

STATE-DEVELOPED HOUSING IN KOREA:

A CASE STUDY FROM SEOUL

BY

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ABSTRACT

This study is concerned with the problems of low-income housing in Seoul, the capital of the Republic of Korea. In considering Korean housing policy it focusses on the role of the public sector and the attempts that are currently being made to supply state-developed housing for urban low-income groups in Seoul. The overall aim is to highlight the major factors governing the formulation of a housing policy for the achievement of a high level of public satisfaction, socio-economic fulfilment and environmental quality.

With the over-concentration of wealth and employment opportunities in the capital in recent years, the housing shortage has grown increasingly acute. A massive growth in illegal housing and squatter settlements has been the predictable result. The consequence of limited public investment in the housing sector is that it is practically impossible to allocate sufficient resources for the housing needs of the urban low-income group. On the other hand, state-developed housing has generally been too expensive for the low-income group, and without a clear understanding of the needs of the recipient population. Paradoxically, it was found that state-developed housing in Seoul tended to aid the middle or upper income groups. These groups often consume a vastly disproportionate share of housing resources. Whatever funds and resources are available should in effect be rationed to meet the most urgent needs for shelter.

In order to achieve the objectives of this study and to widen the range of information available to establish a firm basis for the analysis of the current housing situation, it was necessary to collect data about existing state-developed housing, both in terms of the machinery of provision and the dwellings constructed. General information was collected about housing institutions, about finance, and about laws and regulations affecting state-developed housing. Information about particular housing Danchis (estates) of varying types was collected in Seoul to form the starting point for a household survey designed to build up a more detailed picture of the physical character of dwellings, dwelling control, environmental locus, relative locus, housing mobility and the burden of financing. The resulting analysis, and discussions based on the field survey and investigations, made possible an examination of a wide range of information which is closely related to the residential and social functions of housing development.

The thesis concludes with recommendations, and with an alternative policy strategy drawn from the various strands of the research, which might be used as a basis for a rational, equitable housing policy both in the medium and long term.

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TABLE OF CONTENTS

	Page
Abstract	i
Acknowledgements	ii
Table of Contents	iii
List of Tables	vi
List of Figures and Plates	ix
Abbreviations	x
Glossary	xi
CHAPTER ONE : GENERAL INTRODUCTION	
1.1 Background to the Problem	1
1.2 The Scope and Organisation of the Study	8
1.3 Physical Geography, History and Politics of Korea	11
1.4 Seoul City in Perspective	20
CHAPTER TWO : URBANISATION AND DEMOGRAPHIC CHANGE IN KOREA	
2.1 Urbanisation and Migration	26
2.2 The Size and Composition of the Population	39
2.3 Distribution of the Population of Seoul	47
2.4 The Household Structure	55
CHAPTER THREE : HOUSING CONDITIONS IN URBAN KOREA	
3.1 Introduction	69
3.2 The Growth of the Dwelling Stock	70
3.3 Housing Tenure	75
3.4 Dwelling Type	79
3.5 The Physical Character of the Dwelling	83
CHAPTER FOUR : SUBSTANDARD URBAN SETTLEMENTS	
4.1 The Concept and Definition of Low-Income	94
4.2 Types of Substandard Urban Settlements	100
4.3 Korean Evidence of Substandard Housing : Housing Poverty	104
4.4 Government Response and Views on Shanty Towns	115
4.5 Conclusions	122

	Page
CHAPTER FIVE : LOW-INCOME HOUSING PROGRAMMES	
5.1 Introduction	128
5.2 The Clearance Programme for Squatter Settlements	129
5.3 Legalisation and Self-Help Development	135
5.4 Relocation and Site and Service Programme	143
5.5 Citizen Flat and High Density Danchi Housing	151
5.6 Conclusions	156
CHAPTER SIX : THE DEVELOPMENT PROCESS OF STATE-DEVELOPED HOUSING	
6.1 The State as Developer	160
6.2 Housing Finance	166
6.3 Land and Infrastructure	178
6.4 The Housebuilding Industry and Contract System	187
6.5 Synthesis	194
CHAPTER SEVEN : THE ALLOCATION POLICY OF STATE-DEVELOPED HOUSING	
7.1 Introduction	198
7.2 Allocation Criteria	198
7.3 The Allocation Process	201
7.4 The Price of State-Developed Housing	210
7.5 Social Outcomes of Allocation	215
CHAPTER EIGHT : PRINCIPAL CHARACTERISTICS OF STATE-DEVELOPED HOUSING	
8.1 Introduction	225
8.2 Case Studies of State-Developed Housing in Seoul	227
8.3 Principal Characteristics of State-Developed Housing	235
8.4 Housing Conditions in the State-Developed Housing Danchi	253
8.5 Housing Mobility	264

	Page
CHAPTER NINE : BURDEN OF FINANCING AND THE IMPACT OF STATE-DEVELOPED HOUSING SALES	
9.1 Introduction	274
9.2 Burden of Financing and Accessibility	275
9.3 Financial Arrangements and Their Impact	285
9.4 The Impact of State-Developed Housing Sales	288
9.5 Conclusions	298
CHAPTER TEN : CONCLUSIONS	302
CHAPTER ELEVEN : AN ALTERNATIVE POLICY STRATEGY	314
APPENDIX I : THE QUESTIONNAIRE	326
APPENDIX II : HOUSING SURVEY RESULTS (Statistical Data for Chapter 8)	342
BIBLIOGRAPHY	348

LIST OF TABLES

Table	Page
2-1 Growth of Urban Population in Korea, 1915-1980	28
2-2 Urban Population Percentage in Korea, Developing and Developed Countries, 1940-1975	30
2-3 Estimated Population Changes due to the Korean War, 1950-1953	32
2-4 Regional Urban and Rural Net Migration, 1960-1975	34
2-5 Regional Urban and Rural Net Annual Migration Rates, 1960-1975	35
2-6 Population of Korea, 1911-1980	41
2-7 Vital Rates and Expectation of Life at Birth, Estimate for 1950-75	43
2-8 Age-Specific Fertility Rates, 1950-75	43
2-9 Selected Measures of Changes in Age Composition, 1955-1980	47
2-10 Census Population by Province	48
2-11 Level and Tempo of Urbanisation with Total, Urban and Rural Population in Korea, 1955-1975	50
2-12 Relative Contribution of the Components of Urban Growth in Seoul City and Korea, 1960-75	51
2-13 Number of Households and Average Size of Households, 1955-1980	61
2-14 Percentage Distribution of Ordinary Households by Number of Household Members, 1930, 1960, 1966, 1970, 1975 and 1980	62
2-15 Numerical and Percentage Distribution of Ordinary Households with Two or more Persons, by Number of Generations, 1960, 1966, 1970, 1975, and 1980	64
3-1 Population, Households and Dwelling Stock, 1960 and 1980	72
3-2 Dwelling Construction by Sources of Funds During the Successive 5-year Plans, 1962-1981	74
3-3 Housing Tenure by Area, 1977	76
3-4 Housing Tenure by Income Level, 1977	77
3-5 Ownership of Dwellings, 1960-1980	78
3-6 Dwelling Stock by Dwelling Type and Area, 1975 and 1980	81

	Page
3-7 Distribution of Tenure by Dwelling Type in Seoul, 1980	83
3-8 Selective Indicators of Average Dwelling Size, 1970, 1975 and 1980	84
3-9 Number of Dwellings by Size, 1975 and 1980	84
3-10 Proportion of Housing Units with Various Types of Amenities in 1980	90
4-1 Distribution of Household Income in Selected Countries	98
4-2 Monthly Income and Expenditures by Income Group of Salary and Wage Earner's Households in Cities, 1982	99
4-3 Status of Illegal Housing in Urban Areas, 1971, 1976 and 1980	107
4-4 Selective Indicators of Dwelling Size in the Substandard Housing Areas and Seoul, 1978 and 1980	108
4-5 Proportion of Substandard Dwellings with Various Types of Amenities in 1978	109
5-1 Illegal Housing and Demolition in Seoul, 1970-78	131
5-2 Sizes of Lot and Dwelling in Squatter Settlements in Seoul, 1980	139
5-3 The Achievements of the Legalisation and Slum Upgrading Programme in Seoul, 1968-1973	141
5-4 Demolition of Low-income Housing and Policy Response in Seoul, 1970-1978	149
6-1 Housing Investment in Korea, 1962-1981	167
6-2 Sources of Funds of KHB, Selected Years	169
6-3 Sources of National Housing Funds in 1981	171
6-4 Users of National Housing Funds in 1981	172
6-5 The KHB's Loan Types and Conditions in 1982	173
6-6 Allocation of Land by Land Readjustment Project in Seoul, 1973-1977.	180
6-7 Land Value Increase and Land Value per Pyong after Site Development in Korea	181
6-8 Number of Construction Enterprises and Firm Size by Number of Employees, 1971-1979	188
7-1 State-Developed Housing for Sale and Rent Percentage in Seoul, 1975-1981	207
7-2 Annual Housing Construction in Korea, 1967-1981	207

	Page
7-3 Cost for State-Developed Housing Programme per Dwelling	212
7-4 Affordability of State-Developed Housing Units	212
7-5 Urban Income Distribution in 1979	213
7-6 Rents of State-Developed Housing, 1975-1980	215
8-1 Household by Tenure in the Study-Area and Cities, 1983	237
8-2 Tenure by Household Income in the Study-Area: Chi-Square Test	238
8-3 Household Size in Five Study-Areas and Seoul, 1983	240
8-4 Head of Household by Age in Five Study-Areas and Cities, 1983	242
8-5 Type of Family by Tenure in Five Study-Areas, 1983	242
8-6 Matrix of Correlation Analysis : State-Developed Housing Danchis in Seoul, 1983	245
8-7 Average Monthly Household Income in the Study- Area and Cities, 1983	246
8-8 Tenure by Flat Size : Chi-Square Test	248
8-9 Occupation of Household Head in the Study-Area and Seoul, 1983	250
8-10 Education Attainment of Household Head in the Study-Area and Cities, 1983	252
8-11 Selective Indicators of Average Dwelling Size in the Study-Area and Korea	254
8-12 Internal Facilities in the State-Developed Housing Danchi and Cities	255
8-13 Measures on Satisfaction Variance in Five Study-Areas, 1983	257
8-14 Measures on Dissatisfaction Variance in Five Study-Areas, 1983	259
8-15 Matrix of Correlation Analysis : Five State- Developed Housing Danchis, 1983	261
8-16 Number of Moves During the Past Five Years in the Study-Area, 1983	267
8-17 Changes in Tenure through Housing Mobility in the Study-Area, 1983	270
9-1 Sources of House Purchase Funds in Five Study- Areas in 1983	277
9-2 KHB Loans in Five Study-Areas in 1983	278
9-3 Interest Rates on KHB Loans and Commercial Loans in Selected Years	280

	Page
9-4 Amounts of Chonseil Key Money in Five Study-Areas in 1983	282
9-5 Time of Owner-Occupation Plan by Chonseil Key Money Amounts in Five Study-Areas in 1983	284
9-6 Purchases of State-Developed Housing for Owner Occupation in Five Study-Areas, 1983	294
9-7 Flat Size by Number of Persons in Household in Five Study-Areas in 1983	296

LIST OF FIGURES AND PLATES

Figure

1-1 Map of Korea	12
2-1 Administrative Boundaries	33
2-2 Educational Attainment of Urban Immigrants in 1960-75 by Sex and All Koreans in 1970	37
2-3 Population Trends in Korea	41
2-4 Population Pyramid of Korea	46
6-1 Participation and Funds in State-Developed Housing Supply in Korea	165
6-2 Distribution Channel of Building Materials	190
8-1 Administrative Boundary of Seoul and Location of Study Areas	229
8-2 Household Income and Five Study-Areas	247

Plate

8-1 PANJACHON Area in SADANG before Redevelopment	231
8-2 PANJACHON Areas are being developed by the Government and Association of Squatters	231
8-3 SADANG 'State-Developed Housing' Flats after Redevelopment	231
8-4 Typical example of State-Developed Housing: BANPO Danchi	233
8-5 High-Rise Solutions: JAMSIL Danchi	233

ABBREVIATIONS

AID	Agency for International Development
BOK	Bank of Korea
CBD	central business district
EPB	Economic Planning Board
GNP	gross national product
KCIA	Korea Central Intelligence Agency
KDI	Korea Development Institute
KHB	Korea Housing Bank
KIST	Korea Institute of Science and Technology
KLDC	Korea Land Development Corporation
KNHC	Korea National Housing Corporation
KRIHS	Korea Research Institute of Human Settlements
MHA	Ministry of Home Affairs
MOC	Ministry of Construction
MOF	Ministry of Finance
NHF	National Housing Funds
OPEC	Organization of Petroleum Exporting Countries
UNKRA	United Nations Korea Reconstruction Agency

GLOSSARY

- BOCHUNGBU-WOLSEI - is a type of tenure in the rental sector. At beginning of the contract period, the tenant makes a deposit which is refunded at the end of the contract, but he pays a monthly rent.
- BOK-DEOK-BANG - means a real estate agent.
- CHONSEI - is a type of tenure in the rental sector. Under the ChonseI arrangement, a renter makes a lump sum deposit of key money at the beginning of occupancy which is fully refunded at the end of the contract period. The landlord usually invests this fund and interest earnings represent the imputed rent.
- DANCHI - means an estate which normally refers to a housing estate in Korea. Danchi housing in Korea implies a new form of urban public housing undertaken by the Korea National Housing Corporation and the local authorities.
- GYE - means financing clubs, a kind of mutual credit system.
- ONDOL - meaning floor-heating system in Korea, refers to a system of flues under the floor, through which the hot gases from the coal briquettes burning in the kitchen pass to the chimney.
- PANJAJIB - means a single substandard house or dwelling unit; and "PANJACHON" indicates a substandard settlement formed by numerous PANJAJIB in a certain area. The original meaning of Panjajib is a temporary house constructed by a board framed structure. In addition, MUHEOGA PANJAJIB means a squatter house built without authorized permission.
- PYONG - 1 pyong is equivalent to 3.306 m² or 35.58 ft².
- SAK-WOLSEI - is a type of tenure in the rental sector. The tenant makes a one-time deposit from which a given amount is deducted. Hence the total amount of rent is the deducted amount plus interest earning of the remaining deposit.
- WON - is the Korean currency unit. In June, 1984, U.S. \$ 1 was equivalent to 798 Won and £ 1 was equivalent to 1153 Won.

CHAPTER ONE

GENERAL INTRODUCTION

1.1 BACKGROUND TO THE PROBLEM

The housing situation in most developing countries is characterised by serious problems. Differences among nations in the structure of their economic, political, and social systems preclude a universal definition of those problems. However, some are of very wide occurrence. These include severe shortages, bad conditions, a wide gap between prices and what people can afford, a lack of productive capacity, a poorly organised building industry, and a mismatch between housing need and government response.

The specific housing problems faced in the cities of developing countries vary, depending on such factors as the general economic conditions of the country, the distribution of income, the rate of population growth, the size of cities, and the available housing stock. A variety of policies has been formulated over the years, each representing a different decision-making process, in which different participants - with different resources and objectives - take part at different stages.

During the past quarter century, the developing countries have experienced a population explosion, together with unprecedented urbanisation.¹ Korea is no exception to this pattern (In this thesis, the term 'Korea' refers to the Republic of Korea, otherwise known as 'South Korea'). Korean cities today share with those of most other developing countries the problems of increasing urbanisation. The influx of poor people from rural areas into big cities means that urban housing becomes scarce, expensive, and inadequate.

Housing is in many countries one of the most stringently regulated sectors of the economy, and much housing is built and owned by the state. In Korea, direct controls on housing are less stringent than in many countries.² The most widespread response of government, in the face of worsening urban housing conditions has been the deliberate design and financing of housing programmes for low-income households. These programmes have been supplemented by such measures as the "modification" of prevailing planning and building standards, the extension of credit facilities, and the subsidisation of state housing. There is ample evidence of the insufficiency of such programmes.

Economic analysts frequently use such adjectives as "remarkable", "extraordinary", and "spectacular" to describe Korea's economic performance during the 1960s and early 1970s. One reason for this effusiveness is that the Korean economy has consistently achieved, and often surpassed, the ambitious targets for economic growth and development set by planners. Another is that Korea achieved her outstanding performance despite considerable odds.³ The country has no significant reserves of natural resources, the population density is among the highest in the world, and most of the physical infrastructure was destroyed during the Korean War; but gross national product (GNP) grew over the period 1960 - 75 at an average rate of more than 10 per cent a year, and per capita income tripled in real terms.⁴

But though Korea has a success story in terms of economic development, public housing investment by the state as a percentage of the GNP from 1962 to 1976 was only 4 per cent, relatively low compared with the 6 or 7 per cent level shown in many countries. The result of this limited public investment is that it is practically impossible to allocate sufficient re-

sources for the housing needs of the urban low-income group. Moreover, public housing institutions have built at too high an architectural standard for the low-income group and without a clear understanding of the needs of the recipient population. State-developed housing has generally been too expensive, particularly in the Seoul area.

In urban Korea, middle and upper income groups consume a vastly disproportionate share of housing resources. They have privileged access to sources of credit, and developers in the private sector naturally respond to this. This is not to say that a housing strategy should attempt to distribute resources equally between all households. Providing higher standards for those who are prepared to pay for them is desirable, but they should not be so high that others are deprived. The aim must be to ensure a moderately equitable distribution of available resources for housing between different income groups.

However, it is first necessary to clarify the meaning of the term "state-developed housing", which will recur constantly. Traditionally, "state housing" has meant housing that was built, owned, and managed by national or local governments (or by a nonprofit housing association). In this study the scope of state developed housing is somewhat different, and can be divided into two categories: housing owned and managed by the Korea National Housing Corporation or local governments; and housing built by the corporation or local government for sale.

In this thesis, the term 'state' comprises all those government institutions which are responsible for planning, policy-making and implementation in the field of housing. In Korea, the relevant institutions are: the Ministry of Construction, the Ministry of Home Affairs, the Ministry of Finance, the

Economic Planning Board, all local and municipal authorities, the Korea National Housing Corporation (KNHC), the Korea Housing Bank (KHB), and the Korea Land Development Corporation (KLDC). The KNHC, KHB, and KLDC are treated as quasi-state institutions in Korea.

Essentially, state developed housing should be allocated to those households who are known to be in most immediate need, those for whom the political system assumes some responsibility. The criteria of individual needs, however, are in theory modified to take into consideration community-wide objectives relating to maintaining "equity" among different social groups.

According to classical economic theory, a free market regulated by the price mechanism would provide all housing that was needed. Private builders supported this concept, arguing that the less the government's involvement the greater the opportunity for freedom of choice; but laissez faire meant more profit. Free market theory economists continue to assert that purchase price and rent as regulatory devices maximise production and are conducive to a greater distributive justice than arbitrary decisions affecting the market made by deliberative bodies.

However, housing has a number of distinctive characteristics, which means that the market does not work in the smooth functioning way that is claimed for other goods, and so would produce neither an optimal level of output nor an equitable distribution of that output.

An important reason for the gap between incomes and housing prices is the inequality in the distribution of income. In most developing countries the gap between incomes and housing prices is very wide. Some factors contributing to inequality of income

include: the persistence of the traditional social structure which assures the élite class most of the wealth and power; low levels of education and training for a large proportion of the population, leading to low-paying jobs, underemployment or unemployment; and unstable political systems resulting in economic conditions of great uncertainty and instability.⁵

The persistence of the problem of the relationship between income levels and housing prices leads eventually to slum conditions; dilapidated structures continue to be used, old houses are divided up and rented, and squatting and overcrowding become more wide spread.

A free market could not provide housing of socially-acceptable level to those with low incomes because they have insufficient voting power. The distribution of market-expressed preferences depends upon the existing distribution of income.

The basic problem here is the presence of a number of market imperfections and the inequality in the distribution of income. The rationale for government intervention in housing has in many capitalist countries generated a lengthy debate on the relationships between economic and political structures and the established housing system.⁶ The Korean government has taken the view that housing is, up to a point, a social responsibility and should not be left entirely to free market forces.

Government policies (national and local) have been ineffective in providing adequate housing, particularly for the urban low-income group. The main reason is that these policies have been based on a poor understanding of the nature of the problem. Clearly, a better understanding should make it possible to devise more effective housing policies. Below a brief outline is given of the nature and extent of Korea's housing problems.

1. One of the crucial problems of housing is the absolute housing shortage. Since 1960 there has been a growing shortage of housing, felt particularly in Seoul and other big cities.
2. The current policy target of one-household-one-dwelling⁷ is a very ambitious one and could lead to an under-estimation of the need for proper-sized dwellings, putting unduly high priority on the absolute number of dwellings.
3. Since the early 1960s housing has not been the priority sector: the focus of the economic plan has been on general economic growth based on exports and heavy industries. Thus, the public sector's share in production and public housing investment has been, and still remains, at a low-level.
4. The cost of housing for urban low-income households is very heavy. As far as the middle income groups are concerned, income seems to have increased much less rapidly than the price of housing. One of the reasons is that the rate of inflation in the housing sector is extremely high compared with that of other sectors.
5. The fundamental problem, especially in urban areas, is the skewed distribution of housing in favour of high priced dwellings and owner-occupancy. Under such circumstances, low-income and tenant households find themselves in a situation where suitable housing is more and more difficult to afford. They are likely to be condemned to the quasi-permanent position of a tenant with all the social stigma attached to that in Korea.
6. The state and public institutions produce houses for both sale and renting to low-income groups. But particularly

in Seoul, the housing authorities have concentrated on the policy of state-developed housing for sale to encourage urban households' homeownership.

7. The role of municipal government in housing has been significantly weakened. This is mainly because housing policy, its formation and implementation, have been overcentralised and overcontrolled by the national government.
8. A poorly developed financial sector which has failed to provide better investment alternatives than land and real estate, and government policies that have restricted the flow of capital into the housing sector; historically, government policies have favoured the industrial sectors and discouraged the development of an active mortgage system.
9. Government policies have restricted the conversion of agricultural and other land to residential uses. An irrational land-use policy has created an unstable housing market.

These considerations lead to the three main questions raised in this study:

- i) How has the Korean government reacted to the problems of low-income housing, and have governments acted in the interests of the urban low-income group with appropriate housing and welfare measures?
- ii) What are the principal characteristics of state-developed housing in terms of housing conditions?
- iii) What social groups occupy state-developed housing and who benefits from the state-developed housing projects in Seoul?

1.2 THE SCOPE AND ORGANISATION OF THE STUDY

One of the common responses of government to the apparent inability of the private market to produce housing for all, in sufficient quantity, quality and at reasonable prices, is to intercede directly by constructing "state" housing.

The government housing policy of Korea was in effect inaugurated in 1962 with the creation of the Korea National Housing Corporation, as a part of the first 5-year economic plan (1962-1966). The thrust of the first 5-year plan period's policy has produced low-income housing for ownership and tenancy, and promoted the private sector's participation in low-income housing through financial as well as technical assistance.

In considering Korean housing policy, this study focusses on the role of the public sector and the attempts that are currently being made to supply state-developed housing for urban low-income households in Seoul. It goes on to explore, mainly, the development and allocation process of state-developed housing in the capital.

Since the state-developed housing programmes of Seoul are closely related to national socio-economic developments and urbanisation trends, the study also analyses the aims of national government, and the administration, financing processes and regulations involved in formulating a housing policy.

The main purpose of the study is to establish a logical framework for the development of realistic policy objectives and alternatives for housing the urban low-income group.

To help to fulfill these objectives, and to obtain the information needed to establish a firm basis for the analysis of the current housing situation, it was necessary to collect data

about existing state-developed housing, both with regard to machinery of provision and the actual construction of dwellings. General information was collected about housing institutions, finance, and the laws and regulations affecting state-developed housing. Information about particular housing Danchi (estates) of varying characteristics, standards and locations was collected to form the starting point for a household survey in Seoul, designed to elicit detailed knowledge about the physical character of the dwellings, dwelling control, environmental locus, relative locus, housing mobility and the burden of financing.

The thesis is organised as follows:

The first chapter serves as a general introduction. As well as outlining the background and scope of the problem, it contains a brief introduction to Korea's history, physical geography, and politics. Special attention is given to the capital, Seoul.

Chapter Two deals with the social background to the problems of rapid urbanisation in Korea. It considers demographic change and the altering structure of the urban household. The question of population is examined in terms of size, composition and distribution. The structure of the urban household is considered in terms of the number of persons as well as the number of generations.

Chapter Three examines housing conditions in urban Korea in the 1970s. The housing condition of Seoul is viewed both in relation to that of the nation as a whole, and to that of other cities.

Chapter Four deals with substandard urban settlements. The following factors are examined: concepts and definitions of low-income, types of substandard settlements in Seoul, views on shanty housing, and Korean evidence on shanty towns. The

following chapter(Chapter Five) examines low-income housing programmes in Seoul which have been carried out by the government since 1960s.

Chapter Six explores state-developed housing from the point of view of the development process. The development process is examined in terms of: i) the state as developer; ii) housing finance; iii) land and infrastructure;and iv) the house-building industry and contract system. In Chapter Seven, the issue of state-developed housing allocation will be examined: i) allocation criteria; ii) allocation process; iii) the price of state-developed housing;and (iv) social outcomes of allocation.

Chapter Eight examines the specific situation of state-developed housing in Seoul. Various characteristics of the stock of dwellings are discussed. To provide concrete evidence and a clear understanding, the result of a field survey in 5-developed housing areas is given.

Chapter Nine uses data drawn from the field survey to explore the financial predicate and constraints in state-developed housing. In this chapter, the impact of state-developed housing sales and the issues of rental housing are also examined.

The last two chapters (Chapter Ten and Eleven) contain the conclusions, and an alternative policy strategy. In Chapter Ten, conclusions are drawn from the observations analysed in the previous Chapters. Chapter Eleven presents a comprehensive set of housing policy alternatives for the formulation of future housing policy and its implementation in urban Korea, and especially in Seoul.

1.3 PHYSICAL GEOGRAPHY, HISTORY AND POLITICS OF KOREA

To obtain a clear picture of Korea's housing problem and its housing policy, it is important to know something of the physical geography, history and politics of Korea. Accordingly, this section attempts to provide a brief outline of these topics.

A. PHYSICAL GEOGRAPHY

Korea(South and North Korea) is located in the heart of the Far East, and the country's geographical location has always been a major factor in its history. To the southeast, only 120 miles distant, lies Honshu, the principal island of Japan. To the west, at about the same distance, lies the Shantung peninsula of China. Manchuria, the northeastern province of China, shares most of North Korea's northern boundary. Finally, in the northeast, for eleven miles along the Tumen River, lies the Soviet Union(Figure 1-1 Map of Korea).

The Korean peninsula is not large; with its adjacent islands it comprises 85,285 square miles, an area somewhat less than that of Great Britain. The Korean peninsula is now divided between North and South Korea. South Korea has an area of 38,169 square miles, or 44.6 per cent of the total area.⁸ These figures exclude the southern part of the Demilitarised Zone(D.M.Z.) which is not under the jurisdiction of the Republic.

Geographically, the Korean peninsula is very diverse, with the contrast between plains and mountains a basic factor. Only one-fifth of Korea can be cultivated, largely because of difficulties imposed by terrain. Northern Korea is more mountainous and has less extensive plains than southern Korea; within these two divisions there is even more diversity in relief.

Although all of Korea(South and North Korea) has a humid,

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mid-latitude, monsoonal climate, there are marked geographic diversities, particularly in the length of the cold winter season. The mountainous northern interior has bitterly cold winters, the southern coast has mild temperatures with monthly averages above freezing.

The domination of the Korean peninsula by other Far Eastern powers seems to have been its peculiar fate. For most of its history Korea had a special relationship with China under the Confucian scheme of international relations. During the period of Japanese military power, however, great pressure was exerted upon Korea from the other direction. At the end of the nineteenth century, Japan got its first foothold on the continent of Asia by taking over Korea. Some of the battles of the Sino-Japanese War of 1894-95 were fought on the plains of Korea. Ten years later Japan came into conflict with Russia, and again the Korean peninsula was the scene of battle between its aggressive neighbours.⁹ After a short protectorate, Japan annexed Korea outright in 1910, and for the next thirty-five years Korea was a Japanese possession.

In June, 1950 the importance of Korea's geographical location became a matter of world interest. Following the defeat of Japan in 1945, the "international frontier" between the Communist world and the capitalist world had been sharply drawn at the thirty-eight parallel in mid-Korea. Bartz speaks of modern Korea as a "frontier":

"Since the end of the Second World War, South Korea has been aligned militarily and economically with the United States; North Korea, in differing degrees at different times, with the people's Republic of China and the Soviet Union. For this reason, the country has frequently been described as a zone of confrontation, a 'political frontier'. But the

concept of South Korea as a 'frontier' also has relevance in its physical geography and current economic development".¹⁰

In its physical geography Korea is, in many respects, a transitional zone between the continental landmass of north-east Asia and the island arcs rimming the western Pacific. Geologically it is, for the most part, an extremity of the ancient bedrock of northern Asia, but in the south-eastern provinces this pediment is succeeded by recent sediments related to those of nearby Japan.

Korea today is a "frontier" in still another sense. Traditionally agricultural, it is industrialising and urbanising at a rapid rate. In the 1960s and 1970s, Korean GNP increased at a rate of about 10 per cent per year, one of the most rapid growth rates experienced anywhere in the world.

B. HISTORY

The earliest written records begin with the establishment of the Silla Kingdom in the south in 57 B.C., the Koguryo Kingdom in the north twenty years later, and the Paikje Kingdom in the southeast in 18 B.C.. This period is known in Korean history as the "Era of the Three Kingdoms". Struggles among these three powers for supremacy continued for more than six centuries. Finally, Silla, in alliance with China, crushed Paikje in 600 A.D., and then Koguryo in A.D. 668. The entire Korean peninsula, unified under the rule of Silla, enjoyed almost three hundred years of peace and prosperity. During this period Korean culture reached one of its highest points.

This era felt the impact of two great influences from the outside world: Buddhism, with its pageantry, and Chinese classical literature, based on Confucianism.¹¹ The two were deadly rivals, and it was not until about 1392 that the pro-Chinese element became dominant over the Buddhist hierarchy insofar as political influence was concerned.

In 1392 Yi Sung-Kei, leader of the army, and a confucian, founded the third dynasty since Korea's unification as a single nation. Yi and his immediate successors ushered in a flourishing and creative era, which lasted until 1910, when the Japanese annexed Korea, exploited its resources, and determined its internal progress for the next forty years.

Through the dynasties of Silla, Koryo and Yi, the Korean people advanced remarkably. The development of their political and social systems, their culture and prosperity was outstanding among Asian nations. One of the great inventions in the Koryo Dynasty, movable metal printing type, was greatly improved, and scientific instruments, such as the water clock, were invented while Korea was still the "Hermit Kingdom" and the West was going its own way. The most valuable development was the fifteenth century invention of a phonetic alphabet, which served to bring education within the reach of everyone in the Kingdom.¹²

Of particular significance is the fact that the Korean people have never committed an act of aggression against their neighbours, and even when attacked their military action has always been limited to defence.

Korea suffered invasions by its Mongol, Japanese, Chinese, and Manchu neighbours, but continuously maintained its national independence until its annexation by the Japanese, who ruled Korea until the end of the Second World War. Modern Korea has become a stage whereon the interests of major world powers conflict. In the final one hundred year of the Yi Dynasty, Korea had failed to accomplish two major tasks: its transformation from an isolated feudal society into a modern, strongly centralised nation-state, and the construction of an industrial base for its economy.¹³ Korean leaders were not aware that modernisation and political reform

were necessary for security, and economic and social progress. Industrial and military modernisation were in fact the only means by which Korea could defend itself against the threat of invasion.

Following the Cairo Conference of 1943, the heads of State of the U.S., Great Britain, and China announced their intention that 'in due course Korea shall become free and independent'. Undoubtedly, the Allies were concerned about a power vacuum in Korea after the defeat of the Japanese. It is possible that the decision to divide the Peninsula between the Anglo-American and Soviet forces was reached at the Yalta Conference of 1945. By 10 August 1945, most of North Korea was in Soviet Union's hands. American troops landed in South Korea on 8 September 1945, and the United States proposed a demarcation line at the 38th Parallel.¹⁴ On the other hand, at the Moscow Conference in December 1945 the Foreign Ministers decided, (without consulting the Koreans), that Korea should be held by the occupying powers as a joint trusteeship for five years.

A Joint U.S.-U.S.S.R. Commission to find a means of unifying the country ended in stalemate, and the U.S. then took the question to the United Nations, where it was resolved, in September 1947, to hold general elections under U.N. supervision. This resolution was rejected by North Korea, and as a result the elections were held only in the South. The Republic of Korea was officially proclaimed on 15 August 1948, three years to the day after the Japanese surrender.

Through Korea was still divided at the 38th parallel, a Korean government was launched, with Syngman Rhee as first president. Progress toward an economically improved democratic state in South Korea was well on its way when it was interrupted by the Korean War on June 25, 1950.

After more than three years of fighting, a military armistice was signed on July 27, 1953. The agreed truce line ran generally somewhat above the 38th parallel. In the meantime, the Korean people remain under the de facto control of two regimes, and economic rehabilitation and reconstruction of the country are hampered by its illegal division.

C. POLITICS

The years following the début of the Republic could hardly be described as good ones. Resources were mismanaged and corruption was widespread. Continued political instability culminated in the April Revolution (19 April, 1960), which forced Syngman Rhee to retire. Fortunately, the April revolution was carried out with a minimum of bloodshed and destruction. The glory belongs chiefly to the Korean students, in the vanguard of freedom, who behaved magnificently both in fighting and in maintaining law and order.

The twelve-year period between 1948 to 1960 under President Syngman Rhee can be characterised by two closely related phenomena: the supremacy of state power over the rest of society, and Rhee's personal dictatorship, supported by the national police.¹⁵

By contrast, the new rulers showed excessive timidity, and the government of Myun Chang collapsed soon after it was born. Finally, in the spring of 1961, a reform-minded military group led by Chung-Hee Park reestablished firm control over the country, making sweeping reforms, establishing a new progressive tax system, and encouraging business activities. Park and the military government also created the Economic Planning Board and launched the first 5-year Economic Development Plan in 1962. Park resigned from the army and was inaugurated into the office of president in 1963. During the next decade, President Park promoted a "new

deal" of successive five year economic plans that brought rapid industrial and social progress. He was assassinated by the head of the Korean CIA on October 26, 1979. The present government, under the leadership of President Doo-Hwan Chun, is faced with the challenge of bringing the level of political development up to that of the economy and society at large.

Political development in Korea has, in many respects, not moved toward the "institutions, values, and structures" of Western society. Despite the existence of certain trappings of democracy, the Syngman Rhee regime was indubitably authoritarian. However, it was a personal authoritarianism based on an astute manipulation of political factions (as well as suppression of outright opposition) in contrast with the later authoritarianism of President Park, who built up and governed with a highly developed bureaucracy.¹⁶ Although Rhee and Park had no hesitation in declaring martial law and using the army to put down regional revolts, they did not regard the armed forces as an integral part of government.¹⁷ Rhee was inflexible, unwilling to accept criticism, and obsessed with his own infallibility. The Park regime was even more centralised but has shown itself to be highly flexible, at least with respect to economic policy.

The form taken by authoritarian government in Korea has, however, been powerfully shaped by local circumstances. The invasion from the North in 1950 and the possibility of renewed invasion is considered sufficient justification for maintaining the sixth largest standing army in the world.

The other respect in which authoritarian government in Korea differs from that in most less-developed countries is in the heavy emphasis placed on economic growth as a national objective. Not only has the increase in national income since 1963 been

remarkable, but all elements of the population, have shared this prosperity though not in the same measure.

Party politics was introduced into the country in August 1945. Before that date there was no organised, legal party appealing to popular sentiments. Since then the party system has been characterised by: the predominance of conservative parties, and the weakness of left-wing parties; the overwhelming importance of personalities rather than issues as the focus of party activities; the high rate of partisan realignment under different labels; and the absence of grass-roots support and organisation.¹⁸

As in the past, Korea today has a strongly centralised system of government. No office below the national level is elective. From provincial government to rural Myon(or Eup) chief and city mayor to Dong head, officials are appointed, not elected. The counties(Gun) are further subdivided into Eup and Myon. Eup are areas with 20,000-50,000 people, and although such areas will usually include a sizeable township, it is not correct to think of them as towns, because the bulk of the territory included is rural. Myon are areas still more rural, with populations of less than 20,000 people, usually with no outstanding population centre, and the Myon office sits in the middle of farm lands. The Dong in a Korean city is the smallest administrative unit. The provinces and four special cities, Seoul, Pusan, Daegu, and Inchon, also receive about 60 per cent of their budget from the central government.

The State Council, the principal policy-forming body, is composed of the President, the Premier(also known as the Prime Minister), and a selection of from ten to twenty cabinet ministers. The Premier is appointed by the President, and appointment of Council members is made by the President on the Premier's

recommendation.

The special cities and the provinces are at the same level of administration, that directly beneath the national level. Here the Korean system begins to differ from that commonly organised in the Western World. At this level, the Republic is divided into thirteen administrative regions which themselves are composed of nine provinces, and four 'special cities'.

The four 'special cities' are singled out because of their large populations, and have the same hierarchical rank as provinces. Their administration is separate from the provinces in which they are situated.

In summary, it is clear that, if modernisation means an approach toward the institutions, values, and structures of the West, political developments in Korea have not moved in this direction. Nor have the administrative and authoritative structures of government been closely related to the democratic political aspirations that continue to exist in Korea. Certainly government in Korea is one of the most centralised in the non-Communist world.

1.4 SEOUL CITY IN PERSPECTIVE

In 1394 the Yi Dynasty established Seoul as the capital of a strongly centralised feudal state. It has remained a capital city ever since.

Residential location in the very early period was determined by a person's social and political position. A tributary of the Han River divided the central area of the city into two sections, a north side and a south side. Most palaces and private mansions of the ruling class were constructed on the north side, while most middle and low class residences were located on the south side of the city. Such residential patterns, with

their characteristic housing, roof styles, and surrounding environments, were observed when the first westerners visited the city late in the 19th century.¹⁹

As in other walled cities in East Asia, the city wall was for internal protection. In the mountain area to the north an exterior wall was constructed in the late 17th century to protect the city from foreign invaders. The exterior wall, the so called Puhan-sansong, eventually connected the city and the fortress so that in case of invasion from the south the king could flee to Puhan-sansong along the north side of the wall. As the city wall had a dual structure, so the governing territory of the city mayor was divided into two distinct areas -- the walled city and the area surrounding the walled city.

The population grew very slowly, because of the limited capacity of the walled city. According to the oldest population records, there were 103,328 persons, including those outside the city wall, in Seoul in 1428.²⁰

During the late 19c and early 20c the capital awoke to western culture and opened its door to foreign influences. Western innovations, especially communication, urban transportation, and housing construction methods, had an great impact on the internal and external expansion of the city. The impact of change was rapid and nationwide. Population grew rapidly, and internal migration from country to city was accelerated, not only because of the convenience of transportation facilities, but also because of the decline of the feudal system. For the first time in Korean history a mass of free yeomen emerged. Many of them moved to the cities to find jobs in factories and the construction industry.

Under Japanese control(1910 - 1945), the capital grew rapidly not only in population but also in extent, as its residential

areas expanded. In 1942 for the first time in its history, the population reached a million. During the Korean War (1950 - 1953) however over 60 per cent of the city's population fled. After the war, large numbers of dispossessed refugees settled there. The increase in Seoul's population between 1955 and 1975 was due mainly, however, to net migration, which accounted for over 70 per cent of the increase. Seoul's share of Korea's population has steadily grown. The proportion grew from 7.3 per cent in 1955 to 22.3 per cent in 1980.

