in a large scale, since it may cause extreme surplus production of a few products as we have seen in the collapse of cattle and pig prices. Therefore, planners should be able to organize a coordination mechanism for regional distribution of production for certain popular items.

An approach based on these suggestions would not only provide rural populations with substantial employment opportunities but would also help achieve the national goal of balanced development.

64. This kind of organizations are called "horizontal organizations" by Stohr and Todtling (1977).

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