From the early 1960s the excessive concentration of population in Seoul was recognised as a serious problem. Seoul's share in national employment and in manufacturing firms for the period 1960 - 1970 was 55 per cent and 20 per cent respectively. The fast-growing economy generated rapid expansion of employment, particularly in the labour-intensive manufacturing sector, and this in turn accelerated employment in the service sector.

The nation's economic activities have been spatially polarised around the capital, where tremendous locational advantages exist. The fact that it is the seat of government has reinforced the process. Overconcentration of population and economic activities around the primate city resulted in regional disparity in employment and income, and as a result inter-regional tension began to build up. At the same time, the city itself came to suffer from various urban ills resulting from overdevelopment and overcrowding, such as pollution and congestion. Another serious problem concerns national security. More than 8 million people reside within 30-minutes distance of the DMZ; Seoul is located within the firing range of northern artillery. This is serious indeed from the standpoint of military strategy.

Seoul has always been a Mecca for those who live outside it. It is the centre for political ambition, for educational attainment, and for personal prestige. Even today, in every village in the provinces around the city, one hears the constant plaint that "all our young people are moving to Seoul". From among those who have converged on Seoul to seek their fortune have come the chief actors in the drama of the last five and half centuries. Kings and prophets, generals and poets - they are the men and women who have woven the rich tapestry of Korea's and Seoul's history.²¹

As the capital of a newly industrialised nation, Seoul has taken on a boomtown atmosphere. In 1980, circulating approximately 20 per cent of the nation's currency, the city boasts about 45 per cent of Korea's motor vehicles, and about 60 per cent of its hospitals. Well over a half of the university students in the country are concentrated in the capital.

Seoul, the centre of government, education, culture, industry and entertainment, is truly the heart of Korea. Crowded with almost eight and half million people one of the world's largest metropolises, it has discovered that becoming a modern city brings modern problems. The ever-increasing number of people and industries has created a serious housing problem. The acute housing shortage can no longer be ignored, and today the government is encouraging the creation of new industrial centres in rural areas and is even considering the possibility of moving the political capital.

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CHAPTER TWO

URBANISATION AND DEMOGRAPHIC CHANGE IN KOREA

The housing situation in a developing country is closely bound up with the effects of urbanisation, and with demographic factors. High rates of population growth and internal migration to urban areas, accompanied by scanty rates of housing production, typically result in the overcrowding of existing dwellings and in squatting. The extent of such problems may vary from one urban area to another but the results are fundamentally the same: high densities, sanitation problems, unsafe living conditions, and insecurity of tenure among others.

In order to gain a wider perspective, we look first at some aspects of the overall trend of urbanisation and demographic change in Korea. In this chapter, I try to examine these issues under four headings:

- (i) Urbanisation and migration
- (ii) Size and composition of the population
- (iii) Distribution of the population of Seoul
- (iv) Household structure

2.1 URBANISATION AND MIGRATION

The term 'urbanisation' refers both to the constitution of specific spatial forms of human societies characterised by the significant concentration of activities and population in a limited space, and to the existence and diffusion of a particular cultural system, the urban culture.¹

The growing number of people who live in cities is one of the most important features of the modern world. At the beginning of the last century, the world was perhaps 3 per cent urban. At its end, the concentration of population in cities was said to have been "the most remarkable social phenomenon" of the century, even though, by then, fewer than 15 per cent of the world's population were urban. The world is now almost two-fifths urban and by the year 2,000 the world may be fully one-half urban.² An international urbanisation survey indicates that:

The growing interest in urbanisation stems from the convergence of a number of strands of thought and concern, some of which are specific to the developing countries, and others which are more global. The concentration of population in urban settlements during the decade of the sixties is on scale alone, unprecedented in human history. At the same time, there has been a convergence of the familiar sectoral interests that bear on the process of urban development, with a burgeoning flow of requests for assistance for infrastructure and housing development. This has led to a sharpened perception of the increased need for urban assistance and of the mounting pressures on existing urban facilities.³

Urbanisation is a very recent phenomenon in Korea. The uprooting effects of the Korean War and the influx of refugees accelerated the urbanisation process during the 1950s, which saw the urban share of the total population rise from about 18 per cent in 1950 to about 28 per cent in 1960. The 1960s and early 1970s were characterised by very rapid urbanisation. It is surprising that between 1965 and 1970 the urban population increased about 13 points, as shown in Table 2-1. The

largest increase shown is for the most recent two decades, 1960-1980. In 1980, the urban share of the total population reached 60 per cent.

Table 2-1. Growth of Urban Population in Korea, 1915-1980

Year	Total Population ('000)	Urban Population (%)
1915	16,278	3.1
1920	17,289	3.3
1925	19,020	3.5
1930	20,438	4.5
1935	22,208	7.4
1940	23,547	11.6
1945	19,369	14.5
1950	20,167	18.4
1955	21,502	24.4
1960	24,954	28.3
1965	28,327	33.9
1970	31,435	47.1
1975	34,707	50.9
1980	38,124	60.0

Notes: 1) Until 1940, figures refer to total population of the whole of Korea and thereafter to South Korea only.

Sources: E Mills and B-N Song, Urbanisation and Urban Problems, Cambridge, Harvard University Press, 1979, p.8. and Economic Planning Board, Korea Statistical Yearbook, 1963, 1976 and 1983.

The developing countries as a whole have, then, urbanised rapidly during the period under consideration. But the process has been specially rapid in Korea. Table 2-2 shows some comparisons between Korea and developing and developed countries. In 1940, the portion of Korea's population living in urban areas was similar to that of other less

developed countries. In 1970, it was more than double that of other less developed countries and about the same as that of the more developed countries in 1960; by 1975, Korea was about as urbanised as the average developed countries in 1970. Thus Korea urbanised very rapidly in the 1960s and 1970s. This confirms Mills and Song's prediction that the pace of urbanisation will continue to be brisk in Korea during coming years, but will slacken somewhat, as in developed countries.⁴

Most Korean demographers and economists agree that Korea started its demographic transition and modernisation during the colonial era. But the Japanese occupied most important social positions in Korea and it was they, rather than the Koreans, who benefitted by those services. Faced with limited opportunities and growing population pressure at home, many Koreans migrated to the cities of Japan and Manchuria.

Prior to 1920, the only significant outflow from the peninsula was from the most northern province of Korea into Manchuria. From 1925 on, however, out-migration from the southern provinces predominated, and Japan emerged as the principal destination. From the early 1930s, Korean migration into Manchuria under Japanese encouragement rapidly increased and reached 57 per cent of total net migration during 1935-1940.⁵

The role of Japanese colonial policy was decisive in stimulating these population movements. Between 1926 and 1934, the Japanese attempted to increase rice production in Korea for export to Japan. Loans were given at highly favourable interest rates to those Japanese who invested in culti-

Table 2-2. Urban Population Percentage in Korea,
Developing and Developed Countries, 1940-1975

	(%)				
	1940	1950	1960	1970	1975
WORLD TOTAL	18.8	21.2	25.4	28.2	29.7
MORE DEVELOPED MAJOR AREAS	36.7	39.9	45.6	49.9	52.1
Europe	39.5	40.7	44.2	47.1	48.2
Northern America	46.2	50.8	58.0	62.6	65.4
Soviet Union	24.1	27.8	36.4	42.7	46.4
Oceania	40.9	45.7	52.9	57.9	57.1
LESS DEVELOPED MAJOR AREAS	10.4	13.2	17.3	20.4	22.2
East Asia	11.6	13.8	18.5	21.7	23.7
South Asia	8.3	11.1	13.7	16.0	17.4
Latin America	19.6	25.1	32.8	37.8	40.5
Africa	7.2	9.7	13.4	16.5	18.1
MORE DEVELOPED REGIONS*	37.0	40.0	46.0	50.5	52.8
LESS DEVELOPED REGIONS+	8.6	11.4	15.4	18.5	20.3
KOREA	10.9	18.4	28.3	47.1	50.9

*More developed regions refers to Europe, Northern America, Soviet Union, Japan, temperate South America, Australia and New Zealand.

+Less developed regions refers to East Asia without Japan, South Asia, Latin America without temperate South America, Africa and Oceania without Australia and New Zealand.

Source: B Roberts. Cities of Peasants, London, Edward Arnold, 1978, P. 7 Table 1.1 and the Korean data obtained from EPB, Korea Statistical Yearbook 1965, 1976 and 1983

-vation in Korea. As a result, more and more Korean smallholders were turned into tenants. This process, coupled with desperate rural poverty deepened by a decline in the price of rice, was the principal factor behind the Korean exodus.⁶ Other factors may have played a part. Wages received by Korean labourers in the domestic urban sector appear to have declined during the period, while real wages received by Koreans in Japan seem to have risen.⁷ In addition, at the end of the 1930s, Japan encouraged movement to Manchuria in order to expedite

industrialisation in those areas while attempting, with limited success, to discourage movement to Japan. By 1930, Koreans residing in Japan totalled about 400,000 and the number increased to more than 1.2 million by 1940. The Korean population in Manchuria also increased from about 0.6 million in 1930 to about 1.45 million in 1940.⁸

After Independence, the influx of returning emigrants and refugees contributed greatly to the growth of the urban population in Korea. Repatriates from Japan, the largest component of the influx, settled principally in the three southern provinces (North and South Kyongsang provinces and Jeju Island) which had been the principal areas sending migrants to Japan in the colonial period. A substantial fraction of repatriates from Manchuria and other foreign countries settled in Seoul, with the remainder more or less evenly distributed among other regions.⁹

Another dramatic movement of Korean population occurred during the Korean War. The War years brought a new influx of refugees from the north, estimated by Tai Hwan Kwon¹⁰ to have totalled 646,000 persons, and resulted, in South Korea, in the temporary displacement of several million persons and the death or disappearance of approximately 1.9 million more (Table 2-3). North Korean refugees who had settled in urban areas were concentrated in Pusan, Seoul and Inchon. These three cities accounted for more than 80 per cent of the urban refugees.

Since 1960, as in many other developing countries, people in Korea have been migrating from backward rural to advanced urban areas. As a result, there is a concentration of rural migrants in the large cities. The major centres of in-migration

Table 2-3. Estimated Population Changes due to the Korean War, 1950-1953

	(1,000s)		
	Male	Female	Total
a) Refugees from North Korea	354	292	646
b) Migrants to North Korea	264	22	286
c) Extra deaths due to war	837	802	1,639
d) Total loss due to war (b+c-a)	747	532	1,279

Source: Tai Hwan Kwon, Demography of Korea, Seoul, Seoul National University, 1977, p.204.

in Korea are the densely-populated and highly industrialised areas of the country, such as Seoul, Pusan, Daegu, Daejeon, Kwangju and Inchon(Figure 2-1).

The trend of migration since 1960 is summarised in Tables 2-4 and 2-5, which include urban and rural net migration and net annual migration rates. Net in-migration to the urban sector during 1960-1966 averaged 2.2 per cent - or 169,000 persons - per year exclusive of infants. Seoul alone absorbed 71 per cent of this, experiencing an average annual net in-migration of 4.3 per cent.

In the late 1960s, accelerating economic growth brought an enormous influx of population into the cities. Total net in-migration rose to an average of 578,000 persons and a rate of 5.5 per cent per year. Seoul remained the centre of this movement, accounting for 60 per cent of the total, with a net in-migration rate of 8.1 per cent per annum.

In contrast with earlier periods, during 1970-1975 the net in-migration rate to Seoul was below the national average and Seoul accounted for only 36 per cent of total net urban in-migration. The satellite cities in Kyonggi province experienced very rapid growth, however, achieving a net annual

Figure 2-1 Administrative Boundaries

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Table 2-4. Regional Urban and Rural Net Migration, 1960-1975

	1960 - 1966		1966 - 1970		1970 - 1975				
	(age 6 & over)		(age 5 & over)		(age 5 & over)				
	Urban	Rural	Total	Urban	Rural	Total			
Seoul	714.5	-	714.5	1385.4	-	1385.4	508.1	-	608.1
Pusan	48.2	-	48.2	319.9	-	319.9	294.2	-	294.2
Kyonggi	60.5	-138.6	-78.1	118.7	-108.5	10.2	363.8	-50.0	313.8
Kangwon	18.6	-108.8	-90.1	24.3	-154.2	-129.9	-16.2	-169.7	-186.0
N. Ch'ungch'ong	-0.5	-48.2	-48.6	13.8	-191.5	-177.7	36.4	-114.8	-78.4
S. Ch'ungch'ong	18.3	-53.8	-35.5	74.1	-327.2	-253.1	44.9	-203.7	-158.7
N. Cholla	3.8	-236.1	-232.3	29.9	-314.5	-284.6	27.9	-231.9	-203.9
S. Cholla	62.2	-148.9	-86.7	83.7	-442.5	-358.9	31.6	-408.1	-376.5
N. Kyongsang	96.8	-78.8	18.1	186.1	-418.1	-232.0	139.2	-240.2	-101.0
S. Kyongsang	-17.3	-201.0	-218.3	68.3	-343.0	-274.7	146.9	-260.3	-113.4
Cheju	6.3	2.6	8.9	9.4	-14.0	-4.6	10.7	-8.9	1.8
Whole Country	1011.4	-1011.4	-	2313.6	-2313.6	-	1687.6	-1687.6	-

Source: John E Sloboda, The Structure of Metropolitan-centered Migration in Korea(1960-1975), WP No. 8102, Seoul, KDI, 1981, Appendix A-1 based on KDI adjusted CSR Net Migration Estimates.

(1000s)

Table 2-5 Regional Urban and Rural Net Annual Migration Rates, 1960-1975

	(Percentage Rate)											
	1960 - 1966				1966 - 1970				1970 - 1975			
	(age 6 & over)		(age 5 & over)		(age 5 & over)		(age 5 & over)		(age 5 & over)		(age 5 & over)	
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
Seoul	4.30	-	4.30	8.12	-	8.12	2.09	-	2.09			
Pusan	0.69	-	0.69	5.21	-	5.21	2.94	-	2.94			
Kyonggi	1.79	-1.18	-0.52	3.86	-1.19	0.08	5.90	-0.47	1.86			
Kangwon	1.12	-1.49	-1.02	1.79	-2.74	-1.86	-0.84	-2.51	-2.14			
N. Ch'ungch'ong	-0.05	-0.75	-0.65	1.66	-3.88	-3.08	2.97	-2.00	-1.12			
S. Ch'ungch'ong	1.00	-0.45	-0.26	4.51	-3.52	-2.31	1.76	-1.86	-1.18			
N. Cholla	0.19	-2.21	-1.84	1.83	-4.05	-3.03	1.12	-2.62	-1.80			
S. Cholla	1.79	-0.94	-0.45	2.71	-3.64	-2.35	0.70	-2.89	-2.02			
N. Kyongsang	1.85	-0.49	0.08	3.95	-3.37	-1.35	1.92	-1.64	-0.46			
S. Kyongsang	-0.61	-1.53	-1.37	2.95	-3.56	-2.30	1.94	-0.73	0.10			
Cheju	1.58	0.23	0.57	2.61	-1.48	-0.35	2.76	-0.47	2.10			
Whole Country	2.23	-1.07	-	5.48	-3.22	-	2.42	-2.01	-			

Notes: The rate of net migration as presented here is the average annual exponential rate of net gain or loss based on the surviving population at risk. It thus comes closest to the notion of the percentage gain or loss in a year to the population at risk at the beginning of the year.

The coverage in terms of cohorts differs between periods due to differences in the period between censuses. Age refers to age at the end of the period, and the given rates exclude imputed migration among infants born during the period.

For each period the estimates refer to the urban, rural and provincial boundaries as of the end of the period.

Source: John E Sloboda, The Structure of Metropolitan-Centered Migration in Korea(1960-1975), WP No.8102, Seoul, KDI, 1981, Appendix A-1 based on KDI adjusted CSR Net Migration Estimates.

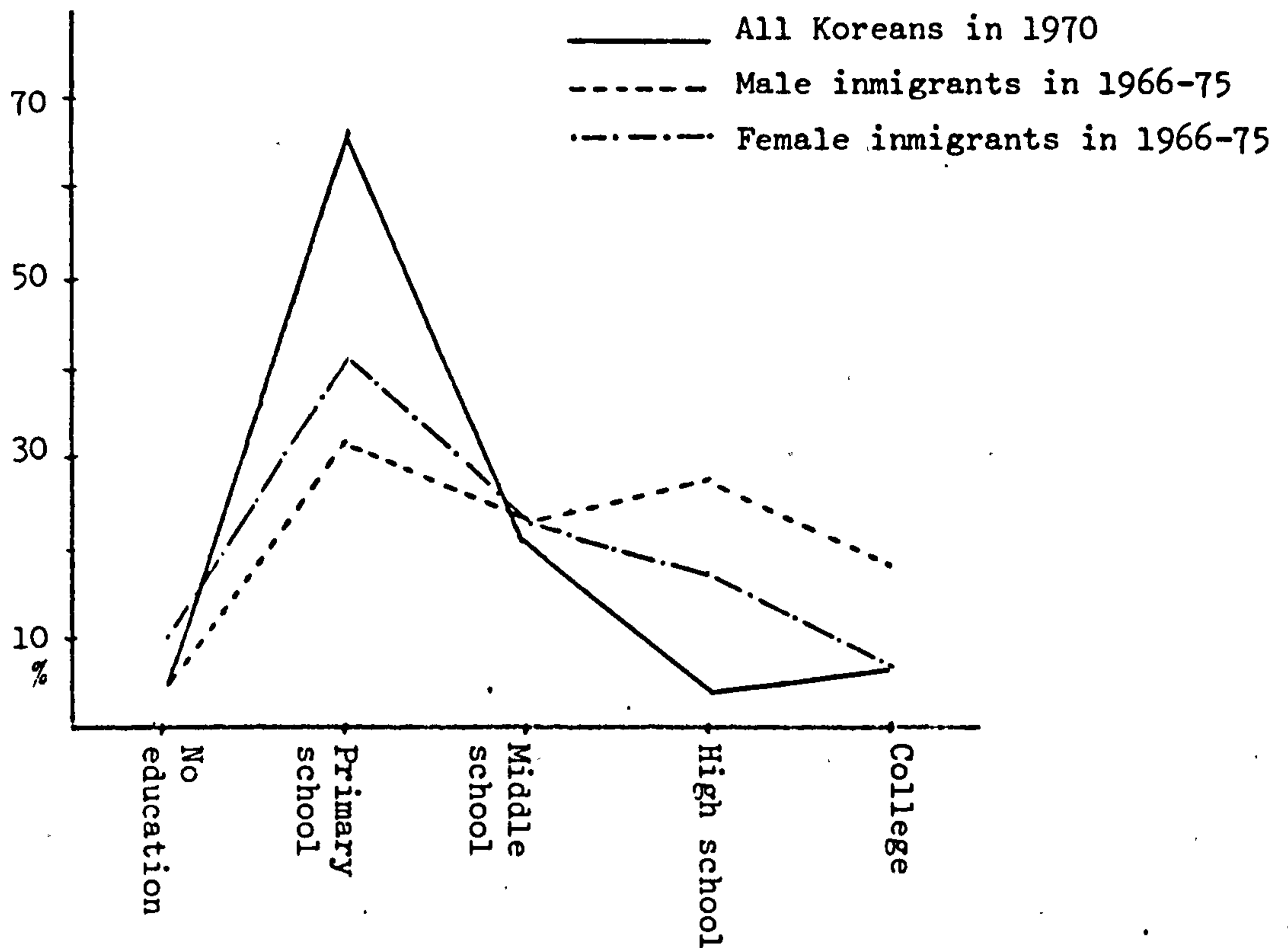
in-migration rate of 5.9 per cent and absorbing 22 per cent of all urban in-migration. It is likely that the absorption of 26 per cent of all in-migration by Pusan and the cities of South Kyongsang province was mainly due to the promotion of regional development. The urban areas of the southwest, central, and mountainous northeast regions continued to grow, but much more slowly, while the rural areas surrounding them experienced the most vigorous rates of net out-migration.

After the enormous rise in rural out-migration in the late 1960s, net rural-to-urban migration declined during 1970-1975 to an average annual rate 2 per cent. Kim and Sloboda have pointed out the reasons: high food-grain support prices; development efforts under the New Community Movement; slower non-agricultural employment expansion in the wake of the first OPEC price rises; and the suburbanisation of housing and industry into the rural areas of the metropolitan regions.¹¹

Torado views rural-to-urban migration in a developing country as a two-stage phenomenon. In the first stage the unskilled rural worker who migrates to an urban area, sometimes without even securing an urban job, initially spends a certain period of time in the traditional urban sector. The second stage is reached with the eventual attainment of a more permanent type of job in the modern sector.¹²

It is likely that a number of factors have had a considerable influence on the pace of rural out-migration during 1960-1975 in Korea. Seyeul Kim examined the demographic

Figure 2-2 Educational Attainment of Urban Immigrants in 1966-75 by sex and all Koreans in 1970



Source : EPB, 1970 and 1975 Population and Housing Census

and socio-economic characteristics of the rural-urban migrants:

- 1) there was evidence of a direct relationship between the migrant's education and his propensity to migrate to an urban sector. It appears that the earnings and employment potential outside of a rural area is greater for better educated migrants;
- 2) the majority of migrants were either poor marginal farmers or hired farm labourers and either the lack or shortage of farm land was a strong motive for quitting rural areas;
- 3) most of the migrants had no special job training prior to or even after migration.¹³

During 1961- 1975, a high degree of mobility is shown

in the young age groups of 10-19 and 20-29. The age group of 10-19 is the most mobile one in the rural-to-urban migration stream, followed by the next most mobile group of 20-29.¹⁴ One interpretation is that a young labour force yet to be trained moves from rural areas in an attempt to find jobs and/or educational opportunities in either big cities or booming industrialising cities.

Educational selectivity is another predominant feature in the migration stream. As seen in Figure 2-2, a high degree of mobility is shown among people of high educational attainment. More than 70 per cent of the urban immigrants had reviewed only primary school education or no education at all, while college-educated immigrants were about 8 per cent in 1970. On the other hand, migration studies more often than not indicate that the more educated, the more mobile. The Korean experience is no exception. Both men and women show a significant association between mobility and educational attainment of high school and over. The urban orientation of college-educated migrants is higher in the urban-to-urban flow(23.2 per cent) compared with rural-to-urban flow(7.9 per cent), rural-to-rural flow(7.3 per cent) and urban-to-rural flow(16 per cent) in 1970-1975.¹⁵

It is noteworthy that there is a high percentage of college-educated migrants in urban-to-rural flows. At first glance, this seems inconsistent with the usual pattern of migration among the highly-educated. But there are 2 reasons for it: first, college graduates may be moving to suburban areas within metropolitan regions, of which some parts are still classified for administrative purposes as rural areas. Second,

skilled people with college degrees may voluntarily or at the request of multiplant companies move to newly emerging industrial complexes located in remote areas. Bureaucrats and teachers who move into rural areas may also belong to the latter category.¹⁶

After arrival in the urban sector, the job distribution of the migrants changes significantly. There is some indication of a "two stage phenomenon" in the changing job distribution pattern of the rural-to-urban migrants. Migrants first move from traditional rural sector jobs (farmer or farm labourer) into traditional urban sector jobs (day-labourer, small retailer or peddler) and then finally into the modern sector jobs (a permanent type of employment after a period of living experience in urban areas). Thus upon entering the urban labour market, rural migrants tend either to become totally unemployed or seek temporary, casual employment in the urban traditional sector until they settle down to what they hope will be permanent jobs.

It is likely that the economic determinants for the migration of the farm population to the urban areas is an unbalanced growth rate between agricultural and non-agricultural sectors and the large income-gap between rural and urban areas in Korea.

2.2 THE SIZE AND COMPOSITION OF THE POPULATION

Demographic change has been a conspicuous factor in the modernisation of Korea. Large migratory movements have permitted the rapid structural transformation of the economy, while rapid changes in the pattern of fertility and mortality have greatly

influenced housing needs and the labour supply. The interaction of demographic and socio-economic changes is one of the most significant aspects of Korea's development.

Any study of population is concerned with three rather commonplace and readily observable human phenomena: (a) change in population size (growth or decline), (b) the composition of the population, and (c) the geographical distribution of the population. In this section, the size of Korea's population and its composition are examined; some aspects of population distribution will be examined in the following section, together with the population growth of Seoul.

One of the most important single demographic facts about a population is its rate of growth. The rate at which a population is changing affects not only its size and numerical increase, but also its composition.

The country's population rose from 21.5 million in 1955 to 29.1 million in 1966 and 37.4 million in 1980. As a result of modernisation and a vigorous family planning programme, Korea was able to reduce its annual rate of population growth from approximately 3 per cent in 1955-1960 to about 1.8 per cent in 1975 and to 1.6 per cent in 1980. With a population density of 385 persons per square kilometre in 1980, Korea has become one of the most densely settled countries in Asia (Table 2-6 and Figure 2-3).

Population growth is a balance between forces of increment and forces of decrement. Continuously the population is being increased by the birth of infants, but it is simultaneously being diminished by the death of persons of all ages. Bogue argues that population growth is not a simple unitary

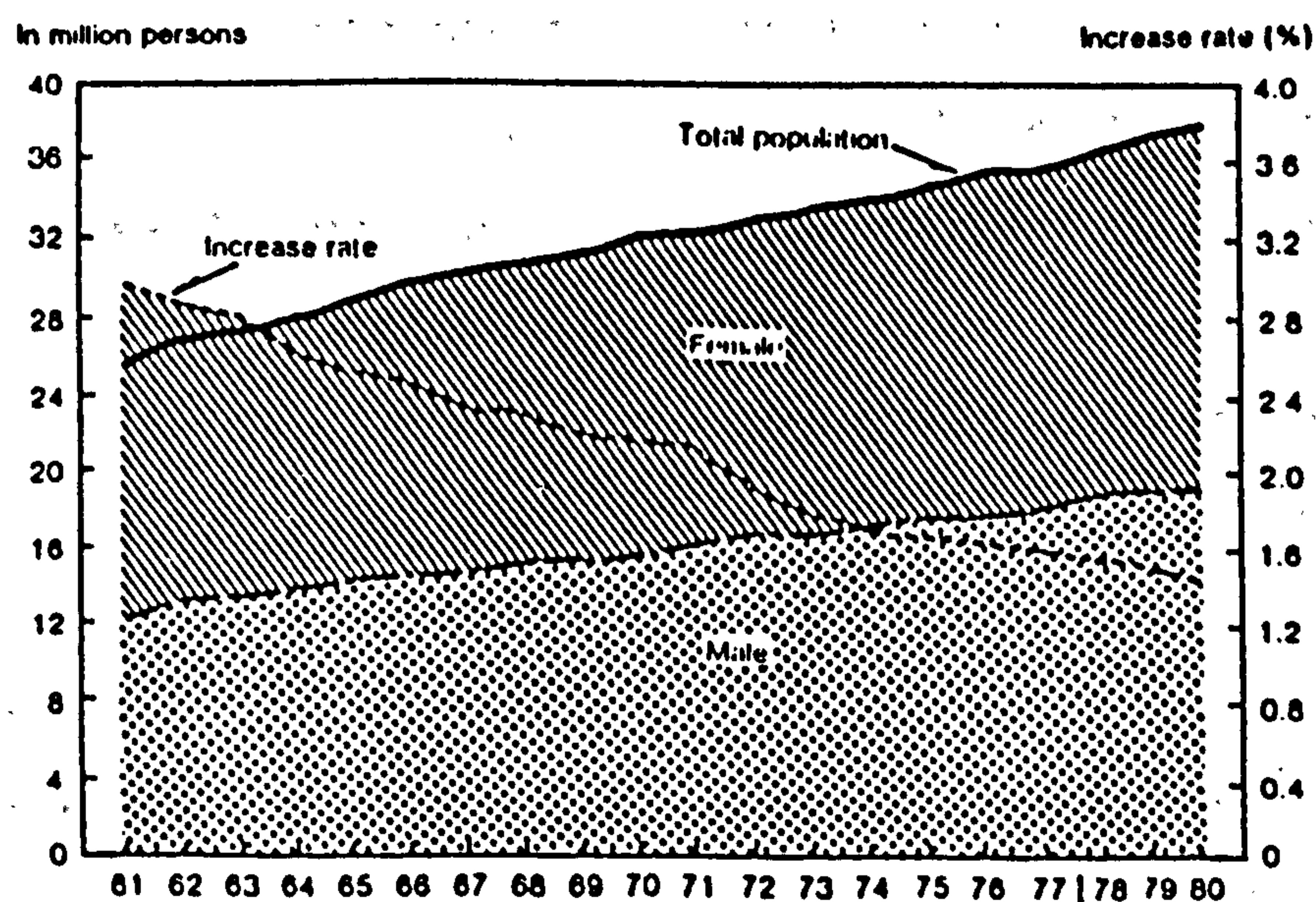
Table 2-6 Population of Korea, 1911-1980

Census ¹⁾ Population	Midyear Population			Annual rate of increase	Population density per sq.km (person)	
	both sexes	Male	Female			
1911	-	13,832	7,272	6,560	-	62.6
1920	17,264	-	-	-	-	78.1
1930	20,438	-	10,399	10,039	1.4	92.5
1940	23,547	-	11,839	11,708	1.2	106.6
1949	20,167	-	10,188	9,979	-	205.1
1955	21,502	-	10,753	10,749	1.0	218.1
1960	24,954	-	12,525	12,429	3.0	253.5
1966	29,160	-	14,684	14,476	2.1	296.1
1970	31,435	-	15,779	15,656	1.8	319.2
1975	34,679	-	17,445	17,234	1.8	351.0
1980	37,419	38,124	18,746	18,673	1.6	385.1

Notes: 1) Prior to 1949, including population of North Korea.

Sources: Economic Planning Board, Korea Statistical Handbook, 1981;
and Korea Statistical yearbook 1960, 1970 and 1980.

Figure 2-3 Population Trend of Korea



Source: Economic Planning Board, Korea Statistical Handbook, 1981.

phenomenon, but is composed of four major components: fertility, mortality, immigration, and out-migration.¹⁷

Fertility rose sharply in the years after the Korean War. The birth rate remained high until the early 1960s and then declined rapidly. Between 1960-65 and 1970-75, the crude birth rate - the annual number of live births per thousand population - fell from 42 to 30 (Table 2-7). This decline has been analysed in order to determine the relative importance of such contributory factors as the age-sex structure, the proportion of women married, and marital fertility for rural and urban areas. In all cases the decline in marital fertility - the average number of children born to a married woman - was found to be the most significant factor. It accounted for 60 per cent of the decline in the crude birth rate; changes in the age structure and the age at marriage accounted for 40 per cent.¹⁸

Trends in age-specific fertility rates and the total fertility rate offer more information about changing fertility patterns over extended periods (Table 2-8). The age-specific fertility rate for a given year is the annual number of births per thousand women in a five-year age group. The total fertility rate is the average number of children a woman would have if she survived the reproductive years and bore children according to a given set of age-specific fertility rates. In Korea the total fertility rate has fallen from about 6.3 in 1955-60 to 4.2 in 1970-75. The reduced fertility rates for younger age groups are in part attributable to the postponement of marriage. In 1940 the average age at first marriage

Table 2-7 Vital Rates and Expectation of Life at Birth,
Estimates for 1950-75

Period	Crude Birth rate (per thousand)	Crude Death rate (per thousand)	Expectation of life at birth(years)		
			Male	Female	Total
1950-55	40	33	46.0	49.0	47.5
1955-60	45	16	51.1	54.2	52.6
1960-65	42	15	53.6	56.9	55.2
1965-70	32	13	56.0	59.4	57.7
1970-75	30	9	58.8	62.5	60.6

Sources: Kwon, Population of Korea; United Nations Population Division, Selected World Demographic Indicators by Countries, 1950-2000, New York, 1975, Medium Variant.

Table 2-8 Age-Specific Fertility Rates, 1950-75
(Children per thousand women)

Age group	1950-55	1955-60	1960-65	1965-70	1970-75
15-19	45	38	20	12	10
20-24	289	308	255	180	146
25-29	287	335	351	309	301
30-34	233	270	274	223	220
35-39	168	194	189	134	88
40-44	83	96	92	59	19
45-49	15	18	17	10	7
Total fertility rate (per woman)	5.60	6.29	5.99	4.64	4.20

Source: T.H.Kwon(et,al), The Population of Korea, Seoul National University, a. The total fertility rate is the sum of the age-specific fertility rates multiplied by the five-year interval.

was 21.8 for males and 17.8 for females; by 1970 the comparable figures were 27.2 for males and 23.3 for females.¹⁹

With respect to the effect of urbanisation on fertility, evidence from several more developed countries has shown that an inverse relationship between social and economic status and fertility in their urban areas can be attributed to the relatively high fertility of couples with rural backgrounds and their disproportionate representation in the lower status urban groups. However, Sang-Tae Park argued that this explanation did not hold good in Korea, at least during 1960s. According to his research, fertility differentials by social and economic characteristics were found not only among urban couples with rural backgrounds but also among urban couples with urban backgrounds.²⁰

Korea's mortality transition is thought to have begun in 1955, when mortality began a sharp decline because of the widespread use of antibiotics, the improvement in sanitation and the extension of medical services. As Table 2-7 shows between 1950-55 and 1970-75 the crude death rate - the annual number of deaths per thousand population - fell from an estimated 33 to about 9, and life expectancy at birth rose from about 48 years to about 61 years. The infant mortality rate - the annual number of deaths of children under one year per thousand live births - is estimated by the Ministry of Health and Social Service to have been about 35 in 1976.²¹ Maternal mortality continues to be high, particularly in rural areas. Although it is presumed to be declining, the large number of unattended deliveries makes it difficult to determine with accuracy the extent of maternal mortality. In addition to the

desirability of reducing infant mortality as a goal in itself, it can be argued that improvements in the survival rates of infants and young children would reduce fertility once parents realised they would need fewer births in order to assure the survival of their preferred number of children.

I now turn to the composition of population in Korea. Population composition can be viewed as determining or conditioning population growth. It is likely that the present age-sex composition of the population is greatly influenced by the growth trends of the past and is in part a residue of past demographic processes. In considering the population composition of Korea, I therefore concentrate on the age-sex variables.

The age structure of a population is sometimes illustrated by a population pyramid which is constructed by computing the percentage distribution of a population cross-classified by sex and age. Comparing the population pyramids between 1930 and 1980 (Figure 2-4), it can be seen that the age structure of the population changed during this period. In 1930, the pyramid tended to taper smoothly from a broad base of children aged 0 to 4 years to a slender apex of the aged, although there were slight differences, particularly in the young adult age group, mainly due to emigration. In 1980, however, the shape of the pyramid changed significantly, being affected by a rapid fall in fertility. It had a broad base at ages under 19 years but the age group with the greatest proportion of the population shifted to ages 15-19 years from the 0-9 age group in the previous census.

Figure 2-4 Population Pyramid of Korea

Image removed due to third party copyright

Source : EPB, Korea Statistical Handbook, 1981,p.10.

The proportions of the population by broad age groups, (under 15 years, 15 to 64 years and 65 years over) in the various census years from 1955 to 1980 are given in Table 2-9. In 1955, after the social confusion due to the Korean War and Independence, 41.2 per cent of the total population was in the child age group; 55.5 per cent in the working age group; and 3.3 per cent in the older age group. Between 1955 and 1970, the proportions in the under 15 and in the productive ages 15 to 64 years recorded fluctuations, while those of aged persons remained more or less constant. But since 1970, the younger age group comprised a smaller proportion, while the proportion in the 15-64 age group had been growing continuously. In addition, the old-age group, 65 and over, remained stable.

Table 2-9 Selected Measures of Changes in Age Composition, 1955-1980

Measure	(percent)					
	1955	1960	1966	1970	1975	1980
Persons under 15 years	41.2	42.8	43.5	42.1	38.1	33.9
Persons 15-64 years	55.4	53.9	53.2	54.6	58.4	62.3
Persons over 64 years	3.3	3.3	3.3	3.3	3.5	3.8
Age dependency ratio ^a	80.4	85.5	87.9	83.3	71.2	60.5
Median age(years)	18.9	18.7	17.5	18.0	-	-

Sources: EPB, 1975 Census Report, earlier reports of the census, and Korea Statistical Handbook 1981 and Korea Statistical Yearbook 1983.

Notes : a. The ratio of children under 15 years and persons over 64 years to the population of working age (15-64 years).

2.3 DISTRIBUTION OF THE POPULATION OF SEOUL

The distribution of population is, for a multitude of reasons, never static. Research in this field is facilitated if we divide population into spatial areas such as regions, states, socio-economic areas and urban-rural residence.²² accordingly, in this section I intend to examine some aspects of population distribution in terms of administrative areas (provinces) and the population growth of the capital city, Seoul.

As noted in the introductory chapter, Korea is divided into 13 major administrative units, that is, 9 provinces and 4 special cities which have been made independent of the provinces. Needless to say, the population of Korea is not uniformly distributed over its land surface. For various reasons, some administrative areas have more than others. In 1980, except for the island province of Jeju, all the provinces had

a population of over one million. The capital city, Seoul, however, had the largest population - about 8.4 million - over 18 times that of Jeju province and 22.3 per cent of the total population of Korea (Table 2-10).

In 1980, the number of persons who resided in Korea's three largest cities, Seoul, Pusan and Daegu, was 13.1 million 61.3 per cent of all city dwellers.

Table 2-10 Census Population by Province(1; November 1980)

	Population 1)	Growth rate over 1975(%)	Composition ratio (%)	Density per sq. km
Whole Country	37,448,836	7.91	100.0	378.4
Seoul	8,366,756	21.45	22.3	13,777.5
Pusan	3,160,276	28.83	8.4	7,310.1
Kyonggi Province	4,935,200	22.19	13.2	447.5
Kangwon Province	1,791,687	-3.76	4.8	106.1
N.Chungchon Province	1,424,243	-6.44	3.8	191.6
S.Chungchon Province	2,955,999	0.01	7.9	336.6
N.Cholla Province	2,287,912	-6.88	6.1	283.3
S.Cholla Province	3,779,475	-5.14	10.1	310.8
N.Kyongsang Province	4,962,375	2.14	13.3	249.7
S.Kyongsang Province	3,322,558	1.30	8.9	280.5
Jeju Island	462,755	12.4	1.2	253.6

Notes: 1) 1980 Census Population(Including Foreigners)

2) Two cities, Daegu and Incheon, were approved as special cities respectively in 1981.

Source: Economic Planning Board, Korea Statistical Handbook 1981, pp.11-12.

As Table 2-10 indicates during the period 1975-1980 the provinces of Kyonggi and Kyongsang which include Seoul and Pusan, showed a substantial increase in population due to the spillover of growth from the two metropolitan areas. But the traditional rural areas, Kangwon, Chungchong and Cholla province,

registered a negative growth rate over 1975, and their population density is still low compared with that of the whole country.

Since 1955, population growth has been considered the most important demographic problem in Korea, but spatial distribution and environmental quality have recently become important issues. Trends in Korea's urban and rural population growth since 1955 are summarised in Table 2-11 and Table 2-12. During the 1960-66 intercensal period the urban population grew at an average annual rate of 5.8 per cent, and 18 per cent of the increase was accounted for by the reclassification of settlements or by annexations to existing cities. The urban population grew even faster during the 1966-70 period, averaging 13.5 per cent. By contrast, the annual growth of rural population declined steadily since 1966 and the rate of decline showed from -1.2 to -0.6 during the 1966-1970 and 1970-1975 respectively.

Urban growth may occur in a number of ways: through boundary changes which result from the reclassification of localities, through administrative annexation, through natural increase, and through net migration.

Table 2-12 indicates the relative contributions of the components of urban growth in Seoul city and Korea, 1960-1975. During the period 1966-1970, with no expansion in urban boundaries, net migration accounted for an astonishing 73 per cent of this increment, and in Seoul the share rose to 82 per cent. Between 1970 and 1975 net migration accounted for 55 per cent of the gain to the urban sector, and slightly over half the gain in Seoul.

Table 2-11 Level and Tempo of Urbanisation with Total, Urban and Rural Population in Korea: 1955-1975

Year	Urbanisation		Total Annual		Urban ^a Annual		Rural Annual	
	Level (%)	Tempo (%)	Pop(000)	Growth(%)	Pop(000)	Growth(%)	Pop(000)	Growth(%)
1955	24.5	na	21,526	na	5,281	na	16,245	na
1960	28.0	3.7	24,989	3.0	6,997	5.8	17,992	2.1
1966	33.6	4.5	29,193	2.6	9,805	5.8	19,388	1.3
1970	47.1	8.4	31,435	1.9	12,929	7.2	18,506	-1.2
1975	50.9	6.1	34,707	2.0	16,793	5.4	17,914	-0.6

Notes: a Urban areas are defined as administrative shi (cities) with a population of 50,000 and more.

Sources: John E. Sloboda, The Structure of Metropolitan-Centered Migration in Korea(1960-75), KDI Working Paper No. 8102, April 1981, based on Economic Planning Board, Korea Statistical Yearbook 1976 and Census Reports of various years.

Table 2-12 Relative Contributions of the Components of Urban Growth
in Seoul City and Korea: 1960-1975

Period	Increase in Urban Population (000's)	Proportions of Contribution (%)			
		Reclassi- fication	Annexation	Net Migration	Natural Increase
1960-1966	Seoul 1,348 (100.0%)	-	12.0	62.6	25.4
	Total 2,808 (100.0%)	10.5	7.5	41.9	40.1
	Urban				
1966-1970	Seoul 1,731 (100.0%)	-	-	81.8	18.2
	Total 3,124 (100.0%)	-	-	73.2	26.8
	Urban				
1970-1975	Seoul 1,354 (100.0%)	-	1.0	51.2	47.8
	Total 3,864 (100.0%)	5.4	2.6	54.9	37.1
	Urban				

Note: The population gained through reclassification is the initial population in newly designated cities in the old boundaries of these settlements. Gains through annexation include the population in areas annexed to existing cities. The migration component includes all children estimated to have been born to net migrant women during the period in question.

Sources: Robert Repetto(et. al), Economic Development, Population Policy, and Demographic Transition in the Republic of Korea, Cambridge, Harvard University Press, 1981, p.55. based on T.H.Kwon(1975-1978) and adjusted KDI CSR net migration estimates for 1960-66, 1966-70 and 1970-75.

As the population of Seoul pushed past 4 million in the late 1960s concern heightened over its excessive population growth and its commanding share of incremental modern-sector growth. Although there was reluctance to tamper with what some saw as the capital's driving role in Korea's rapid economic advance, it was thought desirable to strengthen the secondary node of urban-industrial development centered around Pusan. The reasons included fear of burgeoning social and environmental problems in an overcrowded Seoul, the need to locate heavy and strategic industries away from the Demilitarized Zone, the requirement of deep-water ports by industries heavily dependent on bulk imports of raw materials, and amelioration of growing inter-regional income and development differentials.

To complement the promotion of growth in the southeast, plans were also implemented to create satellite cities in the Seoul Metropolitan Region. The aim was to divert growth away from the capital, and to accommodate persons displaced in the clearing of squatter settlements. During 1970-75, the satellite cities in the Seoul Metropolitan Region experienced very rapid growth, absorbing 22 per cent of all urban in-migration. In addition Pusan and the cities of South Kyongsang province (Pusan metropolitan satellite cities) also continued to grow rapidly. It is likely that these have absorbed large numbers of rural migrants from other provinces.

Much of the increase in urban population has been concentrated in a few large metropolitan areas. The rapid growth and enormous concentration of population in a few cities, especially Seoul, have given rise to several undesirable side effects, including an unbalanced utilisation of national land, housing

shortages, congestion, pollution and other urban problems. Moreover, given Korea's geopolitical situation, the excessive concentration of population in Seoul is hazardous to national security.

The central government and the municipal administration of Seoul have taken a number of measures since the early 1970s to tackle this problem.

In 1972, the Ministry of Construction designated a green belt around Seoul and other metropolitan areas to control disorderly urban sprawl and to prevent the further outward expansion of residential areas. In addition, the municipal authorities of Seoul restricted the development of semi-industrial zones and the expansion of industrial establishments within Seoul, through amendment of the Construction Law and the enactment of a Pollution Control Law. The residents of Seoul and Pusan were forced to pay local taxes heavier than in other cities, including a special residence tax. Furthermore, the Ministry of Education and Seoul Municipal Government attempted administratively to restrict school transfers, in order to limit the influx of young migrants and their families into Seoul for educational reasons. In 1970, the Ministry of Commerce and Industry sought to create employment and economic opportunities in outlying areas through tax exemptions and other government benefits (Regional Industrial Development Law 1970). Despite these government efforts, the population of Seoul continued to grow, although at a slower pace. As the shortcomings of the existing policies became clear, the government established a special planning and coordinating unit for Seoul's population dispersal.

In 1977, the government (the First Ministry without Portfolio) announced the basic directions of a comprehensive plan to redistribute population. The plan is composed of three categories of policy measures: (1) ordinances intended to restrict in-migration to Seoul; (2) incentives designed to facilitate or induce out-migration from the capital; and (3) measures designed to enable regional centres to accommodate the potential rural out-migrants from neighbouring areas and the newly dispersed population from the capital. The plan also sets forth the legislative and organisational steps required to implement the government programmes and ordinances.

The programmes and measures included in the government's plan are not all new. Rather, they consist primarily of improvements and modifications of existing institutions and legislation.²³ On the basis of current urbanisation and population trends, the population of Seoul is expected to continue growing.

In February 1977, the government of Korea disclosed a plan of major importance: to construct a new capital city. It also announced that the location of the new capital would be in the middle of Korea and the function of the new city would be administrative, implying that Seoul, the existing capital, was to be kept as the economic and cultural centre.²⁴

Though the site of the new capital and details of the programme have not yet been disclosed, it is clear that serious questions will have to be raised about its cost, and about its effectiveness in achieving developmental, demographic, and national security goals.

The problem of metropolitan concentration and population redistribution have become as important in Korea as the problem

of population growth. The government's approach to population issues has radically broadened, although some of the separate elements of the new programme had earlier beginnings. The past government policies that have directly influenced demographic processes were formulated without explicit demographic goals. Thus, these policies can be regarded as implicit or latent population policies closely coordinated with other social and economic development policies.

2.4 THE HOUSEHOLD STRUCTURE

Housing affords shelter and protection. It provides the setting for many of the basic biological and social processes necessary to sustain life. It symbolizes the status of the family both in the eyes of the wider community and of the family itself. To understand housing problems in terms of cultural norms, the housing behaviour of families must be examined. Families are subunits of larger social systems, communities, which in turn are part of an even larger system, the society.

Clearly the most important factor to consider is the number of households that require housing, and their characteristics. The population of households at any given point in time is the 'needs' equivalent of the 'conditions' information provided by the housing stock. In this section, I examine Korea's family system and the pattern of its households.

The two terms "family" and "household" require definition. The family is a social group based on marriage and united by the ties of kinship, with a common culture and a common household. It is a small unit at the base of the social structure, but it is the most widespread of social groups. The household, on the other hand, is not necessarily a family, for it

merely means a group of people living together.²⁵ Families and households may be analysed in a wide variety of ways, but it is important to distinguish between them, the former being essentially of biological and the latter of economic significance.

(A) FAMILY SYSTEM

From the beginning, the basic unit of Korean society was the family, not the individual; and the family unit was structured around the kinship or clan system, which had its nucleus in the conjugal and extended family

The clan group consisted of all men and women related to one another through the males of the family. The head of the clan was the KABUJANG (father), who had unchallenged authority and whose word was law. Since the clan was essentially an organisation for economic and social co-operation, the members of the clan usually lived close to each other in the village. The individual's position in society was largely determined by his position within his family system.

The modern Korean family system derives mainly from the system that prevailed for about 500 years, during the Yi dynasty. The changes in the traditional family system which took place during this period were largely due to the influence of Confucian ideology and ethics.

Familism in Korea was either consciously or unconsciously rooted in the five cardinal Confucian virtues of human relationship, namely, the relationships, between father and son, between husband and wife, between the older person and his junior, between friends, and between lord and subject.²⁶

The most important function of the family was the perpetuation of family lines. Thus, early marriage and many children were ideals for which most families strove, regardless of economic consequences. Since only males carried the family line, primary value was placed on them: females were regarded merely as a means for procreating male members, and the female's role in the family was traditionally a subordinate one. During the Yi dynasty polygamy was a fairly common practice. The urgent need for producing a male heir was perhaps the prime reason, for when the first wife proved sterile the concubine who had a child, especially a son, was formally recognised as being the legal wife.

Over the years, however, vast changes have taken place in the structure of the Korean family system. Today, the traditional extended family is increasingly being replaced, as the basic dwelling and economic entity, by the conjugal family. Several factors have united to produce these changes. First, the influence of Western civilisation, and particularly of Christianity, which altered and weakened the traditional family system; the missionary influence was particularly significant in the case of females whose conversion to Christianity enabled them to escape from their seclusion and participate actively in religious and social affairs. Secondly, the expansion of educational opportunities for both males and females, resulting in some degree of economic independence. Finally, the introduction of compulsory co-education at the elementary level, the importation of books and periodicals dealing with the outside world; the toleration of private ownership of property, and changes in the legal system trans-

ferring responsibility from the oldest male head of the extended family to the male parent of the conjugal family.

Many Korean scholars have analysed the modern Korean family,²⁷ and enquired into its values. The Korean family shows the following basic features:

- (i) A patriarch still exists. The patriarch is one who succeeds to the work left by his ancestors, who assumes the whole responsibility for maintaining and developing the home, and is the representative of the home in dealings with the external world.
- (ii) The division of labour by sex is clear, the roles of men distinguishable from those of women; but urban families show that the number of women working outside the home is gradually growing.
- (iii) The status of women in families is low compared with that of men. The woman's role in the family is a subordinate one.
- (iv) The size of the family is very large, explained by the fact that the eldest son introduces his wife and children into the household, especially in rural areas. Those who are retired often live with their children in an extended family household.
- (v) The preference for a son still exists in modern Korean society. It is common for parents without sons to continue to have children in the hope of getting a boy. It seems that a family needs a son both in order to carry on the family line and to provide security for the parents in their old age.

A cross-sectional perspective of urban family structure is generally characterised by considerable freedom of family life. Since the later years of the last century, traditional kinship rules have gradually become blurred, and the majority of urban families enjoy considerable freedom from such restraints. They are nuclear families, free vis-a-vis any larger kin groups, not subsidiary units of traditional, extended families.

It would be unrealistic to imagine that changes in traditional patterns come about without strains and difficulties. There is strong evidence of continuous challenge to the authority of the father as a linear head and to the traditional relationships between husband and housewife, father and son. There are also growing signs of difficulty in the complex problems of care of the elderly, particularly among urban families in large cities.

Most significant of all is the emergence of the small and single economic unit of the nuclear family with its decreasing obligations with respect to the older generation and the extended family.

(B) PATTERNS OF HOUSEHOLDS

The comparability of available data over time has to a certain extent been affected by changes in the definition of the term "household" in some of the censuses.

The 1960 census made a distinction between "private household" which more or less corresponded to the "ordinary households" used in earlier censuses and "collective household" corresponding to the earlier "quasi-household". An ordinary household was defined either as a single person living by him-

self occupying a dwelling unit, or as a group of related or unrelated persons sharing living quarters and expenditure.

For the purposes of the 1970 census, the household was defined as a group of persons who make common provision for food and other essentials of living. The census recognised two types of household: The "ordinary household", referring to a group of persons who have relationship to the head of the household, and the "institutional household" referring to a group of persons living together but not related to each other. Thus, the 1970 census definition of household did not include single member households.

With a view to effecting comparability in the time series data, the concept of household adopted for the purposes of this section includes (a) the "ordinary household" corresponding to the 1966 definition of ordinary household and the 1960 definition of private household, and (b) the "quasi-household" which encompasses the concept of the 1960 collective household and of the 1970 institutional household. The data for the various census years have been adjusted accordingly.

The number of households by type in the various census years since 1955 is shown in Table 2-13. It will be observed that the total number of households in Korea increased from 3,807,000 in 1955 to 6,761,000 in 1975, or by about 78 per cent in 20 years. In all census years the ordinary households formed approximately 98 to 99 per cent of all households in the country. Thus the growth in the number of households has largely been influenced by the growth in the number of ordinary households. For these reasons, analysis of size and structure of households in the subsequent sections will relate only to the ordinary house-

Table 2-13, Number of Households and Average Size of Households, 1955-1980

Year	No. of Households ('000)	Average Household Size
1955	3,807	5.45
1960	4,378	5.56
1966	5,133	5.49
1970	5,856	5.25
1975	6,761	5.03
1980	7,993	4.60

Source : United Nations, Population of the Republic of Korea, Bangkok, Economic and Social Commission for Asia and Pacific, 1975, p.114, and EPB, Korea Statistical Year Book, 1976 and 1982.

holds.

The average size of households (that is, the average number of household members per ordinary household for the various census years from 1955 to 1980) are given in Table 2-13. The average household size increased from 5.45 in 1955, to a high of 5.56 in 1960, thereafter declining to 4.60 in 1980.

The proportionate distribution of households by number of household members for 1930-1980 is given in Table 2-14. It will be seen that in 1930, the four-person household formed the highest proportion, the second highest being the five-person household. Furthermore, nearly 62 per cent of all households had average membership ranging from three to six persons per household. In 1960, the five-member households constituted the highest proportion, while the six-member households were the second highest, but only about 58 per cent of all households had an

Table 2-14. Percentage distribution of ordinary households by number of household members, 1930, 1960, 1966, 1970, 1975 and 1980.

Number of Household member	1930 ^{a)}	1960	1966	1970	1975	1980
All households	100.0	100.0	100.0	100.0	100.0	100.0
1 person	2.6	2.3	2.8	3.7	4.2	4.8
2 persons	8.7	7.1	7.7	9.3	8.3	10.5
3 persons	14.1	11.8	11.6	12.8	12.3	14.5
4 persons	17.2	14.7	14.0	15.0	16.1	20.3
5 persons	17.1	15.9	15.4	17.0	18.3	20.0
6 persons	14.0	15.3	15.6	16.3	18.1	14.7
7 persons	9.9	12.7	13.2	12.2	11.7	9.7
8 persons	6.5	8.9	9.2	7.3	7.7	3.0
9 persons	4.1	5.3	5.9	3.6	2.5	1.5
10 persons	2.7	3.0	2.3	1.7	1.3	0.6
11 persons or more	3.3	1.5	2.3	0.9	0.9	0.4

Source : 1930 Korean Population Census Report, Whole Korea, vol. 1, p.377; 1960 Population and Housing Census of Korea, vol. 1, 11-1, p.52; 1966 Population Census Report of Korea, 12-1, p.457; and 1970 Population and Housing Census Report, vol. 1, 12-1, pp.312-313; 1975 and 1980 Population and housing Census Report. vol. 1, 12-1.

a) The data is in respect of the entire Korean Peninsula.

verage membership of three to six members. The patterns prevailing in 1970 and 1975 were the same as in 1960, but the proportion of three to six member households increased about 61 and 64 per cent respectively. It is also interesting to note that between 1960 and 1980, while the proportionate share of the small and medium sized households increased, that of large sized households decreased. Surprisingly, the proportion of one-person households has increased since 1960, when only 2.3 per cent were one-person households, compared to

nearly 5 per cent in 1980. On the other hand, the large sized households with, for example, 8 persons or more, have decreased significantly, from 16.6 per cent in 1960 to 5.5 per cent in 1980. This may partly be explained by the emergence of the small and single economic unit of the nuclear family, with its decreasing obligations with respect to the older generations and the extended family.

In the Korean population censuses since 1960s, the ordinary households were classified by the number of generations. The one-generation households were those which consisted of the married couple, alone, or the married couple, their brothers or sisters or other same generation relatives. The two-generation households consisted of a married couple (or any one of the parents) and children, with or without brothers and sisters or parent, or parents with married children but without grandchildren. The three-generation households included parents (or parent) with married children and grandchildren or other three generation relatives.²⁸

As shown in Table 2-15, the two-generation households, the largest proportion, formed over 65 per cent of all households, the proportion gradually increasing from 65.4 in 1960 to 71.9 in 1975. But in 1980, the proportion of two generation households decreased slightly. The three-generation households, though constituting the second largest proportion, recorded a decline in their relative share from 27.6 per cent in 1960 to 16.9 per cent in 1980. On the other hand, the proportion of one generation households showed a increased from 5.3 per cent to 8.3 per cent during this period. So it is clear that, while two-generation households are very heavily represented

Table 2-15. Numerical and percentage distribution of ordinary households with two or more persons, by number of generations, 1960, 1966, 1970, 1975 and 1980

Year	Ordinary households with two or more persons				
	Total	One Generation	Two Generations	Three Generations	Others
	Number of households (in thousands)				
1960	4,257	226	2,783	1,176	70
1966	4,877	254	3,317	1,179	127
1970	5,576	376	3,906	1,230	64
1975	6,366	446	4,580	1,277	61
1980	7,969	658	5,457	1,353	498
	Percentages				
1960	100.0	5.3	65.4	27.6	1.6
1966	100.0	5.2	68.0	24.2	2.6
1970	100.0	6.7	70.1	22.1	1.1
1975	100.0	7.0	71.9	20.1	1.0
1980	100.0	8.3	68.5	16.9	6.2

Sources : 1960 Population and Housing Census of Korea, vol. 1, 11-1, p.52; 1966 Population Census Report of Korea, 12-1, pp.458-459; and 1970 Population and Housing Census Report, vol. 12-1, p.312; 1975 Population and Housing Census Report, vol. 1, 12-1, p.302; 1980 Census Report, vol. 1, 12-1, p.302.

in Korea, one-generation households are on the increase.

SUMMARY

Urbanisation in Korea has progressed rapidly, particularly since the 1960s when the economy gained momentum as a result of the successful implementation of five-year economic development plans. In the pattern of Korea's urbanisation, the following points are of major importance: First the population growth rate in urban areas has increased greatly both in absolute and relative terms. Since 1955, the urban population has grown at more than 5 per cent per annum, and the disparity between rural and urban population growth rates has been increasing.

Secondly, the growth rate of larger cities (including Seoul) has been higher relative to smaller ones for most of the periods, and so their share of the total population has been increasing.

Thirdly, the most recent, 1980 census revealed two interesting facts about the spatial distribution of population. One was the rapid growth of urban areas which since the 1960s had received relatively heavy investment for industrial estate development, and the other was the extent of the spill-over growth of small cities and counties adjacent to the larger cities. Except those surrounding the three largest cities, (Seoul, Pusan, and Daegu), almost all counties showed a population loss in the last census. The rapid increase of population in the fringe areas of Seoul and its satellite led to new phenomenon, the metropolitanisation of Seoul.

With respect to the trend of migration, during the 1960s accelerating economic growth brought an enormous influx of

population into the cities. After the vigorous rates of rural out-migration in the late 1960s, net rural-to-urban migration declined during the 1970s. A significant feature of rural-to-urban migration in Korea is a high degree of mobility in the young age group(10-29) and in people of high educational attainment.

The country's population has grown steadily from about 19 million in 1945 to 38.3 million in 1980. As a result of modernisation and a vigorous family planning programme, Korea has been able to reduce its annual rate of population growth; the age structure of Korea's population has changed significantly affected by a rapid fall in fertility. Since 1970, the younger age group has comprised a smaller proportion, while the proportion in the 15 - 64 age group has been growing continuously.

In Korea, the traditional extended family is increasingly being replaced, as the basic dwelling and economic entity, by the conjugal family. In urban areas, the most significant change is the emergence of the small and single economic unit of the nuclear family.

The rapid urbanisation of big cities has brought a series of environmental problems, one of them almost invariably being that of poor or insufficient housing. The following chapter deals with housing conditions in urban Korea.

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CHAPTER THREE:
HOUSING CONDITIONS IN URBAN KOREA

3.1 Introduction

The urban housing problem is probably the most visible aspect of the difficulties that developing countries face in their process of transition from rural to urbanised economies and from traditional to modern societies. Sprawling shantytowns, slums, or squatter areas; dilapidated shelter structures patched together from scraps of cardboard, corrugated iron, wood and sometimes bricks; an appalling lack of basic services such as safe water supply, sanitation, and drainage: all these problems are glaringly obvious to anyone living in or visiting the cities of developing countries. Korea is no exception to this phenomenon. Quite clearly a drastic need for improvement exists, but how has the Korean government reacted to the low-income housing problems and what is an appropriate way to approach the urban housing problem in Korea? Before these questions can be answered, however, the housing condition itself must be examined.

Accordingly, this chapter presents an overview of the urban housing condition by discussing the growth of dwelling stock, housing tenure and the major aspects of housing poverty. On the basis of this analysis, one of the most interesting attempts to relate housing poverty in developing countries was that of Merrett who put forward a predicative approach which attempted to describe dwellings and the use of households make of them. Merrett states that:

consumption standards, whether actual or targeted minima, must be stated by means of four predicates, or sets of

attributes, which describe dwellings and the use households make of them. These predicates, which together define the use-value of the house, are those of physical character, control, environmental locus and relative locus. The first two are relevant to the house as an activity centre. The last two are relevant to the house as a base from which one moves into the wider world.¹

The predicative approach would be more useful in a technical and a social sense than those narrow-minded appraisals in terms of the volume of physical units needed to compensate for some 'imbalance' between the total number of households and the total number of dwellings in Korea.

It should be noted here that the main constraint is lack of available data and information on housing poverty in Korea. Unfortunately, the published information on those of user control, environmental locus and relative locus is extremely sparse. This chapter, therefore, will be limited to the issue of physical character of the dwelling among the four predicates. But I shall try to examine the last three predicates in later chapters: Chapter 4 (housing poverty in the substandard urban settlements) and Chapter 8 (State-developed Danchi housing).

On the other hand, it is necessary to examine the changing mix of housing tenure in Korea in order to understand housing conditions in the existing stock.

3.2 The growth of the Dwelling Stock

The salient characteristic of housing in Korea is its acute shortage, a shortage which has its root in wartime destruction, in in-migration from rural areas, and in inadequate production of new structures. In a rapidly developing and urbanising coun-

try like Korea, concern focuses on housing in urban areas.

It would be useful, first, to compare the growth of dwelling stock with the growth of population and households. During the 20 year period from 1960 to 1980 the Korean population increased about 2.5 per cent annually. During the same periods, the annual increase of households was about 4.1 per cent, while dwelling stock grew from 3,464,000 to 5,319,000 an annual growth of about 2.7 per cent. Thus, the growth of the dwelling stock was much slower than the increase in the number of households. As a result, the ratio of dwellings to households decreased from 0.79 in 1960 to 0.67 in 1980 (Table 3-1). The principal conclusions stemming from Table 3-1 is that the growth of dwelling stock was inadequate to cope with the increasing population and the intensifying housing need.

In order to understand the overall picture of the growth of the housing stock it will be useful to present the public sector's participation in housing.

The Korean War resulted in nearly 600,000 houses being totally destroyed, another 320,000 being severely damaged and rendered unfit for habitation². This estimate relates only to houses lost through the effects of war; it does not take account of old and dilapidated houses in need of replacement. As a result priority was given to the repair of seriously dilapidated houses and especially in the first few years, to the erection of makeshift or temporary accommodation for the war refugees as a part of the relief programme subsidised by AID and UNKRA funds.

Between 1953 and 1956 a total of 399,706 houses were built, about 40 per cent of them with the government and international

Table 3-1 Population, Households and Dwelling Stock, 1960 and 1980

Variables	1960	1980	Increase per year (%)
1. Population ('000)	24,989	37,436	2.49
2. Households ('000)	4,378	7,969	4.10
3. Dwelling Stock ('000)	3,464	5,319	2.68
4. Dwelling Stock/ Household	0.79	0.67	
		<u>1960-1980</u>	
5. Absolute increase in number of households ('000)		3,591	
6. Absolute increase in dwelling stock ('000)		1,855	
7. New dwelling Construction ('000)		2,488	
8. (6)/(5)		0.52	
9. (7)/(5)		0.69	

Source: EPB, Korea Statistical Yearbook, 1962, 1977 and 1983; and KNHC, Collection of Housing Statistics, 1981.

agencies' assistance. In the 1950s, loans for house building were limited and sporadic, and great difficulties were already experienced owing to the lack of a comprehensive housing development programme and of administrative know-how. Many local authorities demonstrated stupidity and negligence in their handling of the housing problem.

In 1962 the central government's Economic Planning Board launched the first 5-year Economic Development Plan, on which the national housing programme of the Construction Ministry was based. The same year saw the Public Housing Act, by which the Korea National Housing Corporation was born, but government housing policy faced extreme difficulties in implementing the programme largely because of the shortage of housing funds, foreign aid reduction and rising housebuilding costs. Until the late sixties, the government reluctantly had to throw the main weight on private house building.

The thrust of the first 5-year plan was to produce low-income housing for ownership and tenancy, and promote the private sector's participation in low-income housing through financial as well as technical assistance.

However, housing was far from being the priority sector, and the focus of the 5-year plan was on general economic growth. As a result, as shown in Table 3-2, the public sector was responsible for no more than 12 per cent of 320,000 dwellings units produced during the period, and 9 per cent of construction funds used.

The second 5-year economic plan did not pay any greater attention to housing than the first 5-year plan. The chief concern of the second 5-year plan was still economic growth and rationalisation of the industrial structure of the economy.

Since 1972, the third and fourth 5-year plans paid much greater attention to housing, although economic growth based on exports and heavy industries remained a predominant concern.

The achievement was quite impressive. The public sector's share in production increased to about 30 per cent in the third 5-year plan as against 13 per cent in the previous 5-year plan period. Total production during the fourth 5-year plan was 1,116,026 units; and as for the public sector's share in financing, it reached about 32 per cent as against 9 per cent for the first 5-year plan. Thus, the public

Table 3-2. Dwelling Construction by Sources of Funds
During the Successive 5-year Plans 1962-1981

Sources	1962-66	1967-71	1972-76	1977-1981
1. Dwelling Units				
Total (Units)	325,935	540,338	760,591	1,116,026
Government (%)	12.0	12.9	30.1	44.6
Private (%)	88.0	87.1	69.9	55.4
2. Funds				
Total (M'W)	52,231	277,182	1,495,225	9,314,217
Government (%)	9.0	12.9	24.7	31.9
Private (%)	91.0	87.1	75.3	68.1

Source: KNHC, Collection of Housing Statistics, 1983, and KHB, Statistical Yearbook, 1982, p.367.

sector's role in housing, which began in a small way in the early 1960s, gained momentum during the third 5-year economic plan (1972-1976).

Korea's housing policies range from centrally-planned models to strictly laissez-faire approaches based on the private market. In terms of housing investment, Korea has been heavily dependent on the private sector. As Table 3-2 shows, the private sector has provided nearly 80 per cent of total housing investment since 1962. But one thing is

apparent that housing investment in the public sector has increased. The Table makes this clear.

3.3. Housing Tenure

The nature of Korea's tenure system and its future development has become an increasingly important aspect of housing policy. This is mainly because of the increasing attention given to the question of equity in housing. In Korea, a deep social significance is attached to owning one's own house. However, a renter in Korea suffers many inconveniences because of the absence of well-defined laws and regulations dealing with the landlord-tenant relationship.

Korea has an unusual tenure system, consisting of several types of tenure: Owner-occupancy, Chonsei, Bochungbu-Wolsei Sak-Wolsei, monthly rent and others. Under the Chonsei arrangement, a renter makes a lump sum deposit of key money at the beginning of occupancy which is fully refunded at the end of the contract period. The landlord usually invests this fund and interest earnings represent the imputed rent. The Bochungbu-Wolsei (the security deposit with monthly rent) is a mixture of Chonsei and monthly rent. At the beginning of the contract period, the tenant makes a deposit which is refunded at the end of the contract, but he pays a monthly rent. In case of non-payment the rent is deducted from the deposit. Under the Sak-Wolsei (the declining Chonsei), the tenant makes a one-time deposit from which a given amount is deducted. Hence the total amount of rent is the deducted amount plus interest earning of the remaining deposit. Finally, the monthly rent system is the ordinary system found in most countries.

Table 3-3 gives detailed information of tenure types. According to a survey by the KNHC in 1977, the proportion of owner occupancy in large cities and industrial cities was lower than in other areas. The Chonsei is the most frequent in large cities, while the Sak-Wolsei is more frequent in smaller cities and industrial cities. The Bochungbu-Wolsei is found in large cities. All in all, owner-occupation is the most common tenure form in all areas, but a substantial role for rental-types exists outside farm areas. As to rented accommodation in cities, the Chonsei is the most common type of tenure.

Table 3-3. Housing Tenure by Area, 1977

Area	Tenure Type					Total
	Owner Occupied	Chonsei	Sak-Wolsei	Bochungbu-Wolsei	Others	
Large cities	65.8	22.3	4.9	5.9	1.0	100 (3,962)
Small & Medium Sized Cities	74.0	15.8	6.5	2.6	1.1	100 (4,099)
Industrial Cities	64.4	13.1	11.1	1.6	9.8	100 (1,088)
Farm Area	94.4	1.0	3.0	0.1	1.0	100 (994)
Total	71.8	16.6	6.0	3.5	2.0	100 (10,143)

Source: KHC, Sample Survey of Effective Housing Demand, Dec., 1977, p.82.

Table 3-4 indicates the income level of different households. The largest proportion fall in the 50,000-100,000 won range (41.7 per cent), followed by the 100,000-150,000 won group (21.2 per cent). Homeowners earn relatively higher income.

Table 3.4 Housing Tenure by Income Level, 1977

Tenure type	Income ('000 won)								Total (%)
	Less than 30	30-50	50-100	100-150	150-200	200-300	300-500	500 or more	
Owner-occupied	8.9	12.6	38.3	22.8	8.5	6.2	1.9	0.8	100
Chonsei	6.7	15.3	52.3	18.5	4.4	2.0	0.6	0.2	100
Sak-Wolsei	12.9	29.9	49.3	7.0	0.3	0.7	0	0	100
Bochungbu-Wolsei	4.7	17.9	52.5	19.2	4.2	1.1	0.3	0.3	100
Others	5.5	13.4	36.3	28.4	10.4	4.5	1.0	0.5	100
Total	8.6	14.3	41.7	21.1	7.2	4.9	1.1	0.6	100

Source: KHC, Sample Survey of Effective Housing Demand, Dec., 1977, p.87.

Notes: Based on 10,143 observation

than the rest of the tenure groups. The proportion of households earning 100,000 won (per month) or more is: owner-occupants (40 per cent), Chonsei (26 per cent), Bochungbu-Wolsei (25 per cent) and Sak-Wolsei (8 per cent). The lowest income households, earning less than 30,000 won, are found with the Sak-Wolsei arrangement. A substantial number of owner-occupants (8.9 per cent) are also found with the lowest income group, earning less than 30,000 won. It is partly because many owner-occupied households in farm areas are relatively low-income, compared with those of large cities.

According to a recent survey by KRIHS³, Chonsei households in large cities are relatively better-off, earning income higher than the average income for the country as a whole. The survey found that almost 60 per cent of the Chonsei households in large cities are capable of purchasing housing units of ade-

quate size and quality. The question is, what prevents them from immediate home purchasing? This issue will be explored in chapter eight and nine in depth based on data from the author's field survey.

Owner-occupancy is the traditional form of housing tenure in Korea. The proportion of owner occupancy in the country as a whole has declined from 79 per cent in 1960 to 59 per cent in 1980. This decline was mainly limited to urban areas where it fell from 62 per cent in 1960 to 43 per cent in 1980 (Table 3-5).

One reason for the drop in owner-occupancy was urbanisation. As we have seen in Chapter Two, although developing countries have urbanised rapidly during the last quarter century, Korea has urbanised much more rapidly. In a rapidly developing and urbanising country like Korea, concern focusses on housing in urban areas. The influx of people, especially the poor, to cities means that urban housing becomes scarce, expensive and inadequate.

It is likely that financing problems have been an additional cause of decreased owner-occupancy. Mortgages on owner-occupied homes are almost unheard-of in Korea. As land values have skyrocketed, savings and other sources of finance for owner-occupied homes have become less adequate.

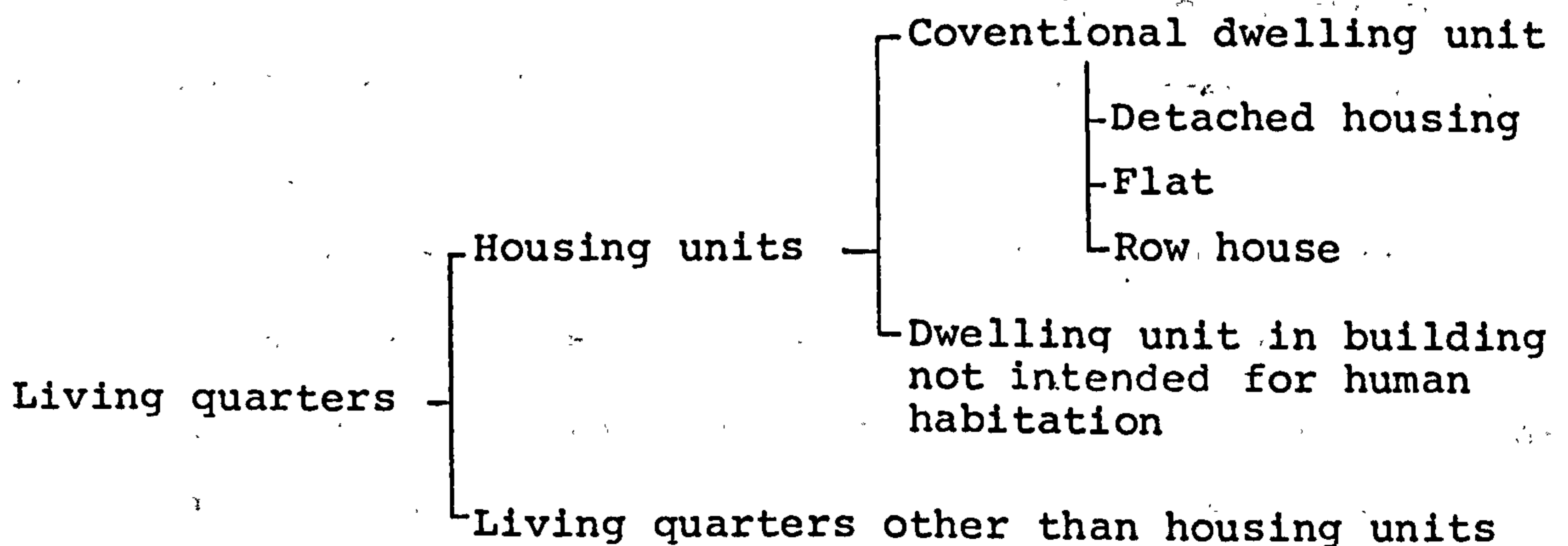
Table 3-5 Ownership of dwellings, 1960-1980

Area	1960	1970	1975	1980
Whole country	79.1	69.0	63.6	58.6
Urban areas	62.0	48.4	44.8	42.9
Rural areas	86.0	84.3	82.5	80.7
Seoul	56.5	48.1	46.1	44.5

Sources: EPB, Population and Housing Census, 1960, 1970, 1975 and 1980

3.4. Dwelling Type

The analysis of housing conditions in Korea is based mainly on the housing statistics collected in the Population and Housing Censuses. These censuses adopted the concept of "living quarter", which embraces "housing units" and "living quarters other than housing units".⁴ A distinction is thus made between "housing units" that is, separate and independent places of abode intended or improvised for habitation by one household, and "living quarters other than housing units" which comprise structurally separate and independent places of abode intended for habitation by large groups of individuals or several households such as hotels, rooming houses, other lodging houses, hospitals and boarding schools. Living quarters not otherwise easily classified for example tents, boats, makeshift huts, etc, also belong to the category of "living quarters other than housing units".



The desire of Koreans to own a single family house remains very strong, although this has been to some degree weakened because of the emergence of condominium type flats. According to a survey conducted by the KNHC in 1977,⁵ among interviewed renters, 85 per cent preferred detached dwellings;

9 per cent, condominium flats; 3 per cent, rental flats. Thus the overwhelming majority indicated a preference for single-family houses. This can be explained, in part by the status that home-ownership brings and also by the protection against inflation which this type of dwelling offers.

Table 3-6 indicates the recent trend of dwelling types. In 1980, in the country as a whole more than 87 per cent of the stock was detached dwellings, as against 3 per cent for row houses and 7 per cent for flats. One thing clear from the Table 3-6 is that single family dwelling remains very popular indeed. However, there has been some sign of its declining popularity. Thus, in 1975, the proportion of detached dwellings was about 93 per cent as compared to 87 per cent five years later. The proportion of flats was 1.9 per cent in 1975 and rose 7 per cent in 1980. The proportion of flats increased substantially compared with other type of dwellings. This trend becomes more apparent in Seoul. Surprisingly, the proportion of flats was 7.8 per cent in 1975 and grew to 19 per cent in 1980.

In the developed world, especially North America and Western Europe, this century (the postwar period in particular) has seen an increase in single-unit structure, especially the detached single-unit. There was also a boom during the 1960s in flats (notably in high-rise buildings). In the U.K., almost all high-rise flats were built by local authorities as public-rental housing, but they never exceeded 20 per cent of all housing starts. On the other hand, in many continental European countries, the percentage of new high-

Table 3-6 Dwelling Stock by Dwelling Type and Area,
1975 and 1980

Area	No. of Dwelling				Total
	Detached dwelling	Row house	Flat	Others	
Whole country	4,652	162	374	131	5,319
%	87.5 (92.6)	3.0 (3.5)	7.0 (1.9)	2.5 (2.1)	(100)
Urban areas ^b	1,882	135	355	96	2,468
%	76.3 (85.5)	5.5 (6.0)	14.4 (4.6)	3.9 (3.9)	(100)
Rural areas	2,771	27	18	35	2,851
%	97.2 (97.1)	0.9 (1.9)	0.6 (0.2)	1.2 (1.0)	(100)
Seoul	684	69	184	31	968
%	70.6 (83.1)	7.1 (5.4)	19.0 (7.8)	3.2 (3.7)	(100)

Source: EPB, Population and Housing Census, 1975 and 1980, Vol.1, 12-1.

Notes: a) Number in bracket represents the 1975 distribution

b) Including housing units of Seoul

rise structures has been somewhat higher. In both the U.S. and Canada, high-rise, multi-family housing construction peaked in the late 1960s and has declined steadily in absolute and relative terms since then.⁶

Before the 1970s, major proportions of the newly constructed housing in Korea, either by private or public sector, were single family detached units. A new trend then became evident a dramatic increase in the construction of multi-family units in the 1970s. This tendency is most apparent among the housing developed by the public sector.

More than half of the units constructed by the public sector in recent years, except a few detached dwellings provided for miners and soldiers, are multi-family dwellings. Also, flats comprise large proportions of privately developed housing. Particularly, since the latter half of the 1970s, the big construction firms are providing almost entirely multi-family dwellings. Thus, construction of single-family units and row houses are completely dependent upon small firms and individuals whose activities are still largely unorganised.

Table 3-7 shows the tenure distribution of different types of dwellings. The highest proportion of Chonsei and monthly rented households in single-family dwellings was found in Seoul. The most interesting thing is that the proportion of Chonsei and monthly rent tenants in single-family dwellings is much higher than that of owner-occupied households. This situation is quite unusual when compared to other countries. In Britain, for example, there are only about 6 per cent of privately rented households live in detached houses in 1971.⁷ A substantial percentage of owner-occupied households in flat was found, as compared with the proportion of other type of tenures in flat. Few monthly rent tenants live in flats, and a considerable proportion live in store-dwellings.

These observations lead to an interesting question raised as to the suitability of single-family dwellings for rental purpose. A large number of single-family house owners are subletting a room or two to Chonsei or monthly renters with sharing kitchen, toilet and even bath. Moreover, this type of dwelling is not often equipped with separate entrance for tenants. So the privacy of the tenant would be a real problem

for those who rent a part of the house.

Table 3-7 Distribution of Tenure by Dwelling Type in Seoul, 1980.

Dwelling Type	Tenure			
	Owner-occupied	Chonseil	Monthly rent	Others
Single-family dwelling	74.4	84.5	84.4	50.0
Flat	17.6	7.3	0.1	11.4
Row-house	6.7	4.5	2.0	5.0
Store-dwelling	1.8	3.7	11.5	32.6
Total	100	100	100	100

Source: EPB, Population and Housing Census, 1980

3.5 The Physical Character of the Dwelling

At the present time, there is no generally-agreed-upon definition of housing quality, nor is there a standard way of measuring it in terms of the physical character of the dwelling in developing countries. However, I would argue that any services appraisal should describe: the dwelling's size, the number of rooms and the total plot or floor area; the composition and quality of its materials; the potential to maintain comfortable body temperature; the internal facilities available.

The size of dwellings can be measured with reference to the number of rooms per dwelling and actual floor area per dwelling. The number of rooms per dwelling in the country as a whole increased gradually from 3.0 in 1970 to 3.3 in 1980. The ratio in Seoul is somewhat above that of the national average (Table 3-8).

Table 3-8. Selective Indicators of Average Dwelling Size, 1970, 1975 and 1980

Housing Quality	Whole Country			Seoul
	1970	1975	1980	1980
1.No of Household per Dwelling	1.3	1.4	1.5	1.9
2.No. of Persons per Dwelling	7.0	7.1	6.7	8.3
3.No. of Rooms per Dwelling	3.0	3.1	3.3	3.5
4.No. of Persons per Household	5.2	5.1	4.6	4.5
5.No. of Persons per Room	2.3	2.3	2.0	2.4
6.m ² per Person	6.6	7.7	-	7.5 ^a

Notes: a) m² per person in 1975.

Sources: EPB, Population and Housing Census, 1970, 1975 and 1980, and J.H.Chung, Housing and Residential Land in Korea, KRIHS Working Paper 8001, 1980. p.20.

Table 3-9. Number of Dwellings by Size, 1975 and 1980

Dwelling Size (floor space)	1970 ('000)	%	1980 ('000)	%
Below 10 pyong	1,424	32.7	586	11.0
10 - 20	2,230	51.1	2,697	50.5
20 - 30	526	12.1	1,377	25.8
30 - 40	115	2.6	369	6.9
40 pyong or more	65	1.5	311	5.8
Total	4,360	100	5,340	100
Average Size (pyong)	13.8		19.3	

Source: EPB, Population and Housing Census, 1980, and J.H.Chung, Housing Crisis in Korea: Analysis and Policy Orientation, KRIHS Working Paper No. 8301, 1983, p.11. Table 5.

It is important to note that the improvement in space per dwelling is derived from expansion of existing units as well as through new construction. Table 3-9 shows the size distribution of units in 1970 and 1980. The average size of dwelling increased substantially from 13.8 pyong in 1970 to 19.3 pyong in 1980. Nationally about 33 per cent of the 1970 stock was below 10 pyong dwellings, compared with only about 11 per cent of the 1980 stock. The smallest dwellings with below 10 pyong decreased substantially. By contrast, the larger size dwellings, for example the floor area with 40 pyong or more, increased more rapidly than any other size dwellings.

It can be argued that large dwellings are necessary for large households. In fact, according to Table 3-8, the number of households per dwelling increased gradually. But the number of persons per dwelling and the number of persons per household has decreased since 1970. Also, the number of persons per room decreased from 2.3 in 1970 to 2.0 in 1980.

At this stage, I would like to raise an important question about the relationship between housing shortage and housing size in the country; how do we interpret the trend of increasing dwelling size? One explanation of the worsening housing shortage is the trend of increasing dwelling size, especially the larger size dwellings with 40 pyong and more. The rapid increase in larger size dwellings could lead to an under estimation of the need of proper size of dwellings, putting unduely high priority to the absolute number of the larger size dwellings. The basic reason of the rising housing shortage is not much the lack of resources allocated to hous-

ing as the skewed distribution of the resources allocation in favour of larger size dwellings for the middle or upper income group. Even though the proportion of resources allocated to housing increases, the rate of housing shortage would not decrease necessarily, unless the size distribution of new dwellings is more even than it is now.

In fact, the number of households and the number of persons per dwelling increase with the dwelling size. For example, the number of persons per dwelling in 1980 was 5.2 for dwellings of less 10 pyong as against 8.8 for dwellings of 40 pyong or more. But, the per capita floor area increases even more rapidly than the number of persons per dwelling; in the smaller dwellings with less than 10 pyong, each person consumes 1.3 pyong, while in the larger dwellings with 40 pyong or more, each consumes more than 6 pyong.⁸ In other word, the consumption of housing resources has been increasingly concentrated in large and expensive dwellings. This means that less housing resources have been available for smaller dwellings. Under such circumstances, a rising housing shortage has been inevitable. This also means that wealth has been more and more concentrated at the hand of the upper income groups. It is clear that the rising housing shortage has been accompanied by the increasing size of dwellings for the middle or upper income group in the 1970s.

Let me now look at the selective indicators of housing quality in detail. Household and dwelling ratio - Table 3-8 gives an idea of the growth of overcrowding. The average number of households per dwelling in the country as a whole increased

from 1.3 in 1970 to 1.5 in 1980. A high degree of sharing is found in urban areas, especially in Seoul. In 1980, the ratio was 1.9 in Seoul as against 1.5 in the whole country. The ratio of 1.9 households per occupied dwelling is very high when compared with those of the developed countries where the ratio is less than one to one. This ratio is higher than even those of Hong Kong and Singapore which have 1.3 and 1.2 households per dwelling unit respectively.⁹ The number of persons per dwelling decreased slightly in 1980. As expected, it is higher in Seoul than the country as a whole. The average number of persons per dwelling was 6.7 in 1980, which is similar to those of other developing countries.

The number of persons per room - perhaps one of the best measure of overall housing welfare - was 2 in the country as a whole and 2.4 in Seoul in 1980. This ratio is lower than the United Nation's acceptable limit of 3 persons per room for a minimum provision of privacy in developing countries. However, the ratio is very high compared with those of the developed countries (0.56 in U.S.A., 0.58 in U.K., 0.68 in Sweden in 1971).¹⁰

As we have seen above, the size of dwelling increased in terms of floor area(pyong). Moreover, the number of rooms per dwelling increased from 3.0 in 1970 to 3.3 in 1980. The ratio in Seoul is higher than that of the whole country. On the other hand, the improvement of dwelling size can be measured by m² per person. In 1970, m² per person was 6.6 while the ratio increased substantially as 7.7 in 1975. One interesting thing is that although the average size of dwelling in Seoul is larger than that of the country as a whole, m² per person is lower than that of the whole country.

However, the use of these indicators in comparing overcrowding have several drawbacks in developing countries. In certain cultural and climatic conditions, a large number of persons per room is quite acceptable or even desirable, especially if the dwelling is used only at night by all the members of the household and particularly in extremely cold winter. Unlike advanced western countries, a great number of Korean households are still comprised of the traditional extended family of three or more generations, for example, a married couple with children who lives with their parents. This situation is explained not necessarily by housing or income problems but rather tradition or consumer preferences. On the other hand, Korea has a severe cold winter which lasts usually 3-4 months through the year.

The level of services and the internal facilities are another standard indicator of a dwelling's physical character. These include measurement of the availability of piped water supply and kitchen, toilet and bath facilities. Such basic facilities are required to maintain public health standards and reasonable comfort. The proportion of housing units with various amenities in 1980 is given in Table 3-10.

Water supply - in 1980, only about 51 per cent of the country's housing units had piped water facilities. Nearly a half of households in the country had to depend on wells or tanks for their water supply. The water supply system in rural areas was very poor, with about 77 per cent of households depending on sources other than pipes for the supply of water. In Seoul, over 91 per cent of housing units are equipped by piped

water facilities. The United Nations, however, defines a dwelling as having adequate water supply if there is piped water supply inside, or if outside, within 100 metres distance.¹¹ If the above definition is used, over 83 per cent of households in urban Korea can be considered to have adequate water supply.

Kitchen facilities - though nearly 50 per cent of all housing units in Seoul are equipped with modern kitchen facilities, the figure is much lower in rural areas, where in 1980 only about 3.7 per cent of housing units had modern kitchen. Moreover, a half of housing units in Seoul are still equipped by the conventional kitchen which often lacks cooking and dishwashing facilities.

Toilet and bath facilities - in 1980, only 18.4 per cent of housing units in the country had internal flush toilets. The conventional facilities, such as a private pit latrine, appear to be the commonest alternative in both urban and rural areas. About 2 per cent of housing units in urban areas had no private toilet inside the dwelling units. They were only provided with communal toilets in the separate place. It is a common thing for squatters not to have a toilet inside the dwelling, and only a traditional pit latrine serving a group of people. On the other hand, bath facilities with hot water are not popular yet in Korea. Only 10 per cent of housing units in the country as a whole are equipped by a bath with hot and cold water. In Seoul, about 47 per cent of housing units had no bath facilities at all. It is interesting to note here that there are a lot of public baths in Korea. Although many

Table 3-10. Proportion of Housing Units with Various Types of Amenities in 1980

Amenities	(%)			
	Whole Country	Urban Areas	Rural Areas	Seoul
Piped Water				
Equipped	51.2	83.1	23.5	91.2
None	48.8	16.9	76.5	8.8
Total	100	100	100	100
Kitchen Facilities				
Conventional	81.8	65.2	96.3	50.8
Modern ^a	18.2	34.8	3.7	49.2
Total	100	100	100	100
Toilet Facilities				
Conventional ^b	80.0	61.0	96.5	43.2
Flush	18.4	35.9	2.3	55.1
None	1.6	2.1	1.2	1.7
Total	100	100	100	100
Bath Facilities				
Hot and Cold Water	10.0	20.0	1.3	31.9
Cold Water only	12.1	21.6	3.8	21.5
None	77.9	58.4	94.8	46.6
Total	100	100	100	100

Notes: a) Modern kitchen refers to the space which is equipped with cooking and dishwashing facilities of western style.

b) Conventional toilet which is not an installation connected to piped-water into which humans discharge their wastes and from which the waste are not flushed by water.

Sources: EPB, Population and Housing Census, 1980, Vol.1, 12-1, p.556.

Korean people have a bath in their own houses, they tend to use a public bath, especially in winter. It costs less than a private bath in terms of fuel expenses.

Finally, one of predicates in the physical character of the dwelling is the composition and quality of its materials. In rural Korea, virtually all houses are built using local resources and utilizing traditional techniques. The large, organised building enterprises are heavily concentrated in the major cities, especially in Seoul, and here the trend has been towards utilizing imported technology and modern building materials such as cement, aluminium and steel.

With newly constructed housing in Seoul in 1980, construction materials used for outer walls, composed 47 per cent bricks or stone, 32 per cent ferroconcrete and 20 per cent cement bricks and others.¹² In terms of construction materials used for rooves, Seoul's housing is built with materials using roofing tile (52.2 per cent), slab (42.3 per cent), and slate and others (5.5 per cent).¹³ However, most new housing in urban areas were built with modern materials which have ability to maintain comfortable body temperatures and to exclude noise and precipitation. But most old housing built, especially before 1950, were constructed with traditional materials using wood and clay or clay bricks.

Summary

Housing shortages are particularly severe in cities because of rapid urbanisation and a result of a tremendous variety of demographic factors. During the 1960s and 1970s, the growth of dwelling stock was inadequate to cope with the increasing population and the intensifying housing need.

The proportion of owner-occupancy in the country has declined, and the decline was mainly limited to urban areas,

especially in Seoul. As to rented accommodation, Chonsei is the most popular type of tenure in urban areas. Even though the desire of Koreans to own a single-family house remain very strong, the proportion of this type of dwelling has decreased substantially. By contrast, the proportion of flats has increased very rapidly, particularly in Seoul.

With respect to the physical character of the dwelling in Korea, selective indicators of housing quality demonstrates the growth of overcrowding. The size of dwelling (the floor area) increased substantially, but the number of persons per room is still high when compared with those of the developed countries. Moreover, many dwellings still lack basic services and internal facilities. Most newly-constructed housing in urban areas is built using modern building materials.

When we look at the housing conditions in urban areas, it would be extremely important to examine housing poverty of the substandard housing. Therefore, the substandard urban settlements is the subject of discussion in the next chapter in terms of controversies about shanty housing and Korean evidence on shanty towns.

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CHAPTER FOUR

SUBSTANDARD URBAN SETTLEMENTS

In Chapters 2 and 3, I have examined the social background to the problems of rapid urbanisation, and have considered urban housing conditions. I now explore the substandard urban settlements in Korea, especially in Seoul.

The purpose of this chapter is threefold: first, to examine some characteristics of substandard urban settlements; second, to look at Korean evidence on shanty towns in view of housing poverty; and third, to examine views on shanty housing and some of the alternative government responses for dealing with these problems.

4.1 THE CONCEPT AND DEFINITION OF LOW-INCOME

Before illustrating some aspects of government policy with regard to substandard urban settlements, and exploring housing poverty, I ought first to consider who are the urban poor, and especially, what is the low-income group.

Attempts to formulate a definition of poverty usually start with an analysis of household income and, often, expenditures. The concept of poverty is inevitably both arbitrary and relative.¹ It is arbitrary because the line dividing poor from nonpoor could equally reasonably be drawn somewhat higher or somewhat lower. And it is relative in the sense that what is viewed as poverty varies from place to place and over time. Many of those who would be classed as urban poor in, for example, the United States, have a standard of living that would place them in the middle classes in most developing countries.

In the developing nations, however, analysis of urban

poverty is all too often stymied at the start by lack of data on household income distribution and associated characteristics. A number of citywide surveys of income and employment do offer information on wages, occupations, and skill levels of samples of individual workers. But urban poverty is best understood in terms of households rather than individual workers. The same earnings may represent comfort or misery, depending on the number of dependents a worker supports. Moreover, much of the data available even for individual workers is too crude to be very helpful in constructing a profile of urban poverty.

The problem of gathering accurate information on the incomes of individual households is compounded by the difficulty of designing a survey that represents all income strata fairly, in the absence of established income-distribution profiles. The tendency generally is to underrepresent the poor. Sometimes official bias plays a part, as when government statistical agencies undersample or ignore low-income districts, particularly in squatter areas, for political or legalistic reasons in many developing countries. In Korea, for example, the Korean Economic Planning Board conducts a detailed and systematic annual survey of family incomes and expenditures in urban areas. However, the survey excludes all households in squatter areas, presumably because such areas are illegal. In the case of Seoul in the early 1970s, this meant that between one-fifth and one-quarter of the city's people, most of whom were poor, were simply not sampled.²

Unfortunately, there are no accurate data on household income in squatter areas. Generally, squatter income is taken up entirely by food expenses. A field survey on squatter areas in

Seoul indicates that total family income for all households surveyed showed a mean level of 20,166 won per month in 1970. But the average monthly income for the salary and wage earner's households in cities stood at 31,770 won for 1970, significantly higher.³

The concept of 'low-income', like that of 'poverty', is a relative one, and must be defined at the outset. However, whereas 'poverty' refers to a state of relative deprivation of certain items vis-a-vis a wider population, low-income relates specifically to a dimension of the income structure of that population. In industrialised capitalist nations income is distributed 'normally' with the majority falling into the middle-income categories, (though wealth itself is heavily 'skewed' in favour of the upper-income levels). In contrast, most Third World countries demonstrate a heavily skewed distribution, with the majority of the population in the lower income group.

A variety of statistical measures can be used to present income distribution data in a form that makes possible comparisons from place to place and over time. The two that will be used here are the percentage income shares of various proportions of the population (top 20%, bottom 40%, and so on), and the Gini coefficient. In 1971, the top 20 per cent of urban population in Korea took more than 42 per cent of the total income distributed, whereas the bottom 40 per cent earned about 20 per cent of the income. The urban household Gini estimates showed 0.37 in 1971.⁴

Table 4-1 shows Korea's income distribution with comparable data from other selected countries. The poorest quintile^P of households received as little as about 2 per cent of total house-

hold income in Peru and about 6 per cent in Korea, compared to the top decile of households, which received from 28 per cent of total household income in Korea to about 51 per cent in Brazil. Many economists point out that Korea's income distribution has not had a greater degree of inequality than that of other developing countries where these kind of statistical measures have been applied.⁵ But, it should be noted here again that most data of income in Korea excluded all households in squatter areas.

In Korea there is no clear line to be drawn between the high-income, the middle income and the low-income group. Basically, in the Korean context, the high-income household includes the people who can provide sufficient economic support to their family, have no difficulty in educating their children, possess houses with modern facilities, and enjoy various other luxuries.

On the other hand, the middle-income household may range from those who, with a careful allocation of family budget, possess much of what the high-income household has, to those who have serious difficulty in providing college education for their children. The distinction between the middle-income and the low-income household is not clear. But one useful criterion is that lower income households are usually exempt from income tax. In 1982, for example, those who earned less than 111,000 won per month, paid no income tax.

Let me consider monthly income and expenditures by income group of salary and wage earner's households in cities. For 1 and 2 classes in Table 4-2, which comprise 13.1 per cent of the total households, their monthly expenditures always exceed by far their earnings. This group of people belong to the absolute poverty category. As there is no official definition of

Table 4-1 Household distribution of Income in Selected Countries

Country	Year	Percentage share of household income by household group		
		Lowest 20 per cent	Lowest 40 per cent	Top 10 per cent
India	1964-5	6.7	17.2	35.2
Sri Lanka	1969-70	7.5	19.2	28.2
Honduras	1967	2.3	7.3	50.0
Philippines	1970-1	3.7	11.9	NA
Peru	1972	1.9	7.0	42.9
Malaysia	1970	3.3	10.6	39.6
<u>Korea, Republic</u>	1976	5.7	16.9	27.5
Turkey	1973	3.4	11.4	40.7
Mexico	1977	2.9	9.9	40.6
Taiwan	1971	8.7	21.9	24.7
Chile	1968	4.4	13.4	34.8
Costa Rica	1971	3.3	12.0	39.5
Brazil	1972	2.0	7.0	50.6
Argentina	1970	4.4	14.1	35.2
Venezuela	1970	3.0	10.3	35.7
Average of Third World Countries		4.2	12.7	35.0
Italy	1969	5.1	15.6	30.9
United Kingdom	1973	6.3	18.9	23.5
Japan	1969	7.9	21.0	27.2
France	1970	4.3	14.1	30.4
United States	1972	4.5	15.2	26.6
Sweden	1972	6.6	19.7	21.3
Average of 12 Industrialized Countries		6.0	17.8	26.3

NA Not available

Averages are unweighted

Source: Alan Gilbert and Josef Gugler, Cities, Poverty, and Development, Oxford, Oxford University Press, 1982, Table 1.3, p.10.

poverty in Korea, the size of the urban poor varies widely depending on the estimation method. Using only household income as a criterion for poverty, Korea Development Institute estimates the incidence of urban absolute poverty at 10.4 per cent of households for 1980. Absolute poverty is defined at 100,295 won (monthly household income) in urban areas for the standard of five persons. For this group of households, therefore, various public subsidy programmes are necessary from the social welfare point of view.

Table 4-2 Monthly Income and Expenditures by Income Group of Salary and Wage Earner's Households in Cities, 1982

Income Class	Monthly Income Bracket ('000 Won)	Percent of Total Households	Average Monthly Income (Won)	Average Monthly Expenditures (Won)	Income-Expenditures (Won)
1	Less than 100	4.5(4.5)	67,177	110,563	-43,386
2	100-150	8.6(13.1)	121,944	137,350	-15,406
3	150-200	13.6(26.7)	171,422	168,172	3,250
4	200-250	16.5(43.2)	218,772	190,502	28,220
5	250-300	14.3(57.5)	268,606	219,459	49,147
6	300-350	11.4(68.9)	318,898	261,228	57,670
7	350-400	7.6(76.5)	370,300	288,576	81,724
8	400-450	5.9(82.4)	420,334	325,169	95,165
9	450-500	4.1(86.5)	471,120	351,891	119,229
10	500-550	3.0(89.5)	518,888	390,556	128,332
11	550-600	2.3(91.8)	571,836	406,432	165,404
12	600-700	3.1(94.9)	641,275	458,181	183,094
13	700-800	1.9(96.8)	744,185	524,275	219,910
14	800-900	1.1(97.9)	840,382	583,235	257,147
15	900 and over	2.1(100.0)	1,196,370	758,195	438,175
Average			317,052	255,416	61,636

Notes: 1) Number of sample households are 3,427 in cities.

2) The following types of households are excluded: i) farmers' households ii) fishermen's households, iii) single person households, iv) households whose income and expenditures are difficult to calculate; a) households which manage an eating place, inn or boarding house and find it difficult to separate ordinary household income and expenditures from business income and expenditures; b) households with 2 or more business employees living with the household and v) foreigner's households.

Source: EPB, Annual Report on the Family Income and Expenditure Survey, Seoul, EPB, 1982, pp.80-81.

On the other hand, the households in income class 3 and 4 are earning a little bit over what they have to spend. In case of the class 3 households in Table 4-2, their monthly income is about equal to the amount of monthly expenditures. It is no exaggeration to say that this group of households cannot afford to even rent a proper size dwelling from their lower income. This group of households could be regarded as in the stage which is just over the urban absolute poverty line. Throughout this study, the term "low-income" is applied to the households in income class 1, 2, 3, and 4 in Table 4-2 where monthly income is around 250,000 won a month or less. Thus, low-income households comprise about 43 per cent of salary and wage earner's household in cities in 1982 (Table 4-2). The households in class 1 and 2, they earned less than 150,000 won per month. This is, in fact, the poverty line, and to those living below it I shall apply the term "very low-income". This category includes most of the squatters in Seoul.

4.2 TYPES OF SUBSTANDARD URBAN SETTLEMENTS

Housing conditions and housing problems in the Third World are quantitatively and qualitatively different from those in the developed Western world. The most glaring expression of the population explosion and the housing deficit is in the so-called "squatter" settlements which are a prominent feature of many of the cities in the Third World. These settlements, which Turner⁶ and others prefer to call "autonomous urban settlements", but are more commonly known as barrios, favelas, bidonvilles, or simply shanty towns, have generally sprung up without, or in defiance of, government approval.

There are no universally applicable criteria in deciding a unit's habitability or decency since these concepts vary widely according to the climate, cultural background as well as economic conditions of each country. Korea has not classified substandard housing involving many related aspects such as physical character of dwelling, user control, environmental locus and relative locus. However, the measuring criteria for substandard housing are primarily physical quality and legality. It is clearly exhibited in the following substandard housing classification standards set by the Ministry of Construction;

- i) dwelling floor area is less than 7 pyong(23.1 m²);
- ii) unauthorised buildings on public land;
- iii) housing built without due permission;
- iv) housing with poorly built structures such as tents, communal huts, barracks, and shanties using inadequate building materials;
- v) housing lacking basic services and facilities such as water supply, electricity and sewerage.

In Korea there are two basic types of substandard urban settlements. They can be characterised as "squatter settlements" and "unplanned housing".

Squatter settlements. The terms "squatter settlement" or "shanty town" are used in reference to uncontrolled urban housing. Squatters are those who settle down on new or unsettled land without proper land title or right. The term "shanty town" is often used to denote an uncontrolled, substandard residential area with a group of shacks or hovels.

Squatter settlements are the most familiar type of non-conventional housing constructed by the urban poor largely be-

cause they tend to be a visible element in the urban landscape of Korea. Urban squatting in Seoul has a long history though in its early stages its scale was not extensive. Large scale construction of one sort of urban squatter house, the so called "PANJAJIB" or "MUHEOGA"⁷ housing in Korea, came just after the end of the Japanese colonial control in 1945. An unexpectedly large group of returnees and refugees from neighbouring countries and from North Korea settled in Seoul. Some of them were able to take-over accommodation vacated by Japanese residents returning to Japan, but thousands more simply settled in open spaces, such as military reservation areas, widely distributed hillside park areas, and public open spaces near railroads. Among such large-scale concentrations of returnees and refugees, Haebangcheon in Yongsan⁸ was typical. Here squatters constructed their own houses without the consent of the city government. All housing materials were of low quality and development was totally unplanned.

Many such settlements sprung up during this period. Although quite different in origin they have many characteristics in common with present day urban shanty towns. Mass spontaneous urban squatter settlements began just after the end of the Korean War in 1953. Over a million persons returned from the long journey to war, but there were no sound residential houses available for them. The returnees built temporary houses using wooden boards, (the so-called panjajibs) throughout the ruined city - in the central area and in previous residential areas.

Rapid economic development in Korea during the 1960s and early 1970s, which was largely Seoul-centred, was accompanied by an enormous wave of migration from rural areas to the metro-

polis. Accurate statistics are not available, but in each of the two peak years of 1969 and 1970, following severe droughts in the south-west, probably as many as 400,000 people moved to the capital. As we have seen in Chapter 2, during the period 1966-1970 the city of Seoul had an annual growth rate of between 8 and 9 per cent, of which about 80 per cent was due to migration. The influx of population from outside the city created an acute housing shortage, and prices soared beyond the reach of the average citizen. The rapid growth of new substandard housing in a variety of forms was an attempt to bridge the gap between supply and demand. "Squatter settlements", caused by social and economic factors together, are, by definition, settlements neither properly controlled nor serviced by the municipal authority, giving rise to problems of both physical structure, user control, environmental locus, and land title.

Unplanned Housing. Apart from the shanty towns or squatter settlements, there exists yet another variety of substandard urban housing. In order to secure a foothold in the urban area, thousands of urban immigrants to the large cities, who have not come directly from rural areas, have acquired legitimate rights in land. Whatever forms of urban settlement they create, this housing can hardly be called "squatter" or "uncontrolled", because it does not violate any law on land ownership, although it consists of simple makeshift dwellings as minimal family shelters. The heads of households living in such accommodation are either skilled or semi-skilled workers, or office workers. Their financial resources are strictly limited, and although they can afford a piece of urban land and a minimal shelter, they cannot afford a proper house that meets stringent planning

and building regulation requirements.

Brandt spoke of this unplanned housing in Seoul as "the progressively evolving shanty town". He noted that:

Most of the residents in these relatively stable and tranquil areas had been there for many years. They made continuous, gradual improvements to their shacks, ---, until they were eventually transformed into small masonry houses, usually with tiled roofs and glass window. Some of the more recently settled areas as well, although the houses were still flimsy, quickly acquired a settled, stable atmosphere. In addition to migrants there were usually also low-paid white collar workers, skilled labourers, and downwardly mobile members of the middle class living in such areas.

This pattern of housing development has occurred on unplanned land in traditional residential areas, on hillsides near the urban fringe, and in the suburbs where cheap land is available at a reasonable price for immigrant families.

The municipalities have found it increasingly difficult to exercise control over the development of such areas. The major difference between this type of settlement and the squatter settlement is that shelters are erected on pieces of land by groups of migrants with proper title and rights of land ownership, but without building permits. Thus, they violate planning and building regulations, even though the municipalities set only the minimal housing standards.

4.3 KOREAN EVIDENCE ON SUBSTANDARD HOUSING: HOUSING POVERTY

Urban housing needs are especially acute for the low-income group. Official housing standards are often unrealistically high, pushing approved housing beyond the financial possibilities of the low-income group. Adequate financial mechanisms to finance housing for these groups are often lacking. Furthermore, the supply of housing is often limited by outmoded building

codes and imperfect factor market(including the land market) causing high housing costs. The poor household has choice but to resort to squatting, or adding to existing housing densities in approved dwellings. Thus, squatter settlements and slums are alike in that they generally house a substantial proportion of the urban poor.

At this stage, it should be noted that accurate statistics on the extent of urban squatting are difficult to obtain; in addition, confusing administrative terms and classifications have made interpretation of the figures difficult in Korea.

An initial problem lies in the term "squatter" itself. In general, this has referred to any unlicensed building and has been, by implication, linked with illegality. In fact, there is an important difference between a building which is illegal in that it violates a specific law or municipal code, while the owner legitimately owns or rents the land on which it is built, and one which is a true squatter building, one that is built on land owned by someone else. However, government figures make no differentiation between the two types, simply calling all such building "illegal".

Squatting and slum-dwelling are features of almost all major cities in the developing world. In around 1970, the percentage of the urban population living in slums and squatter settlements varied widely from city to city, but figures of 20 per cent to 50 per cent were common, while figures of even 80 per cent have been reported.¹⁰

In Korea, squatting is most prevalent in Seoul; in other urban areas the phenomenon seems to be of much less importance. During the prosperous 1970s, the number of illegal houses seems to have decreased. A government estimate is that there were

320,000 illegal households in 1976.¹¹ Not all these households are squatter: some hold title to the land, but live in houses that do not meet the government's minimum standards. More than 65 per cent of the illegal households were in Seoul. The same source estimates that the 320,000 illegal households represented about 4 per cent of the country's population, about 8 per cent of the urban population and 6 per cent of the total dwelling stock.

A rather more detailed picture of illegal urban housing is presented in Table 4-3. During the 1970s, the number of illegal urban houses seems to have decreased, especially between 1971 and 1976. But the number of illegal houses still represents over 10 per cent of the city's housing units. The most important point is that illegal housing is most prevalent in the capital, Seoul. Since 1970, Seoul's illegal houses have represented over 15 per cent of the dwelling stock.

Little is known for certain about illegal or squatter housing. Most authorities undoubtedly underestimate the size of their squatter populations, either by ignoring communities outside the official city limits, or because of the enumeration difficulties posed by the morphological irregularities of many squatter settlements in Korea. Many of the issues raised here will be dealt with in more depth later on in terms of government responses and views on substandard urban settlements.

Let me now examine Korean evidence on substandard housing in view of housing poverty. As I have mentioned in the introduction of Chapter Three, one of the most useful methodologies to describe housing poverty was that of Merrett who put forward a predicative approach, which defines the use-value of

Table 4-3 Status of Illegal Housing in Urban Areas,
1971, 1976 and 1980

Year		All Cities	Seoul
1971	Housing Units (A)	1,506,700	625,400
	Illegal Housing (B)	260,400	168,300
	% B/A	17.3	26.9
1976	Housing Units (A)	1,963,900	813,000
	Illegal Housing (B)	203,500	134,900
	% B/A	10.4	16.6
1980	Housing Units (A)	2,555,724	993,661
	Illegal Housing (B)	289,095	154,047
	% B/A	11.3	15.5

Source: Ministry of Home Affairs, Municipal Yearbook of Korea, 1972, 1977 and 1981.

the house, on the basis of physical character, control, environmental locus and relative locus.

A. The Physical Character of the Dwelling

Let me begin by looking at the first predicate, and here I shall concentrate mainly on size, materials and facilities. Dwelling size is conventionally defined in terms of number of rooms and floor space standards, and Table 4-4 provides such indicators. The average number of rooms per substandard dwelling in 1978 at 2.5 was much smaller than in the Seoul city as a whole in 1980. Average floor space per dwelling in substandard areas was 14.9 pyong, and this was also smaller than that of the city average. Moreover, the number of households per dwelling, a useful index of involuntary sharing, was also markedly higher in the substandard housing areas with the very high value of 2.0. Meanwhile, the number of persons per room was 3.2 in substandard residential areas which is

Table 4-4 Selective Indicators of Dwelling Size in the substandard Housing Areas and Seoul, 1978 and 1980

Indicator	Substandard ^a Housing Areas (1978)	Seoul ^b (1980)
No. of Rooms per Dwelling	2.5	3.5
No. of Households per Dwelling	2.0	1.9
No. of Persons per Room	3.2	2.4
No. of Persons per household	5.4	4.5
Floor Space of Dwelling (Pyong)	14.9	19.8 ^c

Notes: a) based on 1,460 households in Seoul in 1978.
 b) Data from Population and Housing Census in 1980.
 c) Floor space represents the 1975 distribution.

Source: EPB, Population and Housing Census, 1975 and 1980; and, Seoul City, A Study on Housing and Problem of Garbage Disposal in Seoul (unpublished), 1979, pp.126-127.

extremely high when compared with that of the country as a whole where the ratio was 2.0 in 1980 (Table 3-8). The housing units in substandard areas are far below the level which would insure comfortableness in terms of habitability.

The composition and quality of building materials are another standard indicator of a dwelling's physical character. The construction materials used for external walls, for example, were 86 per cent cement brick or cement block and 14 per cent wood, clay or clay bricks. With respect to roofs, the substandard housing was constructed with materials using roofing tile 2 per cent, slab 26 per cent, slate 56 per cent, tinplate 10 per cent and tent and others 6 per cent.¹² All in all, the materials used in most substandard housing are not of very inferior quality compared with other low-income housing.

Table 4-5 Proportion of Substandard Dwellings with Various Types of Amenities in 1978

Amenities	%
Piped Water	
Equipped	34.7
None	65.3
Total	100
Kitchen Facilities ^a	
Conventional	91.9
Modern	8.1
Total	100
Toilet Facilities	
Conventional(Private)	29.9
Conventional(Communal)	59.5
None	7.2
Others	3.4
Total	100

Notes: a) Data represents the 1982 distribution

Sources: The Seoul City, A Study on Housing and Problems of Garbage Disposal in Seoul (Unpublished), 1979, pp.112-113, and KNHC, Housing Policy Development Research(Unpublished), 1983, p.467.

The physical character of substandard dwelling is described by an appalling lack of basic services and internal facilities rather than the quality of building materials. This aspect is measured by the range of internal amenities, including piped water supply, kitchen and toilet. The proportion of housing units with various amenities is given in Table 4-5. In 1978, the majority of dwellings(65 per cent) in substandard housing areas had no piped water supply, and they had to depend on wells or tanks for their water supply. With respect to kitchen facilities, only about 8 per cent of substandard housing units had modern kitchens, while nearly a half of all housing units in Seoul had a modern kitchen(Table 3-10 and Table 4-5). On the other hand, toilet facilities are the worst condition of basic service of substandard housing units. The majority of housing units(67 per

cent) had no private toilet inside the dwelling units. They only had communal toilets with conventional facilities, such as a pit latrine. Surprisingly, about 7 per cent of housing units had neither private toilet nor even a communal toilet.

B. Dwelling Control

This predicate relates to the control exercised by the household over its use of the accommodation. On this set of attributes, for the substandard housing areas as a whole no research data has been collected or published as far as I am aware. I shall therefore focus on only the degree of security against eviction or displacement the household enjoys in its possession.

Squatter housing is often demolished by the government using bulldozers, wrecking crews and policemen. They have no right to stay because their houses are substandard or illegally built on public or private land. In 1982 about 57 per cent of the units in substandard residential areas were illegally built on public land and the remaining 42 per cent are deteriorated units on privately owned land.¹³

In the early 1960s, the city of Seoul strived to clear squatter dwellings located on the public land designated as parks and roads, and relocated the residents on the outskirts of the city by providing small housing lots (mostly 8-10 pyong). This relocation policy was primarily concerned with 'city beautification', and paid no real serious attention in providing public facilities. Squatters were only relocated from the inner city to the suburbs. Since the early 1970s, the government's housing policy toward shanty towns more or less has been changed so that programmes adopted a more positive approach, so called legalisation or rehabilitation. But most programmes were not

successful mainly due to the lack of legal basis and financial problems to back up the residents' renovation activity.

The poor households in this area never get the degree of security against eviction or displacement. It follows that their settlements are uncontrolled, that public infrastructural facilities are not usually extended to them, and that, for fear of eviction, there is little incentive to build sound and lasting housing. Between 1970 and 1978, for example, about 100,000 illegal housing units in Seoul were demolished by the municipal government. Many of the issues about government responses toward illegal housing will be dealt with in more depth in Chapter Five.

C. Environmental Locus

This predicator relates to the neighbourhood of the dwelling, the area within a short walking distance. The willingness to live in a house can reflect a number of qualities in the neighbourhood. The published information on this matter in shanty towns is sparse. Here I discuss the issues of housing stock quality and environmental pollution, and the availability of local services.

In Seoul, squatters usually settled in open spaces such as military reservation areas, widely distributed hillside park areas, river banks and public open spaces near railroads. In most squatter neighbourhoods, particularly those up high on a hillside (mountainside by western Europe and the United States standards) or far from the centre of the city, there is no well-organised system of removing garbage and human waste. For solid garbage and trash, most of which consists of the YONTAN (coal briquettes), municipal removal systems are sometimes

available, but more often garbage is privately disposed of, or dumped in a communal area or any public area, such as a stream or ditch. Absence of a system for removing garbage and trash from living areas continually exposes the healthy to the contaminated wastes of the ill and the disease carrier.

Now let me consider air pollution, a major metropolitan problem. A principal source is the domestic heating and cooking system used by the Koreans known as 'ondol'. 'Ondol', meaning floor-heating system in Korea, refers to a system of fuels under the floor, through which the hot gases from the coal briquettes burning in the kitchen pass to the chimney. In Seoul about 30 per cent of harmful gas emissions originate in the house itself, virtually entirely from these burning fuels for heating and cooking. Coal briquettes are the most popular domestic fuel in urban Korea. These arrangements discharge large quantities of air pollutants.¹⁴ However, most newly-built flats and modern detached houses in Seoul now use gas or electricity instead of coal briquettes. By contrast, about 97 per cent of households in substandard residential areas in 1982 used coal briquettes, whilst only 2.5 per cent used oil or gas for heating.¹⁵ They predominantly relied on the coal briquettes. Furthermore, it is in fact difficult to demonstrate the situation of pollution in detail in substandard residential areas, however this area has much more pollutants than other residential areas within the city.

With respect to the availability of neighbourhood services such as schools, clinics, local shopping and recreational facilities, only simple generalisations are possible. In the substandard residential areas, local services are often lacking,

especially clinics and schools. The substandard settlements has usually neither been accorded corresponding attention nor priority in development planning and policy in Seoul. Public infrastructural facilities are not usually extended to them. Residents therefore were constantly trying to cope with extremely irritating and recalcitrant problems of everyday life.

D. Relative Locus

This predicate refers to the availability of alternative transport modes to points in space beyond the neighbourhood, and to the costs in time and money of such journeys.

Korean urban commuting modes are based on the public transit system. In 1973 about 60 per cent of workers in Seoul travelled by bus.¹⁶ In 1978, a survey in substandard residential areas, for example, indicated that more than 80 per cent of household heads were travelling by bus. Moreover, walking is clearly the cheapest travel mode compared with any other means. In squatter housing areas, more than 10 per cent of household heads travelled on foot.¹⁷

On the other hand, Seoul's first underground railway began operation in mid-1974. The system has grown since then and will continue to develop provided the government permits a continued expansion in the size of the city. In 1978, only about 1 per cent of household heads in substandard housing areas travelled to work by underground. It should be noted here that at this time, the underground system had not developed and linked to many parts of the low-income residential areas.

There is no systematic survey of the dispersion pattern of the substandard housing in Seoul. It is therefore hard to de-

monstrate the relationship between the residential area and the journey-to-worktime or travel costs. In general, high density substandard residential areas are geographically distributed in the area surrounding the central city. One group of high peak density areas appears in the 5 kilometre range from the centre of the city, and the second group of high peak density areas comes in the 9 kilometre range from the centre.¹⁸ It appears that the poor tend to settle at relatively central locations in order to save travel costs and journey-to-work time.

What is actually needed by the poor is access to employment opportunities and services. Access can be obtained either by residing close to employment or services, which requires little travel, or residing further away, which requires more travel. In the first case, what is saved in transport costs is usually lost in higher rents, and the reverse is true in the second case.

An improved urban transport system is not the only means to improve access to employment and services for the poor; providing cheap land close to employment opportunities (or vice versa) may be just as important, in fact, for the poorest groups, who usually can only afford to walk.

Improved transport access for neighbourhoods where the poor predominantly rent and the land is largely owned by rich individuals will involve some leakage of benefits to the rich. In contrast, transport improvements in some areas where the squatter are effectively in possession of the land - even if they do not legally own it - will channel many of the benefits directly to the poor. Indeed, the former case is more common than the latter in Seoul. The distribution of landownership is thus an important aspect in determining the incidence of benefits from trans-

port projects.

4.4 GOVERNMENT RESPONSE AND VIEWS ON SHANTY TOWNS

Why, one asks, have the traditional approaches to the problems of urban settlement in Seoul failed to provide public housing for the low-income household? And why is the housing shortage in the capital still increasing in spite of government effort? It is because public housing policies have been on the following unrealistic assumptions.

Firstly, that any squatter or unplanned housing area should in principle be cleared, and the people occupying the land relocated in newly planned housing, built to government standards. As will be seen in the next chapter, this is the so called "clearance and relocation scheme" under which governments are empowered to remove squatters, using bulldozers and policemen.

Secondly, the government regards squatter and unplanned settlements as "cancerous growth". The most drastic measures have been justified by reference to the substandard level of living conditions in these areas. Thus, policy has centered on the physical characteristics and conditions of shanty towns, not on the actual needs, aspirations, and overall lifestyle of squatters as human beings.

Thirdly, the government maintains that the individual housing unit, with its building costs subsidised by the housing authority to reduce its economic rent, should remain as the basic variable in solving the housing problem. The target has been one-household-one-dwelling.

Finally, little emphasis has been given to direct government intervention in public housing programmes for lower income housing. Housing has not been a major government issue;

the focus of the economic development plans during the 1960s and 1970s was rather on general economic growth and the rationalisation of the industrial structure of the economy.

The government's attitude toward substandard settlements immediately raised questions in my mind. First, what is the case for substandard settlements in Seoul? And should the poor people be relocated or rehoused? For it is my conviction that squatter and unplanned urban settlement far from being the "blight on the urban landscape" that past government response and prevailing opinion have made it out to be, is an inevitable and, indeed, potentially positive fact in Korean society. And second, what role, ideally, should the government play in the substandard urban settlement process? Before these issues can be examined, however, it is worthwhile to examine first attitudinal change toward substandard urban settlements.

It has been customary to assume that substandard settlements present a major housing problem in developing countries. Writers who have examined such settlements in a bid to identify the nature of the problem have followed two main streams of analysis. One stream is represented by a dysfunctional system of substandard housing. They focus on three problems which they assume are posed by the substandard housing system. First of all, a filthy and decaying environment usually provides an appropriate breeding ground for a variety of infectious and contagious diseases.¹⁹ Second, squatter and slum housing have also been viewed as a generator of a host of deviant behaviours such as criminality, prostitution, and juvenile delinquency.²⁰ The theoretical foundation for this view may be traced back to the works of the Chicago School of Social Ecologists in the 1920s.

Third, substandard housing has been viewed as a breeding ground of political unrest and anomie. This view stems from the basic assumption that squatters' experiences of poor living conditions and a variety of socio-economic hardships would in time, generate feelings of frustration and discontent. Such feelings would eventually lead to an eruption of political radicalism and violence.²¹

A group of writers, in opposition to a dysfunctional view of substandard housing, emerged in the late 1960s with a holistic philosophy which has, in the main, a pragmatic solution to the mounting problem of housing shortage: substandard housing ought to be preserved and improved rather than eradicated.

During the 1950s and early 1960s it was not fashionable to see squatters as positive elements within the general framework of urban development. Over the 1970s, the attitude towards the dysfunctional nature of substandard housing have given way to more positive assessments in which the work of William Mangin and John Turner has figured prominently. Substandard settlements were shown not to be centres of political radicalism and violence,²² disease and generation of deviant behaviour.²³ But instead this type of settlement was recognised as making major contributions to the city as a whole - adding to its labour resources, consuming some of its production, whilst at the same time housing themselves at little direct cost to the city government. Thus, several writers²⁴ have observed that substandard housing usually offers a wide range of employment as well as investment opportunities for low-income groups. Furthermore, squatter settlements were seen to contain an enormous reserve of individual enterprise which had given rise to a myriad of small commercial and industrial units.

The urban substandard settlement has generally neither been accorded corresponding attention nor priority in development planning and policy in many developing countries. It means that the population living in substandard housing areas is commonly referred to as 'marginal population'. The work of writers such as Charles Stokes²⁵ and Oscar Lewis²⁶ is linked to their development of theories which suggest that many of the urban poor are locked into a cycle of poverty from which they cannot escape.

The concept of marginality has been subject to increasing scrutiny. Perlman states that 'squatters are not economically marginal but exploited, not socially marginal but rejected, not culturally marginal but stigmatized, and not politically marginal but manipulated and repressed.'²⁷ In addition, Alterman points out that the population in squatter areas is referred to as 'marginal population, a term which is apt to be misinterpreted. In his opinion, squatters are usually to be found at the outskirts of cities, hence at the geographical 'margin' of cities, and the squatter population is underprivileged in economic, social, legal and political terms and with almost no influence to improve its position. Hence, these are people living at the 'margin' of a society endowed with rights, advantages and sufficient access to corresponding facilities. As opposed to these two definitions of 'marginality' a third one is incorrect, namely that of marginality in terms of importance. The significance of urban squatter population strata must not be underestimated. First, the squatter population outnumbers the non-squatter population of many cities in developing nations (averages 30-60 per cent of urban population). Second, the economic potential of

squatter population groups is commonly underestimated due to the fact that many of their activities are considered informal, thus difficult to comprehend and quantify. Third, squatter inhabitants are prone to develop an outstanding degree and intensity of interpersonal relations owing to the difficulties and pressure they are collectively facing. Fourth, and this is to be considered a consequence of the above-mentioned aspects, squatters are developing increasing political sensitivity and consciousness the more acute their unsatisfied needs become and the more their aspirations are not met by governments and local authorities. From this it follows that the term 'marginal population' should be used very cautiously and be reserved for very specific applications.²⁸

On the academic front the picture of slum apathy and violence was countered by descriptions of vitality, achievement and petit bourgeois conservatism given by social anthropologists who lived among the poor. In particular an alliance between Mangin and Turner, who advocated the development of self-help policies in Peruvian squatter settlements, both reflected and reinforced a change of policy in Peru which extended throughout Latin America and beyond.

John Turner has been particularly predominant in the development of typologies of squatter settlements, based on the premiss that the market value of the squatter house is less important than its use to the consumer. The typologies of Turner include the assumption that the 'informal sector' is marginal to, and in transition towards, the modern capitalist economy on which urban development and prosperity ultimately depend. Turner's argument is that individual households will assess

their economic and social status and will either move to a settlement which satisfies their particular priorities or will remain in a settlement which is changing in line with these priorities. He developed a threefold classification of individuals into bridgeheader, consolidator and status-seeker. This taxonomy assumes that as economic security is attained there is a revaluation of 'vital needs' which is reflected in housing preferences.

The policy implications of this argument are that the poor's needs are usually badly understood by governments and the kinds of housing provided by them are therefore inadequate. In Turner's view, much better is to give the poor flexibility to design and construct their own housing. It is not a recommendation for every family to build its own house, but for some kind of intermediate position between the somewhat autocratic dictates of large-scale enterprises, especially government, and the anarchy of letting every family build its own home.²⁹ Give individual families greater choice over their housing design and location and the match with their needs will be closer.

Self-help programmes have been taken up vigorously by numbers of governments and by the World Bank. Although self-help strategies are one of the most important ways of providing shelter in the developing countries, they are subsumed under the general and far-reaching goal of autonomy in building environments. This is a concept which has become closely identified with the work of John Turner and extends our perception to include the whole dwelling environment and the way in which society - the resident and decision-maker - interacts with it and with each other.

Several commentators have criticised on theoretical grounds

the advocacy of housing autonomy for the urban poor and self-help as the major way of improving the long-term housing situation. Perhaps the best summary of the recent discussions and policy implications of self-help is the identification of five main points by Hans Harms.

- 1) Self-help housing provides possibilities; a) to lower the level of circulation of capital in housing, b) to increase the amount of unpaid labour in society, c) to devalorize labour power and to lower pressure for wage increases by excluding housing costs from wages.
- 2) It reduces the need for public subsidies to housing, since the reproduction of labour is done by the efforts and costs of labour itself.
- 3) It is economically expansionary for consumption demands.
- 4) Ideologically it incorporates people into the mentality of the petty bourgeoisie to own and speculate with housing.
- 5) It isolates people from each other; it can individualize discontent and preempt collective actions and solidarity.³⁰

On the other hand, Burgess argues that self-help is doomed to failure because it cannot accommodate self-help housing as a commodity in a system in which the capitalist mode of production is dominant. He states that "Turner's policy recommendation must be understood as an attempt to stimulate the growth and the expansion of petty-commodity housing, given the failure of industrial housing to satisfy the needs of progressively larger sectors of the population".³¹

In order that self-help strategies are to be effective in spontaneous settlements it is necessary to investigate the mechanics of how individuals consolidate their position. A crucial

question can be raised here that who are the successful squatter consolidators, and what factors inhibit successful consolidation by others? Ward found through a case study of Mexico City that not all squatters are successful consolidators and squatting by itself is not a vehicle for upward mobility and for successful consolidation to take place other factors need to be present. The level of success depends on the wider economic environment—wage levels, rate of inflation and the state of the economy.³²

However, it would be wrong to use theoretical critics on self-help strategy in order to deny the urban poor the opportunity to improve their own living conditions by their own efforts. But there is an important issue still remaining: what are the ideological implications of self-help in terms of the achievement of greater equity or social justice in developing countries?

4.5 CONCLUSIONS

Urbanisation, in the modern period, has entailed a process of profound social and economic transformation. Urbanisation is a necessary, if not essential, means of absorbing population overspill from the rural sector, making possible increased capitalisation of agriculture, while providing a concentrated and localised base for industrial development. In developing countries such as Korea, where it is enormously important to derive maximum return on capital investment, it is necessary that economies of scale develop on a centralised basis; thereby minimizing the problem of linkages, controlling costs, and increasing benefits. Because these developing societies possess limited capital and resources, and fast population growth, development potentials must be exploited to the full. Here, urban centres play an important role in raising standards of work and of edu-

cation and in helping society to adapt to increasingly complex technologies.

Though substandard urban settlements are an almost inevitable by-product of the high speed urbanisation that occurs in Korea, they are usually seen as a detriment to modernisation. Because they represent a failure on the part of urban housing, welfare, and infrastructure system, they are met by a thousand vociferous calls for "city beautification", or the "elimination of unproductive social elements". The case of a group of writers in the 1950s and 1960s rests on the glaring short-comings of uncontrolled settlements.

Government policy toward substandard settlements in Seoul has usually been based on the assumption that they are "cancerous growth". Indeed, to develop that metaphor, traditional housing problems have involved surgery (wholesale removal) instead of preventative medicine. The most drastic measures have been justified by pointing to the substandard living conditions in such areas. And indeed, many physical and urban planners fail to grasp the problems that exist in these areas. They attempt hastily to push through settlement schemes, which are based on misconceptions and spurious assumptions (This issue will be examined in detail in the following chapter). They are often misled by Western European or North American housing and planning concepts irrelevant to the needs of urban Korea.

I would maintain that urbanisation and substandard urban settlements are positive contributions to the social, economic, and political life of a modernising society. Admittedly, they give rise to the problems which a group of writers have pointed out, but given the desire for industrialisation, there is pro-

bably no alternative. In view of Korean situation, my positive reaction is based on the following points.

First, in terms of social mobility in substandard residential areas, most squatters tended to be upwardly mobile. According to a survey on the conditions of squatters in Seoul, they had a dramatic improvement in terms of living standard, physical comforts, and morale during the 1970s.³³

One wonders if this improvement in squatter's living standards was caused by wise governmental actions, or was merely the result of the energy of poor people taking advantage of economic opportunities as they became available? Certainly, Public welfare policy during the 1960s and 1970s was minimal, there was no significant restructuring of the economic or political system towards a more egalitarian distribution of wealth, or towards greater popular participation in governmental decision making. Nevertheless, things got better; in fact, they got much better for the vast majority of the urban poor throughout the remainder of the 1970s.

However, standards of public health and safety are not enforced in these communities, and squatter housing is therefore overcrowded and substandard. But the up-grading of existing shelters, the gradual reduction in multi-occupation, and the improvement of utilities and services would bring them up to the standards of many municipal housing projects, if only the municipal government would make available the necessary money and a more egalitarian distribution of wealth and technical skills.

Second, possession of a house, however, affords the poor considerable economic security. Besides offering shelter,

(which in itself is no small thing), a house offers proximity to employment, education, and culture, and can provide extra income in the form of rent, or form a base for cottage industry.

Third, substandard housing areas are usually highly stable communities, composed of kinship and peer group systems originating from common village or provincial backgrounds. Kinship ties, especially among the in-migrants, play a strong role in the lives of squatters, both in terms of their initial choice of settlement and in terms of the communal organisation that develops within those settlements. Squatters are rarely isolated individuals; in fact, most migrant squatters, from the poorer provinces at least, migrated to Seoul in family groups. These findings refute the common assumption that squatters are socially and morally adrift.³⁴

It is necessary to explore the government's reactionary attitude towards the substandard urban settlements in more depth. The following questions are still raised here: what role has the government played in the substandard settlement process? What kinds of low-income housing programmes have been put into effect in Seoul? To what extent is the idea of self-help strategies the most important ways of providing shelter in Korea? These issues are the subject of the next chapter.

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CHAPTER FIVELOW-INCOME HOUSING PROGRAMMES

5.1 INTRODUCTION

Some developed countries have found housing - - and more generally urban development - - difficult to organise efficiently and equitably, even though they have not had to deal with the same explosive city growth as developing countries. It is therefore not surprising that most developing countries, with low incomes and limited resources, find housing an almost intractable policy area.

Several developed and some developing countries have been able, however, to provide the bulk of their populations with housing that is economic and yet meets reasonable welfare requirements. In many low-income countries, sites and services and squatter-upgrading programmes are often the best way to provide housing and services the poor can afford.

In the early sixties, comprehensive housing development planning was instituted in Korea to determine the extent to which national resources should be allocated to public housing development for the urban poor. Until recently, however, many administrators and planners have thought that public housing expenditure should not have high priority until the country was better able to afford it.

The Korean government has, however, made some attempt to tackle the urban housing problems of the low-income group. But in spite of efforts by the national and local governments, they have never been solved. The present situation is worse than ever before, and it promises to be even more complicated in the future.

It is now necessary to explore low-income housing programmes that have been put into effect in Seoul. They can be put into four categories: (1) the clearance programme for squatter settlements, (2) the legalisation and self-help development programme, (3) the relocation and site-and-service programme, and (4) the Citizen's flat and high density Danchi housing programme.

5.2 THE CLEARANCE PROGRAMME FOR SQUATTER SETTLEMENTS

This is a squatter clearance scheme devised for use in uncontrolled housing areas, the so called "Panjajib clearance scheme" under which governments are empowered to remove squatters, using bulldozers, wrecking crews and policemen. This is essentially a police action, where detection of newly-built units leads to physical removal and tenant eviction. It relies on formal and informal systems of reporting and surveillance, including on-site inspections, aerial mapping, and reporting from local administrators and community dwellers themselves. The clearance programme for squatter settlements was dominant in the late 1950s and the early 1960s.

The procedure begins with the notification of relocation within a one year period. If the households receive the notification to move within the required period, they are eligible for both a priority ticket for state-developed housing and financial assistance in moving. The amount of financial assistance for moving was 100,000 won per household in 1973 and 500,000 won in 1979, for example. Otherwise, all families in the area will be removed by force. In practice, lorries would come early in the morning to take families to their new location.

The old units were then bulldozed to keep them from being re-occupied. It is not unusual to see newspaper accounts dealing with trouble between the evicting policemen and squatters resisting their compulsory removal from some squatter housing area.

Unfortunately, there is no clear data about demolition of illegal housing in Seoul before 1970. However, between 1970 and 1978, about 100,000 illegal and substandard housing units were demolished by the authority. Table 5-1 shows that since 1975 government action has increased, and more than 14 per cent of illegal housing has been demolished every year. Much of the demolition was carried out following the sponsoring of a number of large-scale low-income flat projects by the city government and the Korea National Housing Corporation in the 1970s.

Since the enactment of Urban Renewal Act of 1976, the households within the renewal districts ^{are} eligible to borrow some fraction of the cost in building new units from the National Housing Fund. The maximum amount of loan for flats was 3 million won and 2 million won for detached houses in 1982. According to a recent survey, the amount of loan and assistance fund for moving falls far below the necessary level for new units. Consequently, more than two thirds of the original residents of the renewal districts continue to move out of their neighbourhood basically due to their financial inabilities.¹

The illegal housing clearance programme immediately raises a crucial question. What is the government's justification for removing substandard and illegal houses by police action? Their case could be stated as follows: firstly, that the illegal nature of the housing in squatter settlements encourages disrespect for law and disturbs public order.

Secondly, that in most squatter neighbourhoods, particularly those up high on a hillside or far from the centre of the city, there is often no electricity, piped water, or well organised system of removing garbage and human waste. Residents therefore are consistently trying to cope with extremely irritating and recalcitrant problems of every day life. The authority maintains that a filthy and decaying environment is a health hazard, a breeding ground for a variety of infectious and contagious diseases such as cholera, dysentery and tuberculosis.

Table 5-1 Illegal Housing and Demolition in Seoul, 1970-78

Year	Number of illegal housing units	Number of demolished housing units	Demolition ratio
1970	173,998	13,556	7.8%
1971	166,957	7,014	4.2
1972	164,417	2,540	1.5
1973	160,085	4,332	2.7
1974	154,501	5,584	3.6
1975	134,462	20,039	14.9
1976	115,634	18,828	16.2
1977	100,715	14,919	14.8
1978	87,723	12,992	15.0
Total		99,831	

Sources: Derived from Unpublished Document of Seoul Municipal Government, 1979 and KRIHS, Collection of Housing Statistics, 1980, Table IX-47, p.960.

Note: No post-1978 data has yet been published.

Thirdly, uncontrolled settlements are seen as the breeding grounds of social evils such as criminality, prostitution, and juvenile delinquency.

Fourthly, such areas are seen as obstacles to modernisa-

tion and city beautification, and are looked down upon as being ugly, deteriorating areas of the capital city. The municipality has received firm instructions to reshape the urban landscape.

Let me now analyse the government's unrealistic assumptions in regard to squatter settlements. In urban Korea, especially in Seoul, coping with problems arising from squatter and unplanned settlements is hampered by the fact the legal system has not kept pace with the rapid rate of urbanisation. Slum and squatter areas are denied basic urban services because they have no status in law. A strict adherence to the concept of private property tends to make the legal system a punitive instrument rather than a means for the ordering of human relationships and behaviour to achieve the development potentials inherent in all segments of the urban community. Conventional legal concepts formulated under conditions of low levels of urbanisation may be rendered obsolete by current urban conditions. Thus, there is a need to redefine the legal system and to analyse it anew in terms of the prevailing conditions. In this endeavour, the spirit rather than letter of the law should be upheld.

Korean government has formulated definitions of 'substandard' housing. These standards have been prepared by the MOC and are used by the city government of Seoul, as mentioned already in the previous chapter. The criteria are defined on the grounds of legal status as well as on physical grounds. But these criteria are often entirely irrelevant to what should be the most pressing task: improving living conditions for the largest possible percentage of the population. Infrastructure and service standards are not related to actual needs and local

resources. The criteria of Seoul municipal government make the construction of legal buildings more expensive and more difficult than is necessary to meet basic health and safety standards.

On the other hand, in Seoul where people living in squatter settlements have been tolerated and lived undisturbed for a number of years, the houses are to all intents and purposes indistinguishable from much of the rest of the city's traditional houses. Meanwhile, criteria based on physical quality of a unit and those on legal status are intermingled, and units which are legal but poor in quality are sometimes exempted from clearance scheme, whereas the units in good quality but lack necessary authorisation become the target of demolition.

The rate of illegality becomes much higher when the classification is made in terms of whether or not the units meet the criteria such as minimum lot sizes(27 pyong) and minimum floor space(12 pyong) as set forth in the building code. According to a recent survey, more than 70 per cent of the housing stock in the renewal districts in Seoul are illegal structures.² High standards which put lawful housing beyond many people's means will merely encourage lawbreaking. On the other hand, an unregulated market can encourage quite needless kinds of extortion by landlords and landowners. It also allows people to build cheap housing in ways which will not prove adaptable (to improvement later, ideally) as cheap housing should be. One unfortunate comprise has been to set high planning and housing standards but apply them to a few respectable residential districts only. That enforces social segregation, confines the best urban services to richer residents and may also help them to monopolize advantages like secure land tenure, mortgage fin-

ance, and insurance.

Experts in low-income housing have repeatedly attempted to set minimum standards in the interest of the occupants. Residential standards involve three related aspects. They are: (a) house sizes; (b) density; and (c) roads and services.³ It is surprising that those dealing with low-income housing do not establish standards from first principles, i.e. health, safety and what the occupants can afford to pay. If the government is seriously attempting to cater for the urban poor, it must discard its preconceived middle-class assumptions and Western European and North American housing and environmental standards. We recall that standards for shelter should be compatible with local resources, be evolutionary, realistic and sufficiently adaptable to local culture and conditions.

With respect to deviant behaviour of dwellers in substandard housing areas, Clinard and Abbot have noted a significant degree of correlation between uncontrolled housing and deviant behaviour. But they go on to point out that, notwithstanding such correlation, the available evidence fails, to a large extent, to support the popular assumption that conditions in squatter and slum settlements cause such behaviour.⁴ In Korea deviant behaviour is not generated by squatter housing itself, but is, in fact, a manifestation or generic trait of the 'culture of poverty' to which such a system of housing provides the supportive environment.⁵ For a more accurate evaluation of uncontrolled housing in Seoul as a generator of social problems we need to shift and expand our focus to the wider social context of the society of which slum communities form an integral part.

Finally, from the establishment's point of view, squatters

have no right to stay because legally they have no right to occupy the land. This should not be considered a legal issue. It is an issue of social justice. The authority must be prepared to give priority to the urban poor and not the landlords. Land first and foremost must be treated as a commodity belonging to the whole community and be utilised in the interest of all, especially the underprivileged.

The clearance scheme for uncontrolled housing areas in Seoul obviously worsens squatters' problems. It destroys their abodes and their only assets, and forces them into worse accommodation. Frequently, they squat in another corner of the city, or even in the same places after an interval of time.

5.3 LEGALISATION AND SELF-HELP DEVELOPMENT

In many developing countries, in the last ten years, slum and squatter upgrading programmes have generally replaced slum demolition and squatter 'resettlement'.⁶ In the Philippines, for example, since 1975 public authorities have given more support to slum and squatter upgrading projects which minimise the need to relocate families. Another example is Indonesia, where the Kampung Improvement Programme has successfully improved conditions in some of Jakarta's poorest living quarters; the programme has been extended to other major cities.⁷

In Seoul, the selective legalisation and self-help development scheme was initiated in 1968, with the object of improving living conditions in squatter and unplanned housing areas, and to help low-income households. This programme involves site by site unit improvement and confers legal status. In 1972, it was incorporated into the SAEMAUL-UNDONG(a new community movement sponsored by the central government) and is being conti-

-nued as the primary method of providing housing for low-income urban households. So far however it has not been comprehensive in scope.

In the initial stages, it was pursued on a random basis, site by site. After 1972, it was more rigorously structured, having become the sole alternative to previous squatter programmes.

Criteria were drawn up to decide which areas would be eligible for legalisation and which would not. The criteria for legalisation were:

1. Those areas not included in urban development plans.
2. Those areas not included in city beautification plans.
3. Those areas not in violation of the government construction laws or the Comprehensive Planning Law.
4. Those areas meeting the following physical requirements:
 - a. All areas to be legalised must contain a minimum of thirty houses.
 - b. No areas must exceed a height limitation of 100 metres above sea level.
 - c. All areas must have, or construct, access roads of minimum specified width.
 - d. All areas must have adequate storm drainage and sewer facilities.
 - e. Each house must stand on a lot 27 pyong (89.3m²) minimum, with a house of minimum 12 pyong (39.7m²) dimensions, covering not more than 60 per cent of the total area.

The programme begins with the government's determination of areas eligible for legalisation. Through the mass media, the qualifications for legalisation, and the procedures, are

publicized. Eligible areas are encouraged to request assistance from the government in drawing up community development plans and estimating cost, which are then submitted to City Hall for approval. The construction of community facilities prior to legalisation is to be carried out through the joint action of the city and residents. The government provides a portion of the costs (estimated at an average of 35%), to improve the areas. This would come in the form of construction materials, such as pipes and cement, as well as technical assistance. The residents would be expected to finance the remainder, with those economically unable contributing labour in lieu of cash. Participating households share the costs. The actual work is carried out by private firms, with contracts awarded through competitive bidding, under the management of the local administrative office. Once the necessary infrastructure is complete, and physical requirements have been met by all households, residents are allowed to buy their land from the government. Prices are based on prior appraisal, determined from market values before development. No credit or other material assistance is given, though the city government does expedite applications for local house registration.

The households in those areas not eligible for legalisation are to be relocated to peripheral areas in the city, on lots that will have been serviced with water and sewer systems. Families relocated to those areas will be able to purchase their lots at subsidized prices, with payments extended over five to ten years. The government intends to finance such areas through the sale of lots adjacent to the areas, which are expected to bring inflated prices once the programme area locations have

been made public. I will examine the relocation programme in detail in the next section.

Both the legalisation of eligible settlements and the eradication of ineligible areas are to be regarded as long term objectives, correlated to the gradual increase in economic capacity among squatter residents. Those areas that meet criteria for legalisation can proceed as rapidly as possible, while settlements which must eventually be removed will be left alone and removed later, unless they interfere with specific major public works projects.

Even though this approach is more attractive, it has many weaknesses. There are aspects of the legalisation criteria which are, unfortunately, unreasonable. First of all, requirements that areas to be legalized should have more than thirty houses and that all areas must not exceed the 100 metres height limitation above sea level are both arbitrary and unreasonable. A survey of squatter settlements in Seoul showed that roughly 30 to 40 per cent of the population live in squatter clusters of less than thirty houses⁸. Thus about 35 per cent of squatters are excluded from the legalisation scheme. Actually, most of the smaller areas were better developed than the bigger areas, and it might, therefore, be easier for the authority initially to set about improving some of the smaller areas.

In addition, the 100 metre height limitation also appears unreasonable. It would disqualify most of the hillside areas. The reason given for the imposition of this standard was that the low pressure water to high elevation is difficult. But positive technical support from the government can, in conjunction with indigenous man power and ingenuity, solve most of the problems involved in hillside or mountainside community

improvement. Hillside and mountainside areas account for 57 per cent of total squatter population; at least half of these exceed the high limitation. Moreover, hillside areas show higher levels of development, and to decimate them goes totally against the logic of squatter settlements in Seoul.

Another major criticism of the criteria concerns the land and house requirements. The requirements of a minimum lot size of 27 pyong and a house size of 12 pyong in the Building Code are too high. Table 5-2 gives us information on lot and dwelling sizes in the squatter housing in Seoul, more than 76 per cent of the housing has less than 20 pyong of lot size, and the average lot size is 18.5 pyong. In terms of dwelling size, 50 per cent of squatter housing has less than 10 pyong, which is two pyong less than the minimum standard of 12 pyong (Table 5-2).

Table 5-2 Sizes of Lot and Dwelling in Squatter Settlements in Seoul, 1980 in Percentage

	less than 10 pyong	10-15 pyong	15-20 pyong	more than 20 pyong	total	average pyong
lot sizes	37.3	17.6	21.5	23.6	100	18.5
dwelling sizes	50.3	22.4	18.3	9.0	100	15.0

Source: Graduate School of Environmental Studies, Seoul National University, A Study of Housing Conditions of Squatters and the Children's Problem in Seoul, 1980.

Moreover, households in emergency resettlement areas were given a land allotment of six and eight pyong, which implies that all these are ineligible for legalisation. The requirement that lot size must be 27 pyong or greater excludes virtually all but middle and upper income housing developments, and in fact excludes many of these as well.

An alternative, urged by government, for achieving the minimum lot and dwelling size requirements, is for two or more households to combine their lots and share a new house considerably expanded. In other cases, households could simply sell their lot to neighbours and move on. In any case, some kind of general re-allocation of lots would be necessary, both to provide for the criteria requirements and to make room for the required community facilities and infrastructure. But the net result would be to force a total re-organisation of life upon the community. While there has been some doubling up in squatter communities, it has occurred only seldom and always on a purely voluntary basis. Imposition of collective living would cause strong conflicts of interest, especially between the more wealthy and poorer members. Thus enforcement of this criterion would, by undermining community consensus - which itself is so essential to community development - paralyse the process of legalisation from the very beginning.

Another major weakness of the legalisation programme is its cost to the individual resident. The major costs of the programme involve, first, organisation, implementation, and planning for community improvement. Second, the costs of purchasing the land. Third, the costs of individual house and lot improvement. According to the government, households earning roughly 20,000 won per month should be able to afford participation. However, no clear data about squatter's average income per month are available, but a field survey⁹ in squatter areas indicates that roughly half of the households earned less than 20,000 won in 1970. The effect of the legalisation criteria discussed above has been to prevent grassroots community deve-

lopment and to dictate the eventual removal and dislocation of squatter settlements by the government.

Table 5-3 shows that 10,161 housing units have been legalised during the six years. It indicates that only 6 per cent of housing in squatter and slum areas was legalised by the government. There are no available data on how many squatter houses have been legalised since 1975, and the authority has concentrated on other low-income housing programmes, such as the relocation scheme and the high-rise and high density programme.

Table 5-3 The Achievements of Legalisation and the Slum Upgrading Programme in Seoul, 1968-1973

	No. of areas	No. of housing units	Public Land (pyong)	Private Land (pyong)
Legalisation	49	10,161	235,901	64,466
Upgrading	55	10,125	347,688	60,725
Total	104	20,286	583,589	125,191

Source: KRIHS, Collection of Housing Statistics, 1981, Table IX-50, p.962.

It should be noted that the legalization programme was incorporated into the SAEMAUL-UNDONG. The Saemaul Undong was started under the leadership of the late President Park with its identifying slogan of 'let's improve our livelihood'. The programme was characterised by three basic principles: (1) diligence, (2) self-help, and (3) cooperation. And it was meant to be the cornerstone in the modernisation of Korea, reforming and revitalizing the spiritual as well as the material orientation of the nation and of its people.

The Saemaul movement was started in the rural sector, then moved to the town, and the metropolitan cities. It emphasized

environmental improvement, increase in personal income, and reform of national values. In rural areas, the Saemaul movement helped the farmers to recognise that the modernisation of agriculture demanded cooperation between farmers; and, indeed, the agricultural sector has made fast growth since the Saemaul Undong began. But perhaps more important has been its impact on the morale of the people. The movement has had far-reaching positive effects throughout the Korean countryside. Whether willingly and harmoniously or not, farmers have worked together to improve local roads, bridges, and facilities of dwellings.¹⁰

In the urban areas, however, the Saemaul Undong showed little success in improving housing conditions in slum and squatter settlements. The urban Saemaul Undong has been tried to change the urban citizen's way of thinking, especially encouraging self-support and voluntary participation in the movement, and has not concentrated on slum and squatter upgrading. In the initial stage, the movement embarked upon various projects in four different places: jobsite, local district, home and school, with the motto, 'diligence, frugality, neighbourhood association and cooperation'.¹¹ On the other hand, in its later stage, the movement has tried to help not only to establish a sound sense of value based on citizen's morality and public good, but also to build up a philosophy of life on the basis of principles and public morals. Various actions were taken to establish an orderly, pure and dignified urban environment. For example, there were efforts to persuade people to obey traffic rules, to pick up waste paper, to use refined language, and to observe good manners.

In residential areas, especially in slums, the Saemaul

movement, however, made some practical improvements, in such areas as environmental improvement, road pavement, tree planting and clean-up of sewage, etc. But the main problems that impede the urban Saemaul movement in its efforts to upgrade settlements by means of self-help are four. First, it is difficult to induce residents to cooperate with each other, or to control them, because of the characteristics of urban society. Second, progress is slow because of the complex interests of the citizens, and because they foresee no quick returns in terms of dollars and cents. Third, the urban Saemaul movement has less experience to go on than the rural Saemaul movement. Fourth, there is no single government department which is responsible for urban low-income housing problems, especially slum and squatter upgrading.

5.4 RELOCATION AND SITE AND SERVICE PROGRAMME

In the late sixties, the government has recognised that a sites and services programme was an important approach to the housing problem of low-income groups, particularly the urban migrants. Sites and services can take two forms in many developing countries: first, the upgrading of housing areas which have already been settled; and second, the development of new land to facilitate construction of individual houses.¹² In Seoul, the authority has tried mainly the latter form of programme.

In the late sixties and the early seventies, the building of a new town or the extended development of a central city was undertaken by the municipalities to help divert squatter settlement from its central areas. I would think that it is worth des-

cribing an unfortunate experience of an urban settlement programme related to the problem of site and service schemes in Seoul.

Twenty kilometres south-east from the centre of Seoul, land for a new estate was designated. It was called the Gwang-Ju Danchi. Designated to encompass an area of approximately 3.5 million pyong(about 9,900,000 m²), the original plan called for the allocation of 600,000 pyong for roads, 260,000 pyong for profit-generating commercial facilities, and the remaining land for housing and industrial facilities.¹³ It was intended that eventually the estate would house 60,000 households, at the rate of 20 pyong per household; in fact, when the programme came to an abrupt halt in summer of 1971, roughly 27,000 households had been relocated in the area.

Large scale removals from Seoul began in 1968, with each resident receiving an allotment card on his removal from his former house, to be used to claim 20 pyong of land in Gwang-Ju. The land was distributed by open lottery; the price was 60,000 won, repayable at 20,000 won per year over a three year period, following a two year grace period. This last feature was designed to allow residents time to build their houses before having to assume monthly payments; until such time as the resident completed payments, however, the government legally owned the land. If land rights were sold to a second party, the transaction was considered invalid unless the new owner immediately built on the land. If he did so, the land would be renegotiated with the government later, at the current market value.

The development of Gwang-Ju Danchi underwent two phases: that encompassing the period from 1968 to 1970, and the period of Mayor Yang's Seoul administration which immediately followed.

During the first period, planning was grossly inadequate. Water, sewerage and electrical facilities had not been installed and squatters were forced to live in tents or makeshift shelters for periods of anything up to a year. Material assistance from the government was non-existent; employment was difficult to find, as few of the proposed industries had actually begun operation in the area. Bus service to Seoul was both infrequent and slow. A large majority of relocated families went back to squatting, or doubling up with relatives in Seoul.¹⁴

After 1970, conditions began to improve. Transportation facilities to Seoul were augmented, the first industries opened, and large scale public works and private construction began to absorb much of the excess labour. As development began to gain momentum, land values soared and speculation became widespread. However, by this time many of the original settlers had moved out.

On the other hand, considerable quantities of land were sold to middle class families and speculators who were forced to build immediately. This was one of the factors responsible for the housing boom that ensued in Gwang-Ju. Contrary to the observations of some, it was not the original settlers who were building houses, but rather middle or upper income families and speculators who had purchased the land from them.

One major problem unfortunately remained unsolved. The resident population of the newly created areas consisted of two different socio-economic status groups: (1) middle and some of low income groups who were mostly skilled or semi-skilled workers, and business or office workers, and belonged to a select group of full-time employees in the sense that their regular wages were secured, and (2) very low-income groups who were

manual and temporary workers or managed cottage industries.¹⁵

The crucial problem faced by the very low income group originally relocated in Gwang-Ju was the lack of employment, coupled with the high cost of commuting to Seoul. The location entailed a long journey to work and considerable daily travel expenses, which were obviously beyond their means. One of the basic requirements of job security for the average squatter is his familiarity with the area in which he is working. This involves his knowledge of the people, institutions, and special situations of his particular area, especially if he is a vendor, small salesman, and cart puller. These factors are implicit to his business and daily functioning and they affect his credibility, credit, and the small face-to-face exchanges that determine the success or failure of a day's labour. The severing of these location ties prevented him doing his job. The Gwang-Ju, programme destroyed the squatter pattern of employment, while it provided no alternative.

As to the state of employment for the lower income groups in Gwang-Ju, the authority promised to provide various labour-intensive industries, together with a new vocational training centre. But to attract such industries was a difficult, if not impossible, task under a free market system.

Living conditions for many of the residents, also, were appalling. Squatters trying to build their homes faced the prospect of having to pay far higher prices for building materials than they would in Seoul. Many families lived through winters in tents, with very poor heat, suffering from malnutrition and disease, and often forced to drink water that was contaminated. On the other hand, speculation had driven land prices to extreme levels and the government

then charged second generation land owners renegotiation rates that were inflated, furthermore stipulating that the entire sum was due in one payment.

Many of the new lower income residents deserted their homesteads for the city, where easy access to a place of work was still available. The members of this group who remained selected representatives to form a committee, with a strong hope of negotiating better employment opportunities and housing conditions. Unfortunately, it did not work. The settlement scheme finally brought frustration to this lower income group, generated a growing suspicion of the authority, and even spurred resistance in the later stages of this scheme. Matters came to a head on August 10, 1971, when about 10,000 residents of Gwang-Ju staged a mass demonstration protesting against government policy. The protest was also supported by middle income families and speculators. They started a riot which led to occupation of the district office, and caused considerable damage to government buildings, local police substations and vehicles. The complaints of the demonstrators centered on the government methods of setting renegotiated land prices, the heavy taxes, the lack of employment, and the sordid living conditions in the area.¹⁶

Government reaction to the demonstration, in the face of widespread political criticism, was immediate. The following remedial measures were announced:

1. Lowering of the disputed land prices to a uniform 2,000 won per pyong.¹⁷
2. Distribution of 2,500 tons of grain to 20,000 needy residents, to support them through the coming winter.
3. Reduction of provincial taxes.
4. Initiation of several counselling centres.
5. Completion of the 40 industrial plants then under

construction; facilitation of the construction of roads, piped water, and the sewage system in the near future.

6. Elevation of the status of Gwang-Ju resettlement area to that of a city (to be named Sung Nam), under the jurisdiction and administration of Kyonggi province.¹⁸

In effect, the government, by the last measure, washed its hands of the whole matter. The programme was to be seen, afterwards, as an object lesson in the profitable creation of satellite cities.

The affair illustrates what happens when an authority fails to understand the real problems of urban resettlement. In terms of lower income housing policy, this programme was a failure.

Since 1962 there have been many similar small and large scale relocation programmes. The households in squatter and unplanned housing areas have been relocated to peripheral areas in the city. Between 1962 and 1970, about 40,000 low-income households had been relocated to 20 new areas which had undertaken site and service programmes. On the other hand, the relocation programme continued until the middle of the seventies. Table 5-4 indicates that about 24,000 housing units were demolished and then relocated between 1970 and 1974. This means that about 74 per cent of demolished housing has been relocated in new areas during 5 years (1970-1974). In the early seventies, the policy for low-income housing in Seoul

Table 5-4 Demolition of low-income housing and policy response
in Seoul, 1970-1978

(Number of housing unit)					
Year	Number of demolished houses	Policy Response			Remarks
		Relocation	Moving into low- income flats	Subsidized by gov't		others
1970	13,556	13,556			
1971	7,041	7,041			
1972	2,540	2,033			507
1973	4,332	1,486		2,087	759 subsidy 100,000 won
1974	5,584	272		3,591	1,721 150,000 "
1975	20,039	18	7,903	7,194	4,924 150,000 "
1976	18,828		7,100	8,864	2,864 200,000 "
1977	14,919		4,633	6,694	3,592 200,000 "
1978	12,992		3,607	5,648	3,737 200,000 "
Total	99,831 (100%)	24,406 (23%)	23,243 (23%)	34,078 (34%)	18,104 (18%)

Source: Seoul Municipal Government, Unpublished Document, 1979.

could be characterised as a relocation scheme together with mass demolition. Since 1975, the authority has opted for building high density and high-rise low-income flats in preference to relocation. Moreover, some of the lower income groups, when forced to move out from the substandard housing areas, have been subsidised by the government.

Many relocation programmes, including the Gwang-Ju programme, have come in for severe criticism. The scheme has, indeed, succeeded in clearing squatters from the city centre, but this relocation has only served to create other types of low-income settlements in isolated suburbs. The result is, in fact, a "planned squatter settlement or slum" whose condition is little better than that of the original slum that is replaced.¹⁹

Mcgee, too, argues that 'programme such as "site and service" which are essentially designed to legalise shanty towns' will not provide a solution to the housing problems of the 'majority of peripheral capitalist societies',²⁰ and those who argue for the persistence of this inferior housing are simply arguing for the continuation of inequality, and the persistence of the system which allows such primitive shelters to proliferate.

In most cases housing programmes for the urban poor in Seoul have been ad hoc, and therefore, not uniform; frequent evictions from squatter and unplanned areas have not been unusual; and ad hoc self-help housing schemes, provided with minimal installation of urban facilities and services, have been of little use in practice; special concessions have on some occasions been made available, granting land titles in uncontrolled areas.

5.5 CITIZEN FLAT AND HIGH DENSITY DANCHI HOUSING

In many large Korean cities, the urban centre lies in a basin surrounded by valleys or mountains, which provide land suitable for squatter and unplanned housing areas; they are near the urban fringe and within half an hour's journey on foot from the centre.

In Seoul, the maze of narrow alleys lined by single or two-storey wooden houses, which characterise the old hotch-potch residential areas, is now frequently interrupted by a group of match-box shaped giant blocks, many of which are either towers or the four to six storeys slabs of walk-up flats.

By the mid-sixties, high-rise or walk-up flats were under construction as part of an urban renewal project, particularly in the form of the planned development of 'DANCHI' housing. 'DANCHI' generally means an estate, and normally refers to a housing estate. But the DANCHI housing in Korea implies a new form of urban public housing development undertaken by the national housing agencies or the local authorities.

The soaring blocks of flats become significant landmarks dominating certain parts of the townscape. An impressive group of building blocks can attract the attention of the public, and of the media. Kim, the former mayor of Seoul was better known as the 'Bulldozer Mayor', after his years of tireless effort in urban housing development. To him such outward and strongly visible signs of housing development would have meant that the authority was doing its real job. And he might well have expected it to be a strong vote-catcher, until the turn of seventies when he had to resign from the mayorship after the disastrous collapse of a five storey block of flats in the WAWOO Danchi, one of the hillside public housing areas in western Seoul.

Why, one asks, was the Seoul Municipal Government drawn towards schemes involving high or walk-up and high density flats? In fact, it was partly because of an imminent general election, and partly because the municipality had received firm instructions to reshape what the central authority conveniently defined as an ugly, deteriorating area of the capital.

In addition, such developments accord with the modern idea of a city, one or two storey houses being seen as more rural or suburban. Again, a high rise building is a more positive and demonstrable statement of the authority's activity in housing. It can be readily seen, photographed and pointed to as a work of political achievement. Thus the visual prominence of high-rise construction in urban landscape fullfills a psycho-political role designed to impress electorates rather than meet the real needs of the urban poor.

In Seoul, the Citizens Flat programme was inaugurated in 1968 as the first comprehensive programme of on-site low-income housing attempted by the Municipal Government. Initially designed as a three year programme for the construction of 2,000 buildings(90,000 units), it was curtailed in April, 1970 - after 406 buildings had been completed - when one building collapsed, killing 34 residents. Investigations afterwards revealed extensive sub-contracting, poor construction methods, inadequate building supervision, and large scale graft in the awarding of building contracts.²¹

A major difficulty with the planning and implementation of the programme arises in the area of economics. On receipt of the priority ticket, residents were expected to pay 50,000 to 60,000 won for the installation of water and electrical facilities in 1970. Construction up to the time of occupation

included only the columns, floor slabs, stairwells, and service conduits. Because the total amount was due before installation could begin, no facilities were available until all the residents in a building had paid their sum. Due to the financial incapacity of so many of the residents, buildings often lacked water and electricity for as much as a year.

On the other hand, residents were faced with two other major costs. Amortisation for the unit was 900,000 to one million won, prorated at low interest for a term of fifteen years, which the resident was expected to repay at a rate of approximately 1,500 won per month. Added to a service charge, the total monthly payments were approximately 2,000 won.

The programme placed the former squatters in an impossible position in two ways. First, because of the high initial cost of the unit (it being roughly two or three times the assessed value of squatter housing). Second, because residents were expected to make regular payments toward amortisation. The squatter budget allows almost nothing for housing, and certainly nothing on any regular basis.

The result of the programme was to present the low-income resident with three options. First, if he were economically able, he might meet the terms of ownership, remaining as a resident and in time finishing off his payments.

On the other hand, if he were unable to afford the flat, two things might happen. He might sell his priority ticket to a house broker at a small profit. In general, priority tickets worth around 60,000 were going for 100,000 won, leaving a profit of 40,000 won, with which many residents rented a house, by Chonsei payment, or built housing in another squatter area. Or if it were possible, he might remain in the flat for the

first six months(which was actually the contractual obligation), furnish it, and sell it after six months at a higher profit than if he had sold the priority ticket at once. Though in both cases some profit was seen, it was never great enough actually to insure home ownership in any legitimate sector.

The upshot of all this was that the original flat population, drawn mainly from the lowest income groups(i.e. former squatters), was replaced by middle or upper-lower income groups in regular full-time employment. According to the Seoul Municipal Government's figure, as many as 77 per cent of the original residents had moved out.²²

The major problems with this programme were not financial ones. When the programme first began, no provisions were made to insure that residents in the areas being cleared would actually be eligible for housing in the new buildings. No interim housing was provided. To make matters worse, construction in the first area was started in January, the coldest month of the year, and residents were summarily displaced, with little warning. Organisational activity finally succeeded in mobilising the residents to protest against the government actions.

Another problem centered on the 'marginal squatters'. Although provisions were made for the owners of destroyed houses, after the initial complaints, no provisions were ever made for the renting families, many of whom had sunk substantial Chonseil payments into their dwellings, yet could not retrieve their money because the displaced landlords were themselves out on a financial limb. These families were unable to receive priority tickets and it is estimated that approximately 1.2 times the number of families actually settled into the flats were dislocated by the programme in this way.

In the final analysis, not only did the Citizens Flat programme prove irrelevant to the needs of lower income households, but, in addition, ensuing management complication resulted in a massive political schism between second generation flat owners and the government. It is important to note that, while squatters were blamed for the anti-government actions in the summer of 1971 - the popular assumption being that Citizens Flat were mostly occupied by squatters - it was in fact second generation flat owners who organised protests against government policy. It was these people who possessed the socio-economic capacity for large scale political mobilisation.

The Citizen Flat programme has come in for severe criticism. First, there are poor construction methods and architectural faults. Often structural members were simply placed in the surface of the soil, with no adequate foundations. Other construction problems included poor mixing of sand and cement and the pouring of concrete in winter, resulting in inadequate curing and the subsequent cracking of the foundations. After one Citizen Flat collapsed, following repeated demonstrations by flat residents and political criticism, the remainder of the construction budget was diverted to the repair and reinforcement of existing buildings. But because of very poor construction methods and architectural faults, about 80 per cent of Citizens Flats have been demolished as of October 1975. Meanwhile, demolition was carried out for the units containing 18,417 households.²³

Second, investigations afterwards revealed large scale graft in the award of building contracts. Many civil servants were shown to have accepted bribes in connection with the construction of the Citizens' Flats.

Third, the squatters have been forced into the citizens' flats against their will, to face impossible financial burdens. The Citizens Flats were too expensive and the Seoul Municipal Government built them without a clear understanding of the needs of those it set out to benefit. They in turn have sold their rights to other families.

Apart from the citizen's flat programme as part of an urban renewal project, the KNHC and the Seoul City government have concentrated on building many large scale Danchi housing, relatively higher standard flats compared with the citizens' flats, in newly developed suburban areas and some traditional residential areas. The citizens' flat was mainly for the squatter households, but the scope of eligibility for the state-developed housing became more wide. All "non-homeowners" or "renters" were eligible for the purchase of state-developed housing units. On the other hand, the households eligible for the rental housing units were classified into several categories including 'homeless' and 'squatters'. The rest of thesis will examine mainly state-developed housing which the Korean government has produced for the low-income group in Seoul

5.6 CONCLUSIONS

Various approaches have been taken since the early 1960s to alleviate the substandard housing problem in Seoul. However, none have been adequate, and the situation is worse than even before. The main points that are made in this chapter are as follows.

First, the criteria of the MOC on 'substandard' dwellings

for the clearance programme, which are not in themselves targeted minimum standards and ignore user control, relative locus and environmental locus other than in its sanitary dimension. In the absence of targeted minimum standards it is not yet possible to generate housing consumption requirement for the city of Seoul. In my opinion, the absence of targeted minimum standards indicates that the authorities of Korea have not yet prepared serious plans to tackle directly the worst housing conditions of the urban poor in the capital. It almost goes without saying that there is no evidence of popular participation in housing formulation by the opposition parties, trade unions and tenants' associations.²⁴

Second, the policies of relocation and site and service have lacked an appreciation for the positive functions that squatter settlements provide, and the housing authorities also have failed to understand the real needs of the poor. Therefore, it is becoming widely recognised that comprehensive approaches including not just the improvements in physical condition of dwelling but also welfare considerations for the poor such as vocational training for the jobless, preservation of positive characteristics of the squatter areas should be pursued to actually alleviate the housing problem.

Third, many of the difficulties are rooted in the very notion of governments building housing for the poor. An important error has been that housing authorities have built at standards too expensive for the poor and without a clear understanding of the needs of the recipient population. On occasion the poor have been forced into public housing, especially citizens' flats against their will and have suffered from serious

financial oppression. The authorities must come up with a set of alternatives in regard to subsidising squatters, financially as well as technically, in order for them to maintain targeted minimum standards.

During the third and fourth 5-year economic plans period (1972-1981) the government paid much greater attention to build state-developed housing. The housing authorities have been producing low-income housing for sale and rent and promoting the private sector's participation in low-income housing through financial as well as technical assistance. The following chapter deals with the development process of state-developed housing for the low-income group. The main question is what is the actual sequence of events in state-developed housing production?

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CHAPTER SIX

THE DEVELOPMENT PROCESS OF STATE-DEVELOPED HOUSING

In Chapters 4 and 5, I have examined some characteristics of substandard urban settlements and the government response to these settlements, and have explored low-income housing programmes in Seoul.

In order to understand how state-developed housing is developed and allocated by the government, I must examine the apparatus of housing administration, the systems of finance controls, taxation, and land development and the housebuilding industry within which housing has been and is currently produced. To what extent have government acted in the interests of the urban poor? What is the actual sequence of events in state-developed housing production? In this chapter, I try to answer these questions, under four headings:

- (1) The state as developer
- (2) Housing finance
- (3) Land
- (4) The housebuilding industry and the contract system

6.1 THE STATE AS DEVELOPER

Many would still argue that the supply and distribution of housing should be left to the price mechanism. The state, they hold, should play only a minimum role, confining itself to the encouragement of private housing provision and possibly to slum clearance and to subsidising people who cannot afford to purchase homes in the private sector.

A crucial argument for government action arises from the need to compensate for poverty and inequality in the distribution of income. In a free market, the extent to which housing need

will be met depends upon the population's capacity to pay and its preferences, and hence the relationship between the level and distribution of income and the cost of housing. The high cost of housing and the unequal distribution of income has meant that significant sections of the population have been unable, without assistance, to afford the full economic price of decent accommodation.

Even in the most market-oriented of economies, the role of the state in housing is pervasive. There is no pure market for housing. In Korea, the government plays an expanding role in almost all aspects of housing production and consumption. It acts as developer, regulator, administrator, builder, landlord and frequently destroyer.

To understand the role of the state in housing in Korea, it is necessary to look at the apparatus of housing administration. There are both public and semi-public housing agencies in Korea. As the central housing administration organisations, the Ministry of Construction(MOC) is concerned with housing policy formulation, and the Economic Planning Board(EPB), the Ministry of Finance(MOF) and the Ministry of Home Affairs(MHA) execute in cooperation with the MOC.

The main policy making body for national housing development is the Housing Bureau of the MOC. The main functions of this bureau are as follows:

1. Formulation of long-range housing plans and projections of housing needs.
2. Direction and control of housing construction.
3. Construction of industrial housing and special housing.

4. Rehabilitation and redevelopment of squatter housing areas.
5. Involvement in financing of national housing, and operation and management of housing funds.
6. Technological guidance and control of national housing.
7. Preparation and compilation of the national housing survey.
8. Direction and control of the KNHC.

Thus, the purpose of this agency is to study and collect basic data on housing, to formulate and implement long-range housing policy and to coordinate public and private efforts to assure the efficient allocation of housing funds and resources. The bureau coordinates urban and rural planning processes with housing production.

Although the MOC controls the overall housing policy of urban Korea, the EPB and MOF also have roles in developing housing policy and housing assistance programmes; they are related to the national economic plan as well as to resource management and fund management at the national level. Accordingly, the housing policy and construction programme of the MOC must be coordinated with the resource allocation plan of the EPB. The MOF has a direct impact on housing through its circulating funds. The only housing bank, the KHB, is controlled by the MOF, and it is not possible for the bank to acquire financial resources for the supply of housing funds without the assistance of the Ministry.

In addition, the MHA has a close relationship with the MOC in its regional and urban housing programme. This Ministry has contributed to urban community development through its associa-

tion with urban housing and renewal programmes.

The National Housing Policy Council was also established in the MOC as an advisory committee. This council, which consists of 12 members, was established as an advisory body under the Housing Construction Promotion Act. Among its responsibilities is the development of a national housing policy, including long-range or annual housing construction plans, housing fund raising and management, and other housing-related problems as proposed by the minister of the MOC.

Local government too is involved in housing administration through the Housing Bureau of the Seoul City Government, the Construction Bureau of each of the provincial governments, and the Construction Sections of all city and county offices. Clearly, the scope and nature of work done at local level depends on local needs and on the finance available.

The KNHC is the only agency which acts as a public housing construction institution for supplying some housing for low-income groups. This corporation was established in 1962 as a legal entity under the provisions of Special Housing Act Number 985. Several revisions of the act have increased the corporation's capital funds so that it can expand its system of housing construction, and provide mass-produced housing.

The KNHC operates under the direction of the MOC which receives special financial assistance from the MOF. The main functions of the KNHC are to construct new, decent low-cost housing, to give low-income households priority in obtaining such housing, and to create housing sites in urban areas in order to stabilize the skyrocketing cost of land.

The KNHC is under direct government control and direction. It has no real autonomy nor financial strength. Because of its

financial and political constraints the KNHC may not enter independently into the housing production field without coordination with the MOC and local governments.

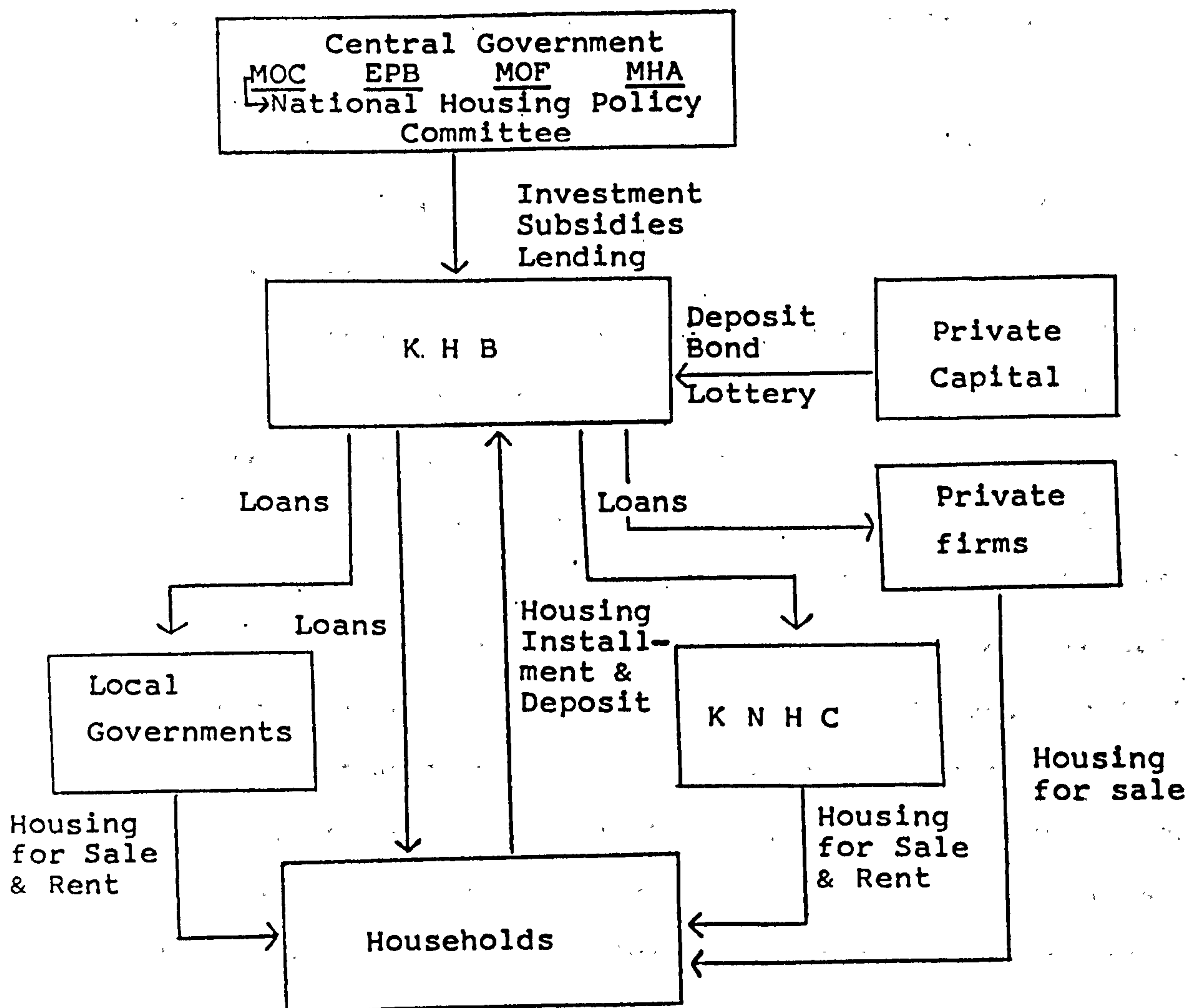
Housing finance in Korea operates within a structure of interrelated financial institutions under the general direction and control of the MOF. However, the major instrument of housing finance in Korea is the KHB which was established for the purpose of providing housing funds for low-income families. This bank, established in 1969¹, has main functions which are to loan funds and deal with the related matters of management of funds for housing construction, housing transactions and site development.

As shown in Figure 6-1, in terms of the institutional role, the central government, as the key policy-making agent, plans the aggregate volume of housing supply and possible partition between the public and private sectors. The KHB carries out the role as the housing fund mobilizer for both public and private sectors, and the KNHC, utilising the funds mobilized through the KHB, puts forward implementation activities both as a planner of state housing programmes and as a client to the private builders and contractors for the construction works. The local governments perform almost identical activities as those of the KNHC.

There are several housing agencies and the lack of coordination and cooperation among them adds to the confusion. Inefficiency, duplication and even conflicts among the agencies are common. Because of administrative confusion in the central government, the local government, and in particular Seoul City, has no regular line of communication with the central housing agencies. As a result, although Korea has a highly centralised

government, current national housing policy has been criticized for the multiplicity of agencies involved and for the lack of a single, consistent and overall plan. In this situation, it is impossible for the central government to formulate a rational policy. Moreover, the participation of the Korean government in housing, direct or indirect, has over the years considerably increased through a impressive number of regulations, laws, and plans, by the construction of dwellings, by land development, by price control and other activities.

Figure 6-1, Participation and Funds in State-Developed Housing Supply in Korea



6.2 HOUSING FINANCE

The Korean economy has shown an impressively high rate of growth (averaging 10 per cent per year) since 1962. However, this high economic growth rate has been accompanied by an equally high rate of inflation. Double digit inflation in Korea has been commonplace for years, and inflation reached 25 per cent per year from 1973 to 1975. The cost of building materials has risen faster than general prices in the economy. As a result, investment in housing construction by both the public and the private sector has not been high. Furthermore, the financial system for housing has numerous shortcomings the weak market for national housing bonds, for example, the high interest charged on mortgage loans, and similar handicaps for prospective homeowners.

By contrast, the Korean state has concentrated all its effort on developing the key industries; low priority has been laid on the housing sector. Thus, the average of investment in housing was about 3.2 per cent of the GNP between 1962 and 1981 (Table 6-1), as compared with 6-8 per cent recommended by the United Nations ESCAP region and by the World Bank². In addition, Table 6-1 shows that the average ratio of housing investment to fixed capital formation was 13.1 between 1961 and 1981, which was very low compared with major Western countries (France 29.8, West Germany 28.4, U.K. 16.6 and U.S.A. 26.3 in 1979)³. The evidence shows that housing has not been a high priority item in government development planning in the last 20 years.

Korean government financial policies for housing can be best understood in the way funds for housing finance are raised and provided to borrowers by the KHB, which is the sole organisation responsible for raising and disbursing funds for housing (Figure 6-1).

Table 6-1 Housing Investment in Korea, 1962-1981

(billion Won)

Year	GNP (A)	Fixed Capital formation (B)	Housing Investment (C)	C / B (%)	C / A (%)
1962	3,071.1	324.3	38.8	12.0	1.3
1963	3,350.7	413.0	45.0	10.9	1.3
1964	3,671.5	374.6	52.1	13.9	1.4
1965	3,885.0	476.2	57.9	12.2	1.5
1966	4,378.5	759.8	81.9	10.8	1.9
1967	4,669.4	931.9	106.0	11.4	2.3
1968	5,195.6	1,280.3	154.1	12.0	3.0
1969	5,911.4	1,597.3	158.5	9.9	2.7
1970	6,363.0	1,612.9	215.6	13.4	3.4
1971	6,962.5	1,727.5	232.8	13.5	3.3
1972	7,365.6	1,715.2	211.5	12.3	2.9
1973	8,463.5	2,169.2	285.7	13.2	3.4
1974	9,141.0	2,326.9	406.7	17.5	4.5
1975	9,792.9	2,544.0	445.0	17.5	4.5
1976	11,275.5	2,918.5	403.1	13.8	3.6
1977	12,432.3	3,695.4	549.8	14.9	4.4
1978	13,887.1	5,152.7	844.8	16.4	6.1
1979	14,759.1	5,653.4	720.3	12.7	4.9
1980	13,842.8	4,976.4	617.0	12.4	4.5
1981	14,723.6	4,674.2	526.6	11.3	3.6

Source: KHB, 1982 Statistical Yearbook, 1983, p.373.

I now try to examine the KHB's activities and sources of housing funds, particularly funds for state-developed housing. The bank's activities are structurally divided into two; the one is normal banking activities involving borrowing and lending activities, and the other is management of the National Housing Funds(NHF). The bank is commissioned to manage and maintain the NHF under a separate account in accordance with the provisions in the Housing Development Promotion Law since 1982. The NHF were originated from national housing bonds, government loans, housing lottery and foreign loans. On the other hand, of the paid-in capital as of the end of 1982, 90 per cent of the bank's asset is composed of the government contribution. The total paid-in capital as the end of 1982 is estimated at 19 billion won.⁴

With respect to major sources of funds of the KHB, these are individual deposits and national housing bonds. For instance, in 1974 funds raised from national housing bonds accounted for over 40 per cent of total funds. And demand and savings deposits constituted about 25 per cent between 1971 and 1980(Table 6-2). The importance of the bank's own funds makes the bank rather unique as a quasi-public mortgage lender. As of 1982 the total amount of deposits reached 1,172 billion won, about 59 per cent of total funds.⁵ Apart from regular means to mobilize housing funds the bank provides installment savings deposits that yield savers higher interest earnings like other commercial banks.

Let me now look at the major funding sources in detail. The government set the NHF accounts independent of the regular bank accounts to support the housing sector plan of the Fifth 5-year Socio-Economic Development Plan. The plan emphasized the role of the public sector in providing low-income and low-cost housing. The NHF are composed of three main sources; the

Table 6-2 Sources of Funds of KHB, Selected Years

Sources of Fund	(million won)			
	1971	1974	1978	1980
1) Paid-in capital	290 (2.1)	-	2,000 (0.7)	-
2) Deposits received	4,320 (31.1)	8,851 (24.9)	59,606 (21.0)	131,811 (22.6)
3) Asset formation sav. deposits	-	-	41,644 (15.2)	24,865 (4.3)
4) Housing installment deposits	771 (5.6)	1,227 (3.6)	18,064 (6.6)	33,992 (5.8)
5) Housing debentures	3,491 (25.1)	7,025 (19.8)	3,774 (1.4)	-
6) Housing lotteries	494 (5.6)	1,937 (5.5)	3,566 (1.3)	5,151 (0.9)
7) National housing bonds	-	14,600 (41.1)	73,461 (26.8)	123,107 (21.1)
8) Loan collected	1,505 (10.8)	4,903 (13.8)	19,350 (7.1)	74,729 (12.8)
9) Accrued interest & other reserves	-	3,037 (8.6)	17,907 (6.5)	37,620 (6.5)
10) Fund carried over from previous term	-	-	63,917 (23.3)	162,342 (27.8)
11) Other liabilities	-	4,985 (14.0)	1,440 (0.5)	-
12) Adjustments for reserves and government loans	3,000 (21.6)	-34 (-0.1)	-30,873 (-11.3)	-2,831 (-0.5)
Total	13,871 (100)	35,503 (100)	273,858 (100)	853,118 (100)

Source: KRIHS, Collection of Housing Statistics, 1981, pp.536-537.

state housing preemption subscription deposits, the national housing bonds, and the housing lottery.

With respect to the state housing pre-emption subscription deposits, it was designed to induce prospective purchaser's to make deposit in advance as a whole or partial downpayment. A depositor must make a fixed amount of monthly installment for a certain number of contract periods. The amount of deposit directly corresponds to the size of a dwelling unit to purchase with the NHF loan. On a smaller size unit of 10 pyong or less, for example, one has to put up a monthly deposit in the amount of between 20,000 and 50,000 won. The scheme was considered a success because the actual deposit amount exceeded the planned amount especially in the early 1980s. But the contribution of deposits was only 5.1 per cent of total source of NHF in 1981, for example (Table 6-3).

The national housing bonds are issued for the purpose of raising funds to provide a supply of low-cost housing. As shown in Table 6-3, in 1981 the largest source of NHF was housing bonds. However, one is required to purchase housing bonds when obtaining permits for gambling business, extertainment business, building construction, property registration, new car registration, and various licenses. In 1981, for example, the largest contribution was property registration (85 per cent) followed by building permits(11 per cent)⁶. It is a low interest (5 per cent per annum) compulsory purchase bond. Because of the low interest rates, there are virtually no voluntary purchases of this bond. Futhermore, the government is heavily in debt as bonds are maturing. The debt payment is as large 26 billion won at the end of 1981, which puts a strong pressure on the bank's financial operation to the extent that bonds can no longer be issued at a desirable rate. In fact, there is a limit for the government to rely on bond issue in order to further expand the NHF.

The housing lottery, issued under the 1972 Law for Promoting Housing Construction, is designed to raise housing funds; but thus far they have not yielded major amounts of money after payment of lottery prizes and expenses. The amount of money which can be generated from this source is limited. The housing lottery has sold over 90 per cent of its tickets weekly since 1969, but its contribution to national investment in housing is minimal. As shown in Table 6-3, the housing lottery contributed only 2.4 per cent of NHF in 1981. The housing lottery has been consolidated into the Olympic lottery since 1982. The lottery system, therefore, has two objectives of raising funds

for both Olympic facility construction (the Olympic Games in 1988 in Seoul) and state housing development.

With respect to other source of NHF, the government helps the funds either through direct contribution or through depositing government money with the KHB. The government also mandates a significant portion of the government-controlled funds to go in the NHF, including the civil servant's pension funds, and foreign loans from international agencies.

Table 6-3 Sources of National Housing Funds in 1981

Classification	Amount (million won)	%
Deposits	13,125	5.1
National Housing Bonds	126,131	49.5
Housing Lotteries	6,122	2.4
Government Deposits	39,000	15.3
Loan Collections	22,852	9.0
Carry-over Funds	16,438	6.4
Others	31,356	12.3
Total	255,024	100

Source: KHB, 1982 Statistical Yearbook, 1983.

Most of the NHF were used for state-developed housing construction. Table 6-4 indicates that two main users of NHF are the KNHC and local governments. In 1981, about 68 per cent of the funds were used to finance KNHC-built state housing. Meanwhile local governments had spent more than 20 per cent of the funds.

The NHF loans are earmarked for those who contribute to the funds including the subscribers of the state housing pre-emption subscription deposits. The subscribers are the only

ones eligible to purchase KNHC or local government developed new housing units. On the other hand, one interesting aspect of the NHF operation is that the private builders can claim for the funds when they decide to construct smaller size housing units (floor area under 25 pyong) for the low-income group.

Table 6-4 Users of National Housing Funds in 1981

Users	Amount(million won)	%
Local Governments	51,642	20.2
KNHC	173,811	68.1
Others ^a	29,571	11.7
Total	255,024	100

Source: KHB, 1982 Statistical Yearbook, 1983, p.29.

Notes: a) Others include subsidies for urban renewal projects, natural disaster relief fund (housing), solar-energy housing development, and private builders.

Apart from the NHF, the bank's own funds are used for the private sector's housing construction or purchase. Housing loans consist primarily of individual housing loans and collective housing loans. Table 6-5 shows the KHB's housing loans and conditions in 1981. In most cases, those who are eligible for these loans must be the subscribers to deposits. On the other hand, the collective housing loans involve housing construction loan for sale, loans for builder's operational funds, company housing construction loans for its employees and partnership housing construction loans. The bank also provides funds for housing construction material procurements, management of construction material facilities, and site development.

Table 6-5 The KHB's Loan Types and Conditions in 1982.

Type	Borrowers Eligible	Loan Ceiling Per Unit (Million Won)	Interest Rate (% p.a.)	Loan Period (Year)
Housing Construction or Purchase Loan	Subscribers to the Medium-Long Term Housing Installment Savings Deposits and Citizen's Property Formation Savings Deposits	10	10	3-20
Builder's Housing Construction Loan	Registered House Builder who builds Houses to sell	6	10	3
Loans for Builder's Operational Funds	Housing Builder	6	10	Within the period of completion of houses
Company House Construction Loan for Sale	Enterprises who Plan to build houses to sell to their employees	6	10	Employer: 3 Employee: Within the period of Installment Savings Deposits
Partnership Housing Construction Loan	Housing Partnerships composed of 30 or more members belonging to the same company or the same district	6	10	20
Home Remodeling Loan	Subscribers to 3-year Term Housing Installment Savings Deposits	5	10	3
Loan for Housing Material Production	An applicant who wants to produce housing material and to manage construction material facilities.	-	10	1-5
Loan for Site Development	An applicant who wants to develop a site of more than 12,000m ²	-	10	2

Source: KHB, Annual Report, 1982, p.22.

The following comments can be made on KHB activities and the NHF. First, the government of Korea has made wide use of low interest rate loans to support socially desirable projects. However, there are some problems with which the KHB is faced in raising funds for itself.

First, the national housing bond is not selling as well as was expected. Table 6-2 indicates a decline in funds from that source. Because of their compulsory features and low interest rate, national housing bonds are, in effect, almost a form of taxation. It is impossible for all social classes to get equal benefits from estate registration, or to have equal opportunity to obtain construction permits or licenses, as they could under a system of social justice. Because the compulsory purchase of the national housing bonds is increased by the increase of housing and real estate prices, its economic effects are questionable.⁷ On the other hand, home buyers are forced to purchase bonds and they are doubly jeopardized because builders, as well as home buyers are required to buy them. It means that bonds must be purchased by those two groups (the owner-occupier and the house builder) for newly constructed housing units. The builder often compensates himself for this form of government-imposed compulsory saving (at low interest rates) by requiring a higher selling price from the purchasing owner-occupier.

Second, unlike the government housing finance institutions elsewhere, the KHB combines the roles of a private deposit institution and an ordinary government mortgage institution. This is quite understandable in view of the absence of a well-developed private mortgage market. On the other hand, by receiving various types of deposits, the KHB gets into direct competition with private institutions in the deposits market.

The commercial banks provide more and better services for the depositors, including packaged savings programmes. It seems desirable that in the medium term, the KHB limits its role to that of a true government mortgage institution financed by the government's consolidated funds.

Third, the majority of the KHB's mortgage loans are tied to specific deposits. Only those who have the ability to save can obtain loans. This prevents the low-income group from obtaining loans. Thus, it is difficult to say that the KHB is a low-income housing institution. The crux of the matter is that in Korea there is no well-organised mortgage market. This appears to be explained both by the priority given by the government to industrial growth, and the unwillingness on the part of financial institutions to tie their funds to relatively less liquid long-term mortgage investment.

Fourth, there are little differences between the KHB's loans and the NHF loans in terms of the interest rates and loan terms. Even though the NHF loan was designed to assist low-income households in low-cost state housing purchase and the first-time home buyers in particular, the same terms and interest rates for both loans are applied. Furthermore, one can find that the KHB loans give even more benefit than the NHF loans. First, the KHB loan ceiling is higher than the NHF loans; the KHB loan ceiling per unit ranges from 6 million won up to 10 million won compared to 4 million won up to 7.3 million won for the NHF loans. Second, the NHF loan-to-value(or price) ratio is lower than that of the KHB loans. The NHF loans never exceed 50 per cent of the housing price. The size of the housing unit should not be larger than 18 pyong, to obtain 50 per cent financing from the NHF. By contrast, the

KHB's regular loans can cover up to 70 per cent of the mortgage(security) value. And construction loans, for example, can cover up to more than 79 per cent of the construction cost. The NHF loans must be made longer term, have a higher cover ratio, and less expensive so as to make it more advantageous for the low-income group. In addition, there are no loans for Chonsei or Bochungbu-Wolsei from the KHB in order to assist the urban poor who are mostly renters.

Fifth, the KHB is under the dual direction and control of both the MOC and the MOF. The KHB is not a genuine privately owned bank but, rather, is a semi-publicly-owned bank under the strict control of the national government. Accordingly, it does not have a consistent housing financing policy and is under the influence of the overall national housing policies of the MOC and MOF. In particular, despite the fact that it is the only housing financing organisation, the KHB is beset with problems as follows:

1. Housing financing systems and plans are both outdated and complicated.
2. Procedures for obtaining loans are excessively time-consuming.
3. Deposits as a major source of housing funds are decreasing in importance because of inflation and low rates of interest.
4. Fund-raising activities are conducted from the standpoint of central government policy rather than housing policy.
5. The existing mortgage system is extremely complicated.⁸

Mention should hereby made of Korea's unofficial 'kerb' money market. The major financing source for new dwellings has been private capital, which depends mainly on kerb markets

rather than on regular banking institutions such as the KHB and other banks. Although its interest rate is very high, the korb market exists because it requires much less 'red tape' and has no high collateral requirements. Most citizens and small-to-medium sized businesses can not easily obtain loans through the present financial institutions. Korb market loans are immediate and convenient. The interest rate varies from deal to deal. A creditworthy prime borrower usually pays 24 per cent a year while a company with a poor credit rating can expect to pay 40 per cent.⁹ Its funds are not subject to any previous contract savings programme. For these reasons participation in these illegal korb market loans continues.

Nakarmi has point out that:

Why does the underground money market flourish? Both economists and banking sources blame the country's lopsided lending policies in which as much as 40 per cent of bank's available funds are allocated to priority sectors with another estimated 40 per cent going to influential borrowers, usually big companies. The remaining amount is too small to meet demand. Furthermore, though deposits in the banks seem to be great, a sizable amount of that belongs to the korb market and cannot be touched without the permission of the depositors. With banks severely restricted, the only place to borrow for individuals and many companies is the korb market.¹⁰

In May 1982, a major scandal in Korea's unofficial 'korb' money market broke with the arrest of Seoul socialite and financial speculator Chang and her husband Lee, former deputy director of the Korean Central Intelligence Agency, on charges of violating the country's foreign exchange control law. But the crisis quickly escalated, as evidence of widespread financial manipulation, involving state-owned banks as well as the unofficial money market, came to light.

6.3 LAND AND INFRASTRUCTURE

Land is the crucial factor in determining the shape of human settlements. How it is to be used, who can live on it, and who gains from its development - these are important questions in any national discussion of urbanisation and its impact on the physical environment. Land is an extremely valuable resource in a crowded and rapidly urbanizing country like Korea. According to the government classification, about 4 per cent of Korea's land is urban, and another 7 per cent is semi-urban, consisting of the partly urbanised small towns; 67 per cent of Korea's land is forested; only 23 per cent, not all in rural areas, is arable.¹¹

On the other hand, urban land prices are much higher than rural land prices in Korea. The average pyong of urban land is worth 23 times as much as the average rural pyong. In addition, land prices have risen very rapidly indeed in the major cities. In 1974, the Seoul land price index, for example, was more than 26 times its 1963 level. This represents a compound average annual growth of 29 per cent.¹² Part of this extraordinary gain is, of course, the result of inflation. The implication is that holding urban land must have seen one of the most profitable investments in Korea during the recent period.

The construction of state-developed housing necessitates access to the resource of land. In Korea land is owned largely by private individuals and institutions, thus city governments and the KNHC must enter the land market in order to acquire their sites. It is worth examining first the government land development project. The primary vehicle of land development is the Land Readjustment Project, a scheme used by local govern-

ments and the KNHC to acquire sites for housing construction. In the late 1950s and the early 1960s, a variety of city development programmes, such as the construction of arterial roads and the expansion of urban infrastructure, were actively carried out. Projects areas were selected with the primary intention of securing land for arterials. Since interest was focused on the opening of roads, the development of residential areas was rather neglected.

Since 1966, land readjustment projects have been carried out on a large scale in the suburbs of Seoul, where the shortage of houses has been heavily exacerbated by the ever-growing inflow of population. The City or KNHC prepares a full plan for the site. Usually all the properties in the site are owned by private parties prior to development. When an area is ripe for development, it is declared a land readjustment project area, provided that two-thirds of land owners agree, by a relatively simple decision mechanism. Initially all land is appropriated without payment by the local government authority. Then the land is divided into four parts: compensation land, land for public uses, returned land and other land. Compensation land is sold off by the local government on the private market in order to finance infrastructure cost. The land for public uses is kept by the same local government for public services purposes such as roads, schools, parks and sites for state housing. The major share of the original land area is returned to the original owners. A small volume is usually remaining which is used for dikes, or is unusable.

According to Table 6-6, about 64 per cent of land is returned to the owner, while 8 per cent of land (cost-equivalent land) is used on infrastructure and about 23 per cent remains for public use. Thus, about 36 per cent is kept by the

Seoul Municipal Government. The cost-equivalent burden (the heart of the land readjustment idea) amounted to roughly one-third of what was needed for public uses.

Table 6-6 Allocation of Land by Land Readjustment Project in Seoul, 1973-1977

Land	Area('000 pyong)	%
Returned land	22,720	63.7
Compensation land	2,880	8.1
Land for public uses	8,310	23.3
Others	1,740	4.9
Total	35,650	100

Source: KRIHS, Orientation of Land Policies in the 1980s, (unpublished), Aug., 1979, p.479.

The Koreans have found that a relatively small additional allotment (about 8 per cent) is enough to make the provision of basic public services completely self-financing of administrative and other charges in addition to the actual engineering and construction work. At this stage, a question is raised: how much do landowners profit? Table 6-7 indicates that land value increased after the project in three main large cities. The rise in landowner's profits has been very high indeed, particularly in Seoul. There is no doubt that the capital gains from most parcels are substantial. To take an extreme case, an official from the Land Bank of Korea has estimated that values in the central commercial area of the half-completed Yeong-Dong project in the southern part of Seoul rose from an average of about 50,000 won per pyong in July 1976 to 80,000 won to 130,000 won per pyong one year later.¹³

Table 6-7 Land Value Increase and Land Value per Pyong after Site Development in Korea

City	$\left(\frac{p^1}{p^2}\right)$	Value Increase after the Project			Land Value per Pyong After the project		
		Average	Highest	Lowest	Average (won)	Highest (won)	Lowest (won)
Seoul (1967-75)	6.8	13.1	2		21,100	50,000	4,000
Daegu (1969-75)	2.7	4	1.7		6,500	8,000	5,000
Gwang-Ju (1968-75)	2.5	2.8	2		5,250	7,000	5,000

Source: MOC. Data collected by M.C. Hwang. William A. Doebele, Land Readjustment, Lexington, Lexington Books, 1982, p.143.

Notes: p^1 is unit land value after the project and p^2 is unit value before the project.

The project has two different objectives: the supply of residential land and the financing of infrastructure cost. The difficulty is that because of the second objective land price goes up.¹⁴ It is not certain that this method of developing residential land is the best. First, the project is liable to create land price inflation. In fact, unless the unit price increases, the land owner has no interest in the project. The land price and the amount of the compensation land(cost equivalent land) which is sold to anyone depends on the cost of infrastructure. If this cost is high, the local government must either increase price or increase the amount of compensation land kept. In either case, the area's land price and even the price of land of the nearby area will go up.

Second, the mere fact that general land price increase occurs, causes speculation. The land turnover-rate at Land Readjustment Project areas in Seoul increased from 0.31-0.52

a year before the project to 3.07 - 3.43 a year after the project.¹⁵ It is, of course, easy to say that the turnover-rate is not necessarily the best indicator of speculation. But it is a known fact that speculation is usually accompanied by increasing turnover-rate.

In addition, the project has been criticized on the grounds that the developing agency, in order to recover its investment quickly, has sold its properties to speculators, rather than end users.¹⁶

On the other hand, two measures have been designed by the government to fix more or less directly the land price level: (i) the standard price system, and (ii) the 8.8 measures and the land tax system.

The standard price system is a device by which the government acquires land for public purposes. The system is applied to the following areas:

- (a) Urban planning and adjacent areas.
- (b) Districts for industrial development, free export zones, the export industrial complex, the machine industrial complex.
- (c) Areas designed for public housing.
- (d) Land designed for the establishment of public facilities.
- (e) Areas where development projects or conservation projects are to take place.
- (f) Areas where rapid land price is likely to take place.

The standard price system has applied mainly to non-residential purpose. The MOC designates the area and "the standard price" is determined by two land appraisers on the basis of a series of criteria. Then by relatively efficient administrative mechanism, when land is bought the provincial governor concerned must announce in the official gazette the standard price; the general price increase(whole sale price index) is taken into account. The affected land owner cannot but petition.

The main goal of the system is to create cheaper industrial land. But the system has not proved effective in bringing down land prices. A study by Hwang and his colleagues¹⁷ shows, in fact, that land price in one designated area rose by 32 to 41 per cent during the 1974-1976 period, as against an increase of 29 per cent in the country as a whole. A part of this is undoubtedly explained by the fact that the standard price had been indexed until the time of the sale. Second, the application of the system to a particular area would induce the speculator to move to a neighbouring area or even further away, so that the total amount of speculation may not decrease; indeed, it may even increase because of a possible concentration of such activities.

In the 1970s the feverish demand for land by speculators increased enormously, because land was the only investment providing a hedge against the fall in the value of money. The government had to step in and impose harsh measures. These measures were adopted in August 1978 and popularly called the 8.8 measures.¹⁸ One measure dealt with real-estate transactions and another was concerned with capital gains.

That dealing with capital gains imposed a real-estate transfer income tax and a vacant land tax.

If an individual sells land held for less than two years, the transfer income tax is 70 per cent, as against 50 per cent on land held for more than 2 years. Non-registered land is taxed 80 per cent. When a corporation sells land held for less than 2 years, the tax rate is 35 per cent, as against 25 per cent for land held for more than 2 years. Non-registered corporation-held land is taxed at a rate of 40 per cent. There are exceptions, however, and if land is sold to the KLDC, a reduc-

tion of one half is allowed.

One striking feature of the system is the high tax on quick transfers of land, explained by the governments wish to slow down short-run speculative transactions.

The tax rate on vacant land varies with the holding period from 5 per cent of the land value for less than 3 year holding and 10 per cent for more than 10 year holding. The effect of the 8.8 measures was dramatic: the supply of residential land was suddenly frozen. The outcome of this trend is, of course, the rising relative share of land cost in the composition of housing production cost. According the analysis of KRIHS and KHB,¹⁹ in the case of single-family dwellings in Seoul, the relative share of land cost(post infrastructural development), which was 25 per cent 1963, reached 64 per cent in 1978. This is perhaps one of the highest land cost shares in the world.

Very rapidly rising land values always create social problems. The KRIHS has suggested that speculators and BOK-DEOK-BANG(brokers) are the main cause of high land values in urban Korea.²⁰ Unfortunately, land was one of the assets concentrated in the hands of a few enterprises. Song has stated that:

.... many people believe that rapidly rising land values make income distribution more unequal. Stories of large fortunes made from land sales appear in media, and some people believe that a large part of social wealth is being in the hands of a few wealthy landowners.²¹

In Korea, there is evidence of government seeking to increase public control over land-use and, in certain cases, limit private ownership rights. Measures affecting the supply of residential land and land policies include the creation of

the KLDC and land tax policies.

The KLDC was created in 1979 and the corporation has several functions which can be summarised as follows:

- (a) Land acquisitions, development and supply
- (b) Management of public lands
- (c) Large-scale residential and industrial land assembly and land readjustment programmes
- (d) Land assembly for the public sector
- (e) Issuance of land bonds
- (f) Collection of data for land policy

There are other specifications about the KLDC's land operations. In large cities, it only acquires lots of more than 200 pyong as against 1,000 pyong in non-city areas. Sales to the KLDC receive tax benefits. In case of residential land, transfer tax is reduced by one-half. The corporation undertakes land transactions and management on behalf of government agencies. The KLDC is empowered to assemble and develop land either for itself or for other government agencies.

However, some writers²² observe that too many functions are concentrated in one single organisation. First, the KLDC is too ambitious in that it hopes to do too much with little resources. The idea of simultaneously assisting middle-income and low-income groups, civil servants and business employees, appears to be too ambitious even if different financing schemes for each programme are devised. Second, there is a complex and overly bureaucratic linking of their land programme to land purchase payments so that the impact of the KLDC on low-income housing is limited. Since its establishment, unfortunately, the KLDC has neither supplied sufficient land for the low-income group nor has it prevented land speculation.

I now turn to the issue of infrastructure in state-developed

housing areas. As we have seen in Chapter 5, the DANCHI housing in Korea was a new form of urban public housing development consisting of high-rise and high density housing undertaken by the national housing agencies and local authorities.

Most DANCHI housing areas are located in close proximity to urban services and work places. However, such comprehensive development schemes have been influenced on the one hand by an idealistic vision of a utopian residential neighbourhood, and on the other by a more materialistic approach.²³

However, the DANCHI projects vary in size from the large (Jamsil Danchi 19,000 dwelling units) to the medium (1,500 dwelling units in Youido Danchi) and the small (200-500 dwelling units). Sometimes the DANCHI development itself becomes a town, and sometimes it is only an integral part of a town. They vary greatly in the time they take to complete: some take only a few years, some longer.

Three separate types of developer are responsible for DANCHI housing development in Seoul: (1) citizens' housing Danchi in squatter and unplanned settlement areas which has been developed by the Seoul Municipal Government as a part of an urban renewal project, (2) large scale low-income housing Danchi development by the national government housing agencies, mainly the KNHC, and (3) the generally expensive high-rise flat Danchi financed by private developers.

In the 1960s, in the citizens' housing Danchi in squatter settlements areas, there was a lack of the availability of infrastructure needed to service housing, mainly roads, water supply and sewerage. As we have seen in the previous chapter, most citizens' flats were constructed on the hillside squatter areas. The residents often faced shortage of water, mainly in hot summer because the poor were forced to move in before the infra-

structural development was finished. Most citizens' flat areas also had inadequate storm drainage and sewer facilities.

Since the early 1970s, large scale low-income housing Danchi by the KNHC and the Seoul city government were constructed with better services in the form of reasonable width roads, piped water supply, and sewerage and drainage. The condition of infrastructural development in most Danchi housing in Seoul is even better than the traditional residential areas. This issue will be examined in detail in the later chapter based on the field survey.

6.4 THE HOUSEBUILDING INDUSTRY AND CONTRACT SYSTEM

Housebuilding in Korea can be broadly divided into three categories: (i) self-help housebuilding activities carried out by end-users; (ii) housebuilding by commercial firms; (iii) state development with private companies. The first category comprises individuals who acquire their own sites and built by the household itself (self-help) perhaps assisted by friends and, for certain jobs, skilled artisans. The second category consists of commercial builders who construct houses for sale. Finally, the third category is the case of state-developed housing where the state acts as the developer and lets contracts to private companies.

Korea produces cement, adobe, wood, steel, aluminum, tile, pipes and glass. To a small extent wood and lumber are imported from abroad, because of the scarcity of these commodities. Traditionally, Korean housing employs clay, stone, timber, clay tile and adobe. In rural areas, virtually all houses make use of local resources and traditional techniques. However, as we have seen in the previous chapter, most houses

built in recent times in metropolitan areas are made of brick, concrete or stone, instead of wood or clay.

The large, organised building enterprises are heavily concentrated in the major cities. However, the increasing participation of large enterprises since the beginning of 1970 has made a considerable contribution to the increase in housing supply. But private housebuilding is still in the primary stage of development as the limited number of enterprises and the inadequacy of their management shows.

Table 6-8 shows that firms with fewer than fifty employees make up 70 per cent of all construction enterprises. In spite of the growth of large-scale firms since 1970, the total number of firms has been declining. This is partly due to the decline of small and medium firms. However, Table 6-8 does not distinguish the housebuilding sector from all other con-

Table 6-8 Number of construction enterprises and firm size by number of employees, 1971-1979

	Total		Large-scale firm		Small-medium firm ^(a)	
	No. of firms	%	No. of firms	%	No. of firms	%
1971	855	100.0	65	7.6	790	92.4
1972	815	100.0	63	7.7	752	92.3
1973	707	100.0	67	9.5	640	90.5
1974	669	100.0	79	11.8	590	88.2
1975	646	100.0	89	13.8	557	86.2
1976	552	100.0	104	18.8	448	81.2
1977	534	100.0	147	27.5	387	72.5
1978	527	100.0	170	32.3	357	67.7
1979	514	100.0	154	30.0	360	70.0

Source: Korea Construction Association, Business Analysis of Construction Industry, 1980.

Note: (a) The small-medium size firms are classified here with fewer than fifty employees.

struction activities. This lack of statistical clarity no more than reflects a material fact: there is no housebuilding industry as such. It is not the case that within the construction industry as a whole one set of firms devote itself to housing work and another set is engaged wholly in non-housing work. As a result it is impossible to present data for the housing sector distinct from construction as a whole.

If the housebuilding industry is to emerge as a large-scale integrated system industry it will be not merely through natural expansion, or diversification of traditional housebuilding activities. It will be through the gradual organization and integration, on a national basis, of many small business activities such as housing developers, house builders, material suppliers and financial agencies. They will all work in close cooperation, but the leading role will be played by a pivotal enterprise with good operational standing. The housing industry comprises a wide variety of related industries which will be developed into a "group industry" or a "systems industry"

Since 1970, several large enterprises in the housing industry have acted in participation. This is seen as a step towards the systemisation of the housing industry, which, up to now, has been notable for its fragmentation. By contrast, small private house builders carry out a considerable amount of work without any external organisation even though they represent the most critical sector of housing industry.

With respect to the building materials industry, most housebuilding materials are produced and supplied independently and incidentally, along with other construction materials,

without inter-dependent production and supply system.

In addition, the distribution of building materials is very complicated. Cement-asbestos, board, plywood, and plate glass pass through three hands before reaching the consumers, cement and tile through four. In some cases the consumer finds himself having to pay as much as 200 per cent or more of the original price set by the producer²⁴ (Figure 6-2).

Figure 6-2 Distribution Channel of Building Materials

Housebuilding material	Distribution channel					Margin (%)
Cement	] Producer	→ Whole sale market	→ Selling agent	→ Retail shop	→ User	41.8
Tile						170.8
Cement-asbestos	] Producer	→ Manufacturer's agent	→ Retail shop	→ User	→ User	36.1
Board and plywood						28.4
Plate glass						236.2
Iron reinforcing rod	] Producer	→ Manufacturer's agent	→ User			9.3

Source: Korea Industrial Development Institute, Long-Term Housing Policy in Korea, 1974, p.71.

I now turn to some issues raised by state housing provision. Housebuilding for the state is largely done by private companies, although local government workers play an important role in design and repair.

In order to develop production techniques and the scope of housebuilding enterprise, the government controls housebuilding enterprises. According to the Housing Construction Promotion Act, an enterprise has to register with the MOC. It is

a legal requirement that a housebuilding enterprise with an annual production of more than 20 units, and with over 50 million won of capital, must register, if it wants to continue in business. As to the technical level, they also must employ at least 2 government licenced technicians in architecture or civil engineering.

In Korea, house builders are in three groups: i) government designated builders, ii) registered builders, and iii) small non-registered builders. According to a KRIHS survey, in 1982 the first group, composed of 64 major firms, is designated by the government in recognition of firm size and professional competence. For major state-developed housing projects the government relies on this group. The second group is composed of medium sized builders who must produce more than 20 units per year. The third group is the largest in number and produces less than 20 units per year. On the other hand, each group is highly specialized. The designated builders produce mainly high-rise flats, while the other two groups detached houses or row-houses.²⁵

When a new public housing project is about to be launched, the MOC invites tenders from approved tenderers among the registered builders. The government designated builders are selected among these registered builders according to their past contribution record and technical capacity. In order to qualify as an approved tenderer (designated builder), a firm must satisfy the following conditions:

1. The firm which is capitalised at more than 500 million won has to show either an annual housing construction rate of more than 300 units, or that it has constructed to build more than

1,000 housing units annually during 3 years.

2. The firm capitalised at more than 1,000 million won has to show either an annual housing construction rate of from 150 units to 900 units during 3 years, or that it has contracted to build housing annually from 500 units to 3,000 units during 3 years.

3. The firm capitalised at over 2,000 million won is not required to provide any record on its housing construction or contracting.

4. The firm has to employ more than 11 engineers(e.g civil engineers, electrical engineers, architects, etc)

With respect to the designated builder by capital, most firms hold capital assets of more than 2,000 million won, and so are not required to produce the results of housing construction, or of contracting. In fact, large-scale firms, the designated builders, have been given priority when it comes to competitive tendering among the registered firms. These large builders also enjoy several privileges including tax advantages and even land expropriation rights. They are exempted from transaction taxes and special value added tax in land acquisition when they build smaller units under 25 pyong for sale. This is the reason why the government assume that the low-income group cannot afford to purchase a larger sized dwelling(floor area 25 pyong and over), and smaller sized dwellings built by private builders would release the low-income group from severe housing shortage in urban areas. A distinctive incentive given to the designated builders is the right to expropriate needed lands in a flat district when they are the owner of more than two thirds of the land area. Due compensations, however, must be paid to the land owners. They are also given the right of priority acquisition of the serviced land in a land readjustment project at first cost, for the pur-

pose of housing development.

When a tender (designated builder) is accepted, one contractor will rarely carry out the entire task using his own resources alone. It is usual to subcontract much of the work. Of course, this kind of situation occurs even in advanced countries. In the U.K., for example, the large firm acts as the main contractor. The larger the contract, the more likely it is that the medium sized and large firms will tender for it.²⁶

The problem in Korea is that most subcontractors cannot carry out the task because they are short of techniques, materials and labour. So they usually further subcontract some of the work. Extensive subcontracting causes fraudulent work and civil service corruption. For instance, in 1970 one five-storey block of flats in a low-income housing project of the Seoul Municipal Government collapsed, killing 34 residents. Investigations revealed extensive subcontracting and large scale graft in the awarding of building contracts.

In developing countries, the large construction company using prefabricated building components is virtually ubiquitous. In Korea research on prefabricated housing has mainly been carried out by the KNHC and other private companies. By way of example, the tilt-up prefabricated construction method has been applied to 5-storey-walk-up flats by the KNHC up to the present, and about 11,500 dwelling units have been constructed by this method.

There is little government funding to support the development and production of cheaper building materials based on indigenous resources. Most publicly-funded housing projects are built to designs and standards developed for the industrialised nations and so do not seek to use locally produced materials to reduce unit cost.

With respect to the housebuilding industry and state-developed housing construction, the following comments can be made. First, the government provides incentive and assistance to large firms (builders) and the designated builders are given priority in competitive tendering with state housing projects. It can be said that the government accelerates the oligopolisation of the industry due to the tendency to favour large builders and virtually ignore small firms. Systematic assistance is necessary for the smaller firms to increase productivity and produce better quality houses. Second, the distribution of building materials is very complicated. Meanwhile, it is a very important task for public housing agencies to improve local building materials and to reduce state-developed housing unit cost by making use of them. Third, extensive subcontracting causes many problems. Various subcontractors whose behaviour are closely connected with the activities of small and individual developers need to be properly organised. The government should give them an opportunity and assistance to organise their association and to enhance a cooperative system among the subcontractors.

6.5 SYNTHESIS

Policy trends in the 1970s indicate the government's commitment to tackling housing problems more realistically. National housing agencies have been set up, and higher housing outputs are the aim.

Some aspects of housing policy are essentially local and, although the national government properly has some influence, basic decisions on local matters should be made locally. The highly centralised power structure of the Korean government makes good administration difficult. Even when the central power is in appearance somehow decentralised, it only means

that the centralised authority has been passed to provincial governors and the mayor of Seoul city, who are in fact themselves totally dependent upon the central government. Moreover, although Korea has a highly centralised government, current national housing policy has been criticized for the multiplicity of housing agencies involved. The scattering of administrative power produces much duplication of function and many inconsistencies.

At present, a strong constraint on housing is the lack of mortgage funds. The financial sector is still in its infancy in Korea and does not have the funds to devote to long-term commitments like housing. The financial system for housing has numerous shortcomings, such as the weak market for national housing bonds, high interest on mortgage, and similar handicaps for prospective homeowners. In addition, a great part of the KHB's mortgage loans is tied to specific deposits. Only those who have the ability to save can obtain loans. This policy prevents the low-income group from obtaining loans.

Land, because of its unique nature and the crucial role it plays in human settlements, cannot be treated as an ordinary asset. Land is an extremely valuable resource in Korea. The government has been trying to tackle the land problems, especially fluctuations of land prices and speculators' activities in urban areas. The government tried to enact an anti-speculation act in 1967, and again in 1972 with the National Land Use Management Act, and the Land Readjustment Project but its efforts have not achieved effective results. Far from controlling land prices, the Land Readjustment Project, for example, tends to create land price inflation. In order to recover its investment quickly, the developing agency sells

its land to speculators, rather than end users. The current uncertainty regarding the availability of urban land for housing, particularly for low-income groups, reflects the conflict of interests between the rich who already live in privately owned housing and the poor who need minimum housing.

There are in Korea no publicly owned firms which can build state housing units. Therefore, the large private construction firms get the contracts. And it should be pointed out again that extensive subcontracting cause fraudulent work, and corruption among government officials.²⁷

The main question that arises at this stage from the consideration of the development processes in state-developed housing is, who benefits from state-developed housing programmes and who loses? State-developed housing in Seoul has generally been too expensive, and is priced beyond the poor household's reach. To what extent have the rewards of state-developed housing filtered down to the urban low-income group? The following chapter will consider these issues in greater depth in terms of allocation policy in the state-developed housing sector.

Notes to Chapter 6

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CHAPTER SEVEN

THE ALLOCATION POLICY OF STATE-DEVELOPED HOUSING

7.1 INTRODUCTION

Whatever its ideology or form of government, every society must devise some mechanism for allocating housing among its population. There are two principal mechanisms for allocating housing. The first is the traditional private 'market' system, where housing is taken up on a competitive basis, according to the values people attach to housing and their ability to pay. The second is public sector allocation, where governments, housing officials, or some other community group distribute housing according to individual and collective needs, and in accordance with the objectives of the agency involved. Korea has some mixture of both forms of housing allocation. The emphasis varies from public sector allocation which are centrally-planned to an almost exclusive reliance on the private market mechanism in 'laissez-faire' society.

Within the public sector, there are as many variations in the process by which housing is allocated to households as there are agencies involved. This chapter examines some of the many aspects of this issue. Who benefits from the state-developed programme and who loses? How does the allocation mechanism for state-developed housing actually function? How are the criteria of allocation - whether they be ability to pay, or the identification of need - established? To what extent are the criteria explicit (as in housing prices), and to what extent are they implicit (as in the case of discrimination)?

7.2 ALLOCATION CRITERIA

The mechanism of allocation is through a public agency - i.e., a national housing agency and local government - whose

responsibility it is to match households to available units in the housing stock. The stock of available units derives from three sources: (1) new construction, (2) relets within the public sector resulting from departures (due to death, out-migration, or eviction, and (3) the vacancies ensuring as a result of mobility chains.

The housing authority undertakes to identify the various sources of 'demand' for public sector housing. Households are ranked according to their needs, and in relation to their alternative housing choices. In contrast to western capitalist countries, in urban Korea many non-homeowners want to get public housing because it is cheaper than that produced by private developers.

Korea has fairly simple selection processes for state-developed housing. There are three principal population groups - or sources of demand: (1) qualifying non-owner occupiers, (2) the members of a housing association, and (3) special groups.

It should be noted here that in terms of state-developed housing allocation, the non-owner occupier means those who are homeless households, households in the private rented sector, and households sharing a dwelling. It is also necessary to note that not all non-homeowners qualify for state-developed housing. Applicants are limited to those who opened a housing installment deposit account in the KHB in order to purchase state-developed housing. This means that an eligible applicant has to deposit a considerable amount of money in the KHB. Housing installment deposits are a system of contracted savings required of households wishing to obtain a mortgage from the KHB. Deposits for at least six months in an amount equivalent to the projected

monthly mortgage payment' are required as a precondition for a loan. Without opening a deposit account in the KHB, no one can apply for state-developed housing except those belonging to the 'special group' of households.

The main purpose of this allocation policy seems to be to encourage non-homeowners to save. It is thus possible to select highly motivated households among huge numbers of non-homeowners. Moreover, the monthly deposit amounts depend on the size of house. In the case of house size of less than 10 pyong, it is necessary to deposit monthly from 20,000 won to 50,000 won, while with a house size of more than 10 pyong, a monthly deposit of 50,000 won to 100,000 won was required in 1982.

The second group eligible for state-developed housing are the members of housing associations. These are cooperative associations whose object is to purchase or build housing. In order to get state-developed housing, a group of people (more than 20 households) can form a housing association locally or their place of work. Members of such associations are also required to deposit sums of money in the KHB. In addition, if housing associations wish to build houses for their members, they are given priority in obtaining loans from the KHB.

The third qualification for state-developed housing is given to 'special groups'. These can be subdivided as follows:

(1) those who require rehousing because of slum clearance and renewal.

(2) evacuees from flood-damaged areas or industrial estate development areas.

(3) non-owner occupier civil servants or soldiers returning from abroad after serving more than two years.

(4) expatriate experts and specialists lured home by the government from abroad.

(5) those who sell more than 90 m² land to the public housing agency for public housing construction.

(6) medal winners in international games.

Unlike any other group of people, these special groups are not required to open a deposit account in the KHB. They are recommended to the housing authority through the local governments or the agencies concerned.

According to the MOC allocation regulation for state-developed housing, about 50 per cent of state-developed housing are allocated to the first category of households, about 40 per cent for the members of housing associations, and about 10 per cent of state-developed housing for the special group of people.¹ Perhaps most surprising is the proportion of allocation for the first and second category of households. We do not know exactly who these are in terms of their income and social status. It is obvious that only a very small proportion of state-developed housing units were allocated to households requiring immediate rehousing because of slum clearance, renewal and disaster.

7.3 THE ALLOCATION PROCESS

A common response of government to the apparent inability of the private market to produce housing for all, in sufficient quantity, quality and at reasonable price, is to intercede directly by constructing 'public' housing.

In many developed countries government construction is an important source of housing for the urban poor, but this is true of very few countries in the Third World. Only in relati-

vely wealthy cities, such as Hong Kong or Singapore, does the public sector provide low-cost houses for a substantial proportion of the population.

Beginning in the early 1970s, there were improvements almost everywhere in Korea, for the government considered housing to be an important factor in achieving social welfare and stability. In 1972, the government formulated the Ten-Year Housing Supply Plan for the purpose of constructing a total of 2.5 million dwelling units(2 million units for urban areas and 0.5 million units for rural areas) during the ten-year planning period of 1972-1981.

As a result, the Housing Construction Promotion Law was passed in 1972 to promote state-developed housing construction and to mobilize the resources required for achieving the housing construction target specified in the Housing Supply Plan.

State-developed housing in Korea is provided by both central and local governments. The former provides housing funds but is not directly involved in the construction of housing, whereas the latter both raises funds and constructs housing. As we have seen in Chapter six, the central government provides funds to local governments and the KNHC, through the KHB, for the actual construction of housing, according to the policy of central government.

The amount of housing provided by local governments from financial sources such as borrowing from central government, self-financing, and borrowing from the KHB, etc., has substantially decreased. Furthermore, housing funds from the central government are mostly given to the KNHC instead of to local governments(Table 6-4). As a result, the proportion of housing

provided by local government has, since 1973, been negligible.² Most of the funds coming from central government and the KHB are given to the KNHC, which presently constructs most of the state-developed housing underwritten by the public sector. Thus, the government policy of state-developed housing production and its allocation may be found from reviewing the activities of the KNHC.

The 1975 National Housing policy was directed at maximizing state-developed housing construction and investment to meet housing shortages, on the one hand, and at improving the quality of the existing housing stock, on the other. Limited budgets cannot have multiple objectives. The process of upgrading housing standards was bound to limit the maximization of state-developed housing production, considering the limited resources then available. It is worth noting, however, that although its results were limited, the policy was significant in breaking new ground in Korea.

The main objectives of the 1975 policy were as follows:

1. To give priority to urban state-developed housing construction, since the housing shortage was most critical in urban areas.
2. To maintain the existing housing stock to the greatest extent possible, and to impose restrictions on the unauthorised removal of existing housing built to certain standards.
3. To improve the housing-related environment and facilities including streets, water, sewerage, electricity and street lights.
4. To reduce the overall national housing shortage from an estimated 77.8 per cent in 1970 to 88.4 per cent by 1981.³
5. To raise the average dwelling space to 5 pyong per capita in 3-room housing units in the 1980's.

The housing delivery system was considered as follows:

1. Target groups were classified on the basis of income level surveyed by the Economic Planning Board.
2. The KNHC and agencies of local government were responsible for supplying and renting housing for the poor, whereas the private sector supplied financial support for middle income groups.
3. Different lending systems at different interest rates and for different repayment periods were to be implemented for each beneficiary group.
4. A home improvement programme was to be undertaken by the local government to redevelop areas of illegal housing and upgrade housing environment and neighbourhoods.
5. Financing systems for low-income groups were strengthened by the KHB and KNHC under the strict control of the MOC, MOF and EPB.

The basic focus on the 1975 housing policy was "to maintain the existing housing stock". This represented a complete reversal of the previous government housing policy. The policy to preserve all existing housing stocks is contrary to the law, which seeks to eliminate housing that is illegal.

The principal achievement of the policy was that target groups, based on income categories as directly related to state-developed housing programmes and policies were identified for the first time. This use of precise definitions has allowed a much clearer discussion of the potential beneficiaries of state-developed programmes.

The MOC revision of the 1975 housing policy was made in order to modify aspects of the Fourth Five-Year Plan's Programme (1977-1981) which for various reasons were something

less than desired by the MOC.

First, the total housing programme was reduced from 2.5 million to 2,103,000 units for the combined 1972-1981 period. Second, the housing supply ratio was set at 79.8 per cent, down substantially from the 88.4 per cent of the MOC 1975 plan. Third, housing construction for the public sector was made to focus on small-scale housing (an average of 13 pyong) in small and medium cities. Fourth, the living space standard per person was reduced to about 3 pyong. In contrast to the 1975 plan, the Fourth Plan makes realistic proposals for housing construction in the years ahead. However, it does not deal with the target groups based on income level surveyed by the EPB on which the 1975 policy focused.

Unlike council housing in U.K., Korea has not a long history of public housing and the amount of rental housing is small compared with state-developed housing for sale. Even limited rental housing provided by the governments had been sold (Table 7-1). This means that the stock of available units from relets within the public sector resulting from household departure is not substantial. Therefore, in discussing the allocation of it is more valuable to deal with state-developed housing for sale.

The housing authority undertakes to identify the various sources of 'demand' for state-developed housing. In most instances demand is expressed in the wish to start placing installment deposits in the KHB. But there is no official register or waiting list of people who have expressed their needs in this way. Some local authorities also undertake to assess the extent of latent demand through surveys of households living in squatter areas or shanty towns within their jurisdictions. Unless a homeless family or non-owner occupiers have placed

a housing deposit in the KHB, it is quite difficult for it to express its demands except in the case of special groups who, because of slum clearance or disaster, require urgent resettlement.

One weakness in the allocation policy is that there are no criteria of "suitability" of properties for different types of households by which the age and type of structure, its size, condition, and general environmental quality, as well as the image or reputation of the neighbourhood or estate of which that unit is a part would be taken into account. In addition, a crucial factor in programme implementation is the adoption of the lottery system in the case of state-developed housing for sale. The purchasers are selected from among applicants who have opened housing installment deposits in the KHB, and paid installments for more than six months by drawing lots. The reason why the KHB adopts the lottery system is that there are a large number of applicants who have opened installment deposits to purchase state-developed housing. As of March, 1984, 248,700 households opened the state housing pre-emption installment deposit in Seoul, but state-developed housing for sale by the KNHC and the Seoul city are planned to construct only 13,000 units in 1984.⁴ The number of state-developed housing units for sale is far beyond the demand of applicants. Although the state-developed sector's share in production has increased since the late 1960s, the demand is still growing (Table 7-2). One would ask why many households want to purchase state-developed housing rather than direct from private developers? The answer is quite simple: there are little loans available for private housing and the price of state-developed housing units is cheaper than that produced by private developers.

No investigation is made into the applicants' needs, or

Table 7-1 State-developed housing for sale and rent
Percentage in Seoul, 1975-1981

Year	Rent	Sale	Total
1975	26.6	73.4	100
1976	19.2	80.8	100
1977	34.1	65.9	100
1978	10.8	89.2	100
1979	3.7	96.3	100
1980	16.6	83.4	100
1981	—	100	100

Sources: Seoul City, Unpublished Document, 1982; and
KNHC, Collection of Housing Statistics, 1982,
pp. 340-343.

Notes: All rental houses provided between 1975 and 1978
were sold.

Table 7-2 Annual Housing Construction in Korea, 1967-
1981

Year	State-developed housing sector	Private sector	Total
1967-1971	70(12.9)	471(87.1)	541(100)
1972	17(15.9)	93(84.1)	110(100)
1973	44(30.4)	99(69.6)	143(100)
1974	43(27.5)	115(72.5)	158(100)
1975	63(34.8)	117(65.2)	180(100)
1976	62(36.4)	108(63.6)	170(100)
1977	80(38.2)	123(61.8)	203(100)
1978	115(38.5)	185(61.5)	300(100)
1979	118(47.1)	133(52.9)	251(100)
1980	106(50.2)	105(49.8)	211(100)
1981	78(52.0)	72(48.0)	150(100)
Total	796(32.9)	1,621(67.1)	2,417(100)

Source: KNHC, Collection of Housing Statistics, 1982,
p. 156

such factors considered as household size, income, present living conditions and condition of health. This system is administratively simple and easily understood by the public. But it ignores the principle that public housing should be allocated to those households in the most urgent need.

Theoretically, public sector housing is allocated to those households who are known to be in most immediate need. Bourne argues the five principal populations - or source of demand - for public sector housing, ranked in a typical order of priority, are: (1) the homeless (although some local authorities oppose taking in the homeless); (2) those requiring rehousing because of slum clearance and renewal, for which that local authority assumes "special" responsibility; (3) those in urgent need because of medical or social problems, or because they represent "key" workers; (4) those requesting transfers within the public sector for reasons other than the above, often to move to a preferred unit or location; and (5) those on the regular waiting list.⁵ Strictly speaking, the first three of the above categories represent "needs" as the term is traditionally defined, while the latter more frequently reflect "demand".

In capitalist societies, the household's access to housing can be improved in the first place by maximizing the number of households which can afford a house in the free market without government assistance. This can be achieved, given the household's income, through better productivity, lower dwelling prices or lower financing cost.

In Korea, it is by no means apparent that the poorest and most needy families are, in fact, the principal targets of the state-developed housing programme. The idea behind the sale of state-developed housing is that, if private financial insti-

tutions do not cater sufficiently well for housing of all kinds, then the public sector should fill the gap. In Asia, Singapore provides a good example. Its public housing programme is firmly geared to middle-income households, whilst home-ownership of these public flats is strongly encouraged by a large array of financial incentives.⁶ On the other hand, the Singapore government has adopted a policy of accepting full responsibility for the provision of a decent standard of housing for the lower income groups. Consequently, the rentals are heavily subsidised and the selling prices of the flats are fixed below cost. Since the formation of the Housing and Development Board the government has consistently granted top priority to public housing.⁷

In contrast, the Korean government has not granted top priority to public housing. It is no exaggeration to say that government and other public entities have not fully supported housing construction for urban low-income groups who can not finance their own housing by private means. The rentals are not heavily subsidised.

Unfortunately, most state-developed housing in Korea is not allocated to those households who most need it. Many authors have pointed out that many of the difficulties are rooted in the very notion of governments providing housing for the poor in Third World cities.⁸ The universal error has been to build at too high an architectural standard, and without a clear understanding of the needs of the population. Government housing has generally been too expensive for the poor to buy. In Korea, the allocation system is another obstacle. As we have seen in the previous section, the applicants are required to deposit a considerable amount of money in the KHB in order

to get state-developed housing. There are no subsidies for the poor who have no ability to pay a deposit in the KHB. As we have seen earlier, only about 10 per cent of state-developed housing has been allocated to the special group who are known to be in most immediate need.

As we have seen in chapter six, a great part of the KHB's mortgage loans are tied to specific deposits. Only those who have the ability to save can obtain loans. This prevents low-income people obtaining the KHB's loans. Many homeless people and non-homeowners do not deposit their money in the KHB because of their extremely low level of income. In addition, a large majority of low-income households in Korea do not have the ability to bear the economic cost of housing even at minimal standards. The 1978 survey of non-homeowner households prepared by the MOC, showed that only about 34 per cent of them could afford the open market costs of housing, and the remaining 66 per cent could do so only with direct or indirect subsidies.⁹

7.4 THE PRICE OF STATE-DEVELOPED HOUSING

I now try to examine the price of state-developed housing in terms of its accessibility to the urban low-income group. First of all, it is necessary to note here that Korea's state-developed housing differs from public housing in the United States or council housing in the United Kingdom. The Korean programme involves the construction of modest dwellings in multi-family structures in a large volume mainly for sale. The KNHC and local governments' effort to minimize cost being made, the choice of land-frugal and construction-efficient multi-family structures is consistent with the objective.

A practical and relevant illustration of the financing arrangements for purchase is given in Table 7-3 and 7-4. It illustrates for a 15 pyong flat costing in total 10.5 million won, both the monthly payments on a 6 million won loan as well as other current outlays.

According to these calculations, a 15 pyong state-developed housing unit would be affordable by households in the 75th percentile of the income distribution (Table 7-5); some reduction in land cost, possibly down to 20,000 won per pyong, might be effected through the land readjustment process involving within project cross-subsidisation; but this would occur only where KNHC projects were part of much larger development, not a standard feature of the past.¹⁰ At any rate, a cost reduction of this magnitude would make the 15 pyong units affordable by households in the 70 percentile of the income distribution. This pattern of households served is consistent with the past activity by KNHC.

The KNHC produces houses for both sale and renting. Since the corporation was created in 1962, all in all, 177,451 units have been produced by the corporation of which 64,797 units (37%) were rental units, and the remaining 112,654 (63%) were for sale. In 1980, the ^NKHC produced 30,104 units, of which 57 per cent were for rental. This is an impressive increase compared with previous years. But it should be noted here that the housing authorities have tried to sell state-developed rental housing to tenants. With KNHC's rental housing, for example, about 54 per cent of units were sold to sitting buyers

Table 7-3 Cost For State-developed Housing Programme
Per Dwelling

Cost of structure ^a 611,333 won/pyong for 15 pyong	9.17 million	
Cost of land 19 pyong at 70,000 won/pyong	1.33 million	
Total cost per unit	10.50 million	
Credit requirement loan from the KHB	6 million	
Minimum income of household reached ^b	income	income percentile ^c
15 pyong flat	278,760	75

Notes: a) Included land development cost
b) Computations given in Table 7-4.
c) Urban Income Distribution in 1979 (see Table 7-5)

Sources: Average unit and site sizes from 'Data for 1980 Housing policy', Economic Planning Board, January 1980, cost data from Ministry of Construction in 1979 prices, and see R J Struyk, Housing in Korea's Fifth Five-Year Plan: Possibilities and Constraints. KDI Consultant Paper Series No.5, 1980, p.34.

Table 7-4 Affordability of State-developed Housing Units
(Won)

	15 pyong
Debt to be serviced	6 million
Monthly debt service ^a plus fuel + lights ^b	59,770 9,920
Total housing expense	69,690
Minimum income required with housing expense to income ratio of 0.25	278,760

Notes: a) For 20 year, 10% mortgage, with graduate payment mortgage: Computed with the following formula;

$$\text{Monthly payment} = \frac{M(1+i)^n}{(1+i)^n - 1} \times \frac{1}{12}$$
 where M: amount of loan, i: interest rate, n: term of payment.
 b) 1978 average expense 7,690 won per month adjusted to 1979 prices.

Source: See R J Struyk, Housing in Korea's Fifth Five-Year Plan: Possibilities and Constraints, KDI Consultant Paper Series No. 5, 1980, p.35.

Table 7-5 Urban Income Distribution in 1979

(W 1000s per month)

Income percentile	Income
10	44.5
20	82.1
30	108.4
40	134.9
50	164.8
60	200.2
70	245.8
80	310.0
90	416.2

Source: Mean income estimated by Mayo from 3rd quarter 1979 figures from the Income and Expenditure Survey updated to 4th quarter. Distribution constructed by S Bhall, 'The Distribution of Income in Korea: A Critique and Reassessment', Washington, DC: IBRD, 1979.

between 1971 and 1980.¹¹ The issue of state-developed housing sales will be examined in detail in the later chapter.

I now want to look at some aspects of state-developed rental housing. Table 7-6 shows that in 1980 a tenant of the KNHC rental housing was required to make a deposit of 2,420,000 won (floor area 13 pyong) in addition to paying a monthly rent of 38,400 won. The effective rent would be the monthly rent plus the interest foregone on the deposit. If one assumes that the interest is, let us say, 20 per cent, the effective rent would be 78,733 won. The average urban household monthly income was 267,096 won in 1980 and thus about 30 per cent of income per month would go on rent. But this income level is for the average income group (middle level of middle income strata). Moreover, according to the annual report on the family income,

and expenditure survey of EPB, average housing expenditure per month between 1975 and 1980 was about 15 per cent of total household income.¹² Unfortunately, there are no data available on the tenants' average income in state-developed housing sector. However, according to the urban low-income household survey by the MOC, the average monthly income was 158,000 won in 1979.¹³ If we assume that the households of state-developed rental housing in Seoul earn about the same income of the low-income household, the tenants paid an extremely high rent in relation to their monthly income. The effective rent (78,733 won) is about 50 per cent of the average monthly income of the low-income group.

Of course, one important aspect of state-developed rental housing in Korea is that the tenant has to pay an advance deposit, and the deposit has been increased substantially. Table 7-6 shows that the ratio of advance deposit to state-developed housing sale price has increased and that the ratio of 1980 was almost twice that of 1976. Surprisingly, the amount of advance deposit of 1980, for example, reached about 27 per cent of sale price. What is clear from all these figures is that state-developed housing was rented at very high levels.

For an agency responsible for low-income housing the resources and efforts of the KNHC are very limited indeed. Even if we assume that only 10 per cent of households are low-income households needing heavy subsidies, in 1980 there would be something like 800,000 households. But the cumulated production of the KNHC was no more than 177,451 units for the 1962-1980 period with the annual average of 9,339 units. Not only from the view of efficiency but also from that of equity, it would be more than better if middle - and upper-income housing

were taken care of by the private sector. It is questionable whether the KNHC does much to serve the low-income groups. The issue of affordability and burden of financing will be examined in more depth in chapter 9 which is based on data drawn from the field survey. The published information on this matter is extremely sparse.

Table 7-6 Rents of State-developed Housing(floor area 13 pyong), 1975-1980

	('000 won)					
	1975	1976	1977	1978	1979	1980
Advance Deposit(A)	300	400	470	830	1,500	2,420
Monthly Rent	9.9	12	15	22	29.5	38.4
Sale Price(B)	-	2,825	3,210	5,062	6,100	9,100
A/B(%)	-	14.1	14.6	16.4	24.6	26.6

Source: KNHC, Collection of Housing Statistics, 1981, pp.470-471.

7.5 SOCIAL OUTCOMES OF ALLOCATION

In theory, the private market emphasizes efficiency, generally in terms of maximizing output while at the same time minimizing overall levels of excess prices and rents. For the public sector, the paramount objective is greater equity or social welfare, in terms of assuring adequate housing for all according to their needs. Nevertheless, when viewed in aggregate, all public agencies must also have efficiency as one of their objectives - in terms of how they distribute units to households - if they are to achieve maximum success in meeting social needs.

At this stage, two crucial questions need to be raised: what is the main purpose of the allocation policy of state-developed housing? And what is its result? To answer these questions, I look at two major issues: (i) filtering strategy, and (ii) emergence of DANCHI housing social groups.

A) FILTERING STRATEGY

Struyk states that:

To date Korea's basic housing strategy has essentially been based on the filtering concept: expansion of the supply of housing for moderate and high income households will eventually improve the housing available to lower income households and reduce the rate of increase in the price of housing services.¹⁴

Filtering is generally used to refer to the downward movement of dwellings in value and quality over time and/or the upward movement of households from lower - to higher - quality dwellings. It is often argued that households can filter up into better dwellings, and so release their old homes for other families, who can also improve their housing by moving from inferior dwellings.¹⁵

In Korea, many planners and government officials tend to believe that filtering is advantageous to the poor. It means that the total housing supply increases and vacated middle-income accommodation becomes available for the poor, thus, easing housing pressure.

In advanced countries such as Britain, filtering strategies have seldom been explicit in housing policy.¹⁶ To rely on it as a means of improving the housing conditions of poor households requires a subsidy system which is unfair; to ensure a demand for expensive units sufficient to create the volume of vacancies thought necessary to benefit poor families, subsidies must be directed to middle and higher income groups. This strategy has broadly been adopted in the United States.¹⁷ In addition, Murie and his coauthors argue that:

It is evident, of course, that the filtering process could not operate in the public housing sector, unless allocation and movement conformed to that in the private sector.¹⁸

The critical question is the reliance of housing policy in Korea on the process of filtering-down as the best means of improving the quality of housing available to those of lower income.

With respect to filtering strategies in Korea, the following comments can be made. First, subsidy was directed to middle income groups rather than the poor. Second, the low-income groups maintained a constant relative distributional relationship vis-a-vis other groups. As I mentioned before, the KHB loans are earmarked for those who contribute to the funds including the subscribers of the state housing pre-emption subscription deposits. The subscribers are the only ones eligible to purchase state-developed housing. It means that only those who have the ability to save can obtain loans. This policy prevents the low-income group from obtaining loans and maintains inequalities. Seen in this light, filtering is neither an efficient nor humane way of providing housing for those of low-income.

It is, in fact, hard to demonstrate that filtering strategies in Korea encourage distributional equity. Clearly, a more effective anti-poverty policy that reduced inequalities in income would enable the less well-off to consume a more equal share of housing resources and reduce the additional help needed specially for housing. Indeed, during the 1960s and 1970s, there was little change in distribution of household income, and little change in the extent of relative poverty. On the other hand, there is no demonstration that

indirect means of achieving objective through filtering strategies is more effective than direct means. It is doubtful, indeed, whether this filtering strategy will succeed or not in developing countries, such as Korea.

To some extent Korea's filtering strategy has been based on simple pragmatism, it being argued that the country could not afford to subsidize new units for lower income households.

B) EMERGENCE OF 'DANCHI' HOUSING SOCIAL GROUP

There is a social hierarchy in Korea's urban centres which is directly related to employment and to the individuals' function in the system. The system is basically stratified by occupation as well as by income and skill. This stratification is termed the class structure.

It is important to understand the structure of the society in order to examine and analyse a particular social group, the DANCHI housing population, in relation to the state-developed housing allocation. The characteristics of the middle income groups can be identified in the planned development of state-developed housing.

Hahn argues that the DANCHI housing population is made up of the 'SALARIMAN' groups.¹⁹ The SALARIMAN population forms a large part of urban society and has its own distinctive set of values. Although the word, 'SALARIMAN' is colloquially derived from 'salary man' it does not simply define the middle class, or the members of the labouring class whose characteristic symbol is the blue collar rather than the white. The word was, perhaps, accidentally produced, part of the semi-professional terminology used to describe both salary and wage earning sections of urban society falling within the occupational range of: (i) groups of lower managerials and professionals, (ii) administrative assistants and skilled

workers, and (iii) sales and services personnel.²⁰

On the other hand, demand for state-developed housing in DANCHI areas exceeded supply not only because it was cheaper, but because it was good housing in terms of facilities and location compared with traditional housing. So state-developed housing tended to become the preserve of office workers or well-paid skilled workers who had the ability to save considerable sums of money.²¹ As we have seen in the foregoing section, no income ceiling is imposed for state-developed housing. Thus, it is hardly likely that the population of DANCHI state-developed housing would come from the lower classes of society.

Social mobility between different strata occurred as a result of the destruction of the old, fixed relationships between YANGBAN, SANGMIN and CH'ONMIN.²² This upwards and downwards mobility related mainly to occupation, together with such factors as income and educational attainment.

The transformation of the social system did not consist in an abrupt and simultaneous change in basic institutions. The transformation was the result of continuous changes within the system as a whole. It changed gradually and persistently until the beginning of the sixties when the government launched its first Five Year Economic Development Programme (1962-66). Then the masses of business and office workers, together with skilled workers, were created in a relatively short period to become^a major part of the middle income strata in urban Korea.

Since the beginning of the sixties, the construction of state-developed housing through the DANCHI development has been increased in Seoul and DANCHI housing has soaked up a particular social group, i.e., the middle income groups of urban households.

With the emergence of 'Danchi' housing in Seoul, an interesting trend has occurred in traditional low-income residential areas, something like "gentrification" in advanced capitalist countries such as Britain and the United States.

In advanced western countries, one of the most visible trends of the 1970s has been the reversal of declining quality and social status in some inner city neighbourhoods. This process - known by such as labels as gentrification or revitalization - occurs when middle - and higher - income people move into inner city neighbourhoods long occupied by the working class.

Generally gentrification refers to an improvement in housing and neighbourhood quality, usually combined with an increase in the average incomes of those who live in the area. Gentrification has explicit class connotations. Merrett states that:

a residential area which is predominantly occupied by relatively low-income households, manual workers and their families for example, switches into occupation by relatively high-income households, for example by the middle strata of the working population.²³

In Korea, despite overt public awareness, there are surprisingly little comprehensive data on gentrification, and no detailed studies of how the process take place, in part because of measurement difficulties. As we have seen in Chapter six, the DANCHI housing in Korea was a new form of urban public housing development, consisting of high-rise and high density housing undertaken by the national housing agencies and local authorities. Most DANCHI housing areas are located in close proximity to urban services and work places. In Seoul, the urban centre lies in a basin surrounded by valleys or

mountains, which provide land suitable for areas of unplanned housing; they are near the urban fringe and within a half hour's walk from the centre. The maze of narrow alleys by single wooden houses, which characterises the old hotch-potch residential area, is now frequently interrupted by a group of match-box shaped giant blocks, many of which are state-developed housing Danchi.

These DANCHI housing developments, which may generate gentrification, vary from city to city, though a number of common denominators can be identified. Demographic and employment shifts have resulted in smaller families (nuclear families) and more two-income households, making a choice of DANCHI housing in the inner city both more attractive and more feasible. The increase in two-income households has also substantially increased the disposable income available to purchase DANCHI housing, which generally has a more attractive location. It is easy to run because of its convenient house keeping and better amenities. According to the KNHC report,²⁴ the main reason for people moving into DANCHI was good living conditions, including nearness to work, city centre and availability of goods in the nearby market and shops. At the same time, the difficulties and costs of commuting from increasingly more distant suburban estates has placed a greater premium on accessibility to central area jobs and amenities.

The traditional lower income neighbourhoods, therefore, are invaded and occupied by middle and upper income group through DANCHI housing development. At this stage it should be noted here that it is gentrification via redevelopment not rehabilitation as in western literature. In addition, on the occasion when the low-income households have been forced into DANCHI state-developed housing, it has generally proved

too expensive, and has offered very little flexibility in use.

Moreover, the advent of middle and upper income groups into working-class neighbourhoods brings high rents and relatively expensive housing prices, beyond the reach of lower income families.

There may also have been a shift in taste. It is interesting that nuclear families and smaller households within the middle and higher income groups have a marked preference for DANCHI housing in Seoul.²⁵

In order to examine this particular social group of DANCHI housing in detail in terms of its socio-economic characteristics, I need to consider empirical data on state-developed DANCHI housing. Furthermore, it is very important that a close analytical exploration is made of the state-developed housing programme in Seoul. Unfortunately, very little information is available about the development process and allocation policy of state-developed housing. Therefore a field survey will be made in order to acquire more precise details.

The subsequent two chapters will analyse the data which I obtained through a field survey in Seoul. Chapter eight will deal with the principal characteristics of state-developed housing, and Chapter nine will explore the result of the allocation policy and the economic aspect of the state-developed housing programme, and its accessibility.

Notes to Chapter 7

1. Korea Research Institute for Human Settlements, Collection of Housing Statistics, 1981, p.593.
2. B.N.Song and R.J.Struyk, Korean Housing: Economic Appraisal and Policy Alternatives, Korea Development Institute Working Paper 7603, 1976, p.38.
3. The ratio of households to dwellings of 78:100 in 1970 to 88:100 in 1981.
4. The Dong-A Ilbo, 28 April, 1984.
5. L.S.Bourne, The Geography of Housing, London, Edward Arnold, 1981, p.221.
6. D.W.Drakakis-Smith, Housing Provision in Metropolitan Hong Kong, Centre of Asian Studies, University of Hong Kong, 1973, p.138.
7. Stephen H.K.Yeh(ed), Public Housing in Singapore, Singapore, Singapore University Press, 1975, p.10.
8. See H.S.Murison and J.P.Lea(ed), Housing in Third World Countries, London, Macmillan, 1979; and A.Gilbert and J.Gugler, Cities, Poverty, and Development, Oxford, Oxford University Press, 1982.
9. Ministry of Construction, Housing Survey of the low-income Households(unpublished), 1979.
10. R.J. Struyk, Housing in Korea's Fifth Five-Year Plan: Possibilities and Constraints, KDI Consultant Paper Series No.5, 1980, p.33.
11. KNHC, Collection of Housing Statistics, 1981, pp. 262-468.
12. Economic Planning Board, Annual Report on the Family Income and Expenditure Survey:1975-1980.
13. MOC, op. cit., p.31.
14. Struyk, op. cit., pp.13-14.
15. S. Merrett with Fred Gray, Owner Occupation in Britain, London, Routledge & Kegan Paul, 1982, p.261.
16. A Murie, P Niner and C Watson, Housing Policy and the Housing System, London, George Allen and Unwin, 1976, p.72.
17. See H.J.Arson, Shelter and Subsidies: Who benefits from Federal Housing Policies?, The Brookings Institution, Washington, DC, 1972.
18. A Murie and Others, op. cit., p.72.
19. K.B.Hahn, Changes in the Development of Urban Public Housing, Unpublished Ph. D thesis, University of Nottingham, 1977, p.90.

20. Ibid, p.91.
21. KNHC, Household Survey, May 1983, pp.40-42.
22. Korean society was essentially made up of three classes: the aristocracy (Yangban), commoners (Sangmin) and the 'lowborn' who were mainly serfs or slaves (Ch'onmin). The Yangban was the class qualified to sit the government service examination, and to occupy official positions. Furthermore, the Yangban was a concept corresponding to that of the legally guaranteed position held by the so-called 'SADEBU' (person of noble birth).

The sangmin or commoners were engaged in various pursuits in agriculture, handicraft, commerce, etc. The sangmin were not allowed to improve their social status and were inferior in social importance. The Ch'onmin class, who occupied the bottom of the social strata, comprised serfs, stage performers, shamans, butchers, etc. The Ch'onmin formed their own communities isolated from ordinary society.

Korea's class structure, with its rigid barriers between three classes, began to break down during the latter part of the Yi dynasty (1392-1910), and was further undermined by Japanese colonial rule. It received its coup de grace from independence, land reform, and the Korean war.

23. S. Merrett, "Gentrification", Housing and Class in Britain, Political Economy of Housing Workshop, London, 1976, p.44.
24. KNHC, Housing Survey, March 1980, p.30.
25. KHB, Survey Report on the KHB Loan Housing, 1979, pp.163-164.

CHAPTER EIGHT

PRINCIPAL CHARACTERISTICS OF STATE-DEVELOPED HOUSING

8.1 INTRODUCTION

Up to now, I have examined low-income housing policy, especially the state-developed housing programme in Seoul, in relation to the three main questions which I raised in the introduction. In this study, the main questions are still: who benefits from state-developed housing projects and who loses? To what extent have governments acted in the interests of the urban poor? An answer can be found based on the foregoing analysis: that is to say, that 'state-developed housing' in Seoul is only suitable for limited social groups of the population.

I need to investigate through a field survey what social groups occupy state-developed housing. Do they constitute the urban low-income group? And what are the principal characteristics of households and of housing conditions in state-developed housing Danchi? In order to examine these issues and to analyse data from the questionnaire survey, it is necessary to make hypotheses.

In this survey, I considered some crucial factors and major predicates that relate to state-developed housing: (i) a socio-economic factor, (ii) a demographic factor, and (iii) the six predicates; the physical character of the dwelling, dwelling control, environmental locus, relative locus, housing mobility and financial evaluation.¹

The predicates, as we have seen in chapter three, are concerned not merely with the physical attributes of individual houses but also the use made of them by households. What is a more important feature of the predicative analysis is the concept of the use value of the house. The superiority of the term 'use-value' of dwelling over the neo-classical economics

concept of 'housing services' is set out by Merrett.²

Within the framework of these factors and predicates, therefore, certain hypotheses can be formed as follows:

HYPOTHESES(A): SITUATION OF STATE-DEVELOPED HOUSING

1. (i) Households in state-developed housing are dominated by small, young and nuclear families, and (ii) they are more mobile than households in traditional residential areas.

2. There is a relationship between tenure, household income and flat size, i.e. owner-occupied households have relatively higher incomes and larger flats than households in rented accommodation.

3. State-developed housing Danchi residents are more satisfied with their present than with their previous housing accommodation.

HYPOTHESES(B): ACCESS TO STATE-DEVELOPED HOUSING

4. The urban poor cannot easily gain access to state-developed housing.

5. The majority of state-developed housing residents move not only to change housing tenure but also to get better services and dwelling control.

It should be noted here that this type of survey is rare and unique in Korea. There are few surveys of state-developed housing Danchi in Seoul and most surveys undertaken by the housing authorities tended to collect data merely on housing conditions, particularly the physical character of the dwelling. They often ignored or missed the dwelling control exercised by the household over its use of the accommodation and the relative locus. In addition, there are few studies which attempt to do a comparative analysis between state-developed housing Danchis within the city.

8.2 CASE STUDIES OF STATE-DEVELOPED HOUSING IN SEOUL

A) GENERAL METHODOLOGY OF THE STUDY SURVEY

At the start of the investigations it was apparent that the main emphasis must be on collecting basic information and facts relevant to the economic and social issues of the work, and on a close review of state-developed housing projects undertaken by the housing authorities. Unfortunately, however, very little information was available about the overall development of the state-developed housing areas. It was essential that the next stage of the investigation was concentrated on a great deal of fact-finding work on the spot. It was therefore decided to devote about one month to preliminary work, assisted by a group of research students from the Graduate School of Environmental Studies, Seoul National University.

The housing survey trip to Seoul took place between the beginning of May 1983 and the end of September 1983, about five months. A final draft of the Seoul survey questionnaire was prepared by the beginning of June 1983, and is included in Appendix I. After a couple of weeks of intensive training of ten interviewers selected from Department of Town Planning, Graduate School of Environmental Studies, Seoul National University, a pilot survey was carried out at two state-developed housing areas, and several minor weaknesses in the questionnaire were disclosed.

In the pilot survey, a high refusal rate was recorded. It was attributed to the households' desire for security and possibly to survey saturation. It would have been better for interviewers to go in pairs. Owing to this feeling about security the one female interviewer got a much better response than the male interviewers, therefore several additional female

interviewers were selected from the Department of Sociology, Ehwa Woman's University in Seoul.

One interview took an average of 30 minutes. Only the household heads or housewives were interviewed because an appreciable number of interviewees other than households heads or housewives were unable to answer clearly questions about household income, cost of flat, housing motivation, satisfaction and dissatisfaction of present accommodation.

Apart from this housing survey an additional study was made on: (i) information on rent and cost of flat from real estate agents, (ii) information on development history of each state-developed housing Danchi; maps and other materials were obtained from the public authorities and research institutions.

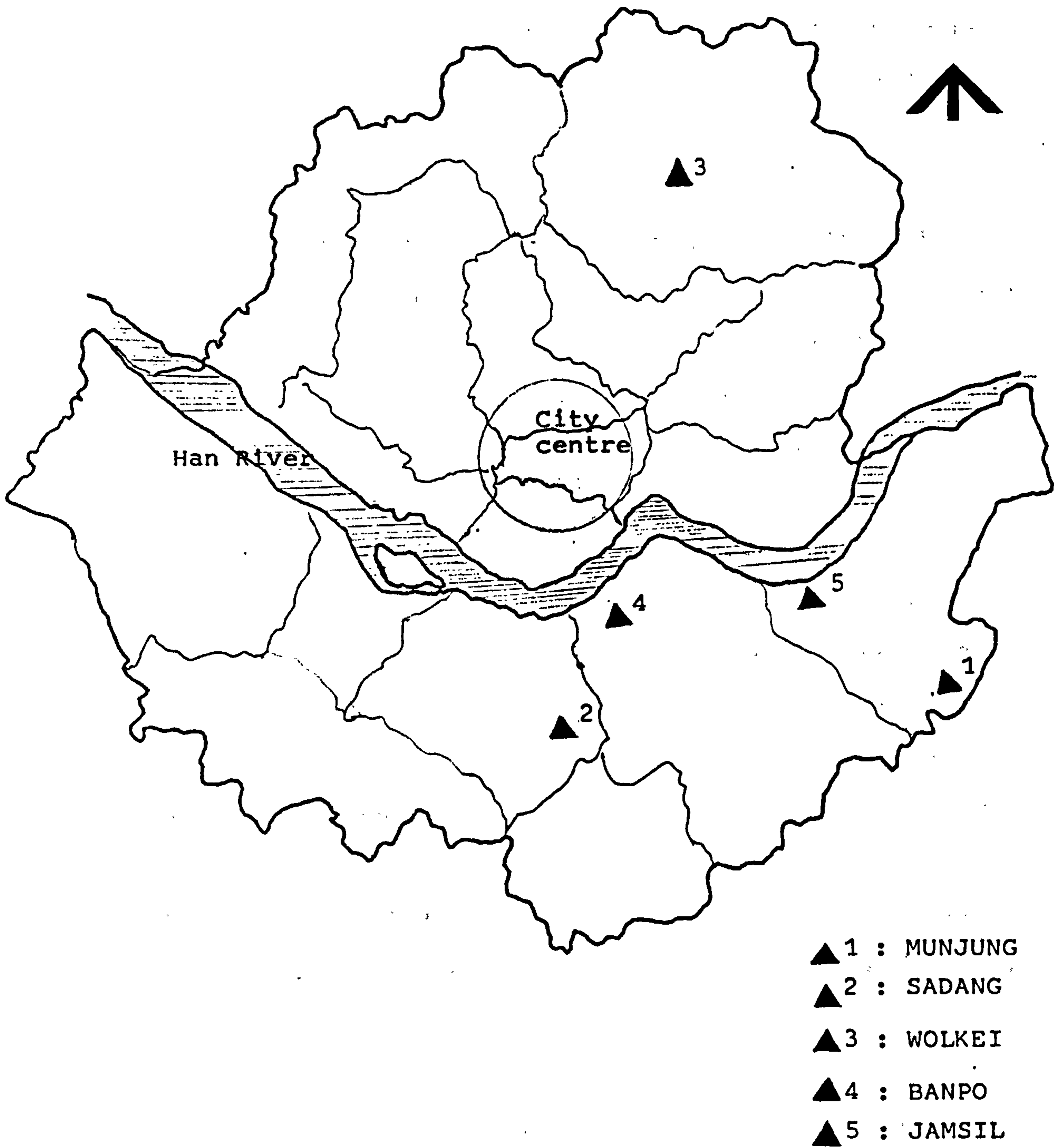
The opinions and reactions of bureaucrats in housing authorities are very important information sources by which we may analyse policy forming processes. This is partly because there is a lack of data and information on published government housing policy, and partly because there is no comprehensive housing policy and no integrated housing plan in Korea. In order to get information from bureaucrats who are deeply involved in state-developed housing, I had informal interviews with government officials and municipal authorities.

(B) THE STUDY-AREAS

The five example areas chosen represent differences in development histories, housing tenure and distances to the city centre: (i) MUNJUNG, (ii) SADANG, (iii) WOLKEI, (iv) BANPO, and (v) JAMSIL(Figure 8-1).

The first state-developed housing area, MUNJUNG is one of the newly built suburban Danchis for the low-income groups. It is located about 20 km south-east of the city centre. Be-

Figure 8-1 ADMINISTRATIVE BOUNDARY OF SEOUL
AND LOCATION OF STUDY AREAS



fore the MUNJUNG estate was developed, there was nothing in this neighbourhood but paddy fields. It is a typical attempt to solve the problem of providing accommodation in a restricted space in the suburban area in Seoul by means of blocks of flats. However, as public transportation has not been improved in this area, most residents of this Danchi suffer inconvenience. The MUNJUNG state-developed housing was originally constructed only for rent, but now most flats are sold to their occupants.

The second state-developed housing area, SADANG, which is a recent example of redevelopment by the Seoul City Government, is about 12 km south of the city centre. SADANG was one of the largest PANJACHON areas in Seoul, occupied by about 1,000 squatter households since 1967. In 1970 squatter households in the city centre were allowed simply to relocate themselves in other designated areas, normally owned by the government. Most squatters in SADANG came from the small tributaries of the river Han or hillside areas in the city centre. Since 1978, this area has been changing its character as a result of the government's slum clearance scheme. Many state-developed housing flats are juxtaposed on a hillside area in SADANG, and the area has no high rise blocks(plate 1.2.3).

WOLKEI is the third example. It is about 14 km north of the city centre. This area was a traditional residential area which had been occupied mainly by the low-income group. Some parts of this area were occupied by squatter families who erected the PAJAJIP on any vacant plot they could find. WOLKEI Danchi established in 1978 by Seoul City to rehouse low-income families, with communal washing and toilet facilities is characterised by many blocks of 4-5 stories walk-up and small-size flats(7-13 pyong). A small number of larger self-contained

Image removed due to third party copyright

Plate 8-1
PANJACHON area in
Sadang before
redevelopment

Photo: KRIHS

Image removed due to third party copyright

Plate 8-2
PANJACHON areas
are being developpe
by the government
and association of
squatters

Photo: KRIHS



Plate 8-3
Sadang 'state-
developed
housing' flats
after redevel-
opment

Photo: S-K. Ha

flats with private balconies were provided at the beginning of 1980.

The fourth survey area, BANPO is about 3.3 km south of the city centre. BANPO Danchi, consisting of 3 sites, was constructed on 55 hectares of barren land. It was the first housing complex with a central heating system, and the largest complex at that time. The BANPO 2 and 3 sites were chosen as examples of developments put up by the KNHC between 1977 and 1979. This area has many blocks of high-rise flats functionally planned to be self-contained. BANPO was the first example of urban public housing on a large scale in Seoul.

The last state-developed housing area, JAMSIL is now developing as the largest suburban centre designed to reduce population pressure on the city centre. This area is located about 15 km south-east of the city centre. The JAMSIL area was once barren waste land, mainly of sand and gravel, perennially subjected to floods from heavy rainfall in summer. The KNHC developed the area into a pilot welfare housing estate capable of accommodating a population of 100,000. The Corporation constructed, between 1975 and 1976, about 15,000 units ranging from 8 to 36 pyong on a tract of 60 hectares; intended for medium-density flats, it is divided into sites 1, 2, 3, and 4. In addition, an estate of high-density flats to house middle income groups was constructed in 1976. Within the JAMSIL area, there are also many houses which have been built for sale by private developers.

With respect to the type of housing in the study-area, all five Danchis consist of flats, usually walk-up flats in 4-5 stories, including a large tower block. As I have said before, state-developed housing in Seoul is characterised by flat type accommodation rather than by detached or terraced houses.



Photo: S-K. HA

Plate 8-4 Typical example of state-developed housing:
Banpo Danchi

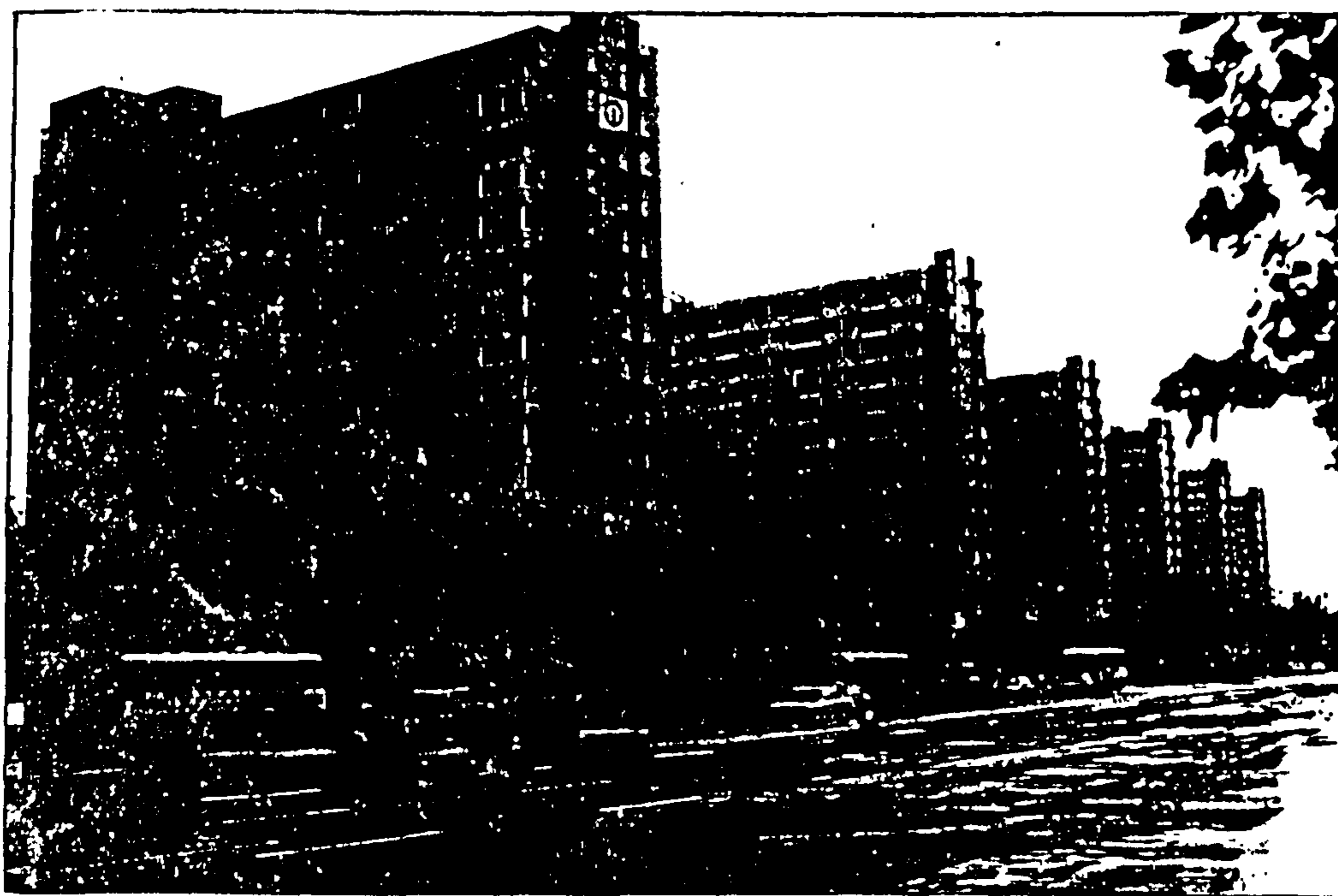


Photo: S-K. HA

Plate 8-5 High-rise solutions: Jamsil Danchi

(C) SAMPLING AND DATA ANALYSIS

The Building Inventory prepared by the Seoul Municipality for the October 1980 general census was used as the sampling frame. In addition, certain additional data and information was obtained from the KNHC. Because of limitations on time and funds, the sampling ratio chosen was 4 per cent, the sampling unit being the household. The flats marked as residence on the inventory were allocated a number, one to n , and $n/25$ was taken as the sample size in each neighbourhood. Systematic sampling was used to choose the households actually to be interviewed. The number of interviews in 5 study-areas in as follows:

Areas	No. of interviews
MUNJUNG	63
SADANG	91
WOLKEI	72
BANPO	53
JAMSIL	140
Total	419

Because of the need for large scale data processing at this stage of the research, the analysis had to be made in a coded form with the aid of a computer. For the data analysis of this housing survey an integrated system of computer programmes, the Statistical Package for the Social Science (SPSS), was used.³

The purpose of the data analysis is to make use of the information collected from the survey, and to condense it into such a form that it can be easily comprehended and interpreted. Another purpose is to seek patterns of relationships among different sets of variables, i.e. a means to build and test empirical theory and hypotheses. For this reason simple frequ-

ency distribution(one-way frequency distribution), crosstabulations(variables and relationship between variables, i.e. Chi-square and contingency coefficient)⁴ and correlation analysis(pearson correlation coefficients)⁵ are used by the SPSS programmes.

8.3 PRINCIPAL CHARACTERISTICS OF STATE-DEVELOPED HOUSING

(A) TENURE IN STUDY-AREA

The type of housing that a population occupies and the tenure of occupation strongly affect the character of an area. Occupancy patterns within the housing stock differ markedly between countries, as well as between cities. Tenure choice is extremely complicated and not well understood. In Korea the wealthy tend to be owner-occupiers and the poor renters, but not exclusively so. Homeownership is an asset and a status symbol. Under some conditions it is clearly economically rational to buy. Others choose to rent because of life-style preferences, or simply because of low income.

According to the population and housing census, there are four major types of tenure in Korea. In 1980, 59 per cent of all dwellings were owner-occupied, 24 per cent were Chonseil, and 15 per cent were monthly rented. The remaining 2 per cent included, rent-free accommodation, such as official residences, or company housing quarters for employees.⁶ On the other hand, in the academic world in Korea we usually use more detailed tenure classification as we have seen in Chapter Three: owner-occupation, Chonseil, Bochungbu-Wolsei(partial Chonseil), Sak-Wolsei(declining Chonseil) and monthly rent. It is important to point out that Korea has an unusual tenure system, consisting of several types of tenure.

Owner-occupancy is the traditional form of housing tenure

in Korea. The proportion of owner-occupancy in the country as a whole has declined from 79 per cent in 1960 to 59 per cent in 1980. This decline was mainly limited to urban areas. One reason for the drop in owner-occupancy was urbanisation. Rapid urbanisation brings high land values which provide an incentive to flat-dwelling, especially for rent, rather than single-family detached houses.

As I mentioned in the foregoing chapter, the national housing agency, KNHC and the Seoul Municipal Government produce state-developed housing for sale and rent. So in this study, it is necessary to make survey not only of state-developed housing which is rented but also state-developed housing which is sold. But at the time of interviewing, surprisingly there is no state-developed housing for rent by the KNHC in Seoul!. All state-developed housing for rent has been sold by the KNHC to its occupants.

The author's random sample survey in the state-developed housing Danchi in Seoul gave 77 per cent owner-occupied households and 23 per cent households in rented accommodation owned by private landlords. These dwellings which are in private rental had been previously sold by their owner-occupants to private landlords who then rent them to new families. Table 8-1 gives detailed information of tenure types. The proportion of owner-occupancy in the sample-area was higher than in large cities and in Seoul as a whole. The Chonsei is the second proportion of tenure type in state-developed housing Danchi. Owner-occupancy is the most common arrangement in the study-area, and this is perhaps partly due to the nature of the policy making state-developed housing available for sale. On the other hand, the purchasers of state-developed housing are selected from among applicants who have subscribed the housing installment savings deposit in the KHB. It means that purchasers of state-developed

Table 8-1 Household by Tenure in the Study-Area and Cities, 1983

Tenure Type	5 Study-Areas	Large Cities ¹ (1980)	(%)
			Seoul
Owner-occupied	77.3	65.8	59
Chonseil	16.7	23.3	} 24
Bochungbu-Wolsei	4.1	5.9	
Sak-Wolsei	0.5	4.9	
Monthly Rent	1.4	1.0	15
Others	-	-	2
Total	100	100	100

Note: 1) Cities with Population over 500,000

Sources: Author's Survey, 1983 and KHC, Sample Survey of Effective Housing Demand, 1977. p.82 and EPB, 1980 Population and Housing Census, Vol. 1, 12-2 City of Seoul, National Bureau of Statistics, EPB, 1982.

housing are able to afford a house.

As to rented accommodation in the 5 survey areas, the Chonseil is the most popular type of tenure. Under the Chonseil arrangement, a renter makes a deposit of 'key money' at the beginning of occupancy, which is fully refunded at the end of the contract period. The landlord usually invests this fund and interest earning represents the imputed rent. The proportion of Chonseil tenure in the survey area is similar to that of Seoul as a whole. Meanwhile, Sak-Wolsei is the least popular tenure type in the study-area (Table 8-1).

It is necessary to examine the relationship between tenure and flat size (floor space) because flat size is still one of the important criteria in measuring housing quality in Korea. The survey results indicated that more than 50 per cent of households in rented accommodation live in the relatively small size flat (9-13 pyong). In contrast, the proportion of owner-occupied households in small size flats is much smaller. Meanwhile about 11 per cent of owner-occupied households live in

larger flats(30-36 pyong) compared with only 5.3 per cent among those who rent(Table 8-8).

Another important feature of the tenure system within the study-area relates to the distribution of household by income level between owner-occupied and rented accommodation. Table 8-2 demonstrates the relation between tenure and income. As one would expect, the highest incomes are those of owner-occupiers. About one half of owner-occupied households show a household income of 500,000 Won and over per month, compared with about 33 per cent of renters. On the other hand, it is interesting to see that the lowest income group of rented households are not most heavily represented in rental accommodation. This figure may be inaccurate: there was a marked reluctance to provide information on household income, especially among low-income groups. We look more closely at income levels in a later section of this chapter.

The nature of the tenure system is an increasingly important aspect of housing policy. So the relationship between tenure and other variables in the study-area will be analysed in depth in subsequent sections.

Table 8-2 Tenure by Household Income in the Study-Area, 1983
(Chi-square Test)

	('000 Won)					
	Less than 200	200- 300	300- 500	500- 700	Over 700	Total
Owner-Occupied (%)	4.3	10.2	36.4	28.7	20.4	100
Rented(%)	4.2	17.9	45.3	21.1	11.6	100
						Total N=419.

df=4 $\chi^2=9.84$, significance at 0.05

Source: Author's Survey, 1983

(B) DEMOGRAPHIC CHARACTERISTICS

This topic is organised in three main sections: the first deals with household size; the second with the age and marital status of the household head; the third with the type of family and the number of generations in the household.

Before examining demographic characteristics, it is necessary to define a household and a household head. A household in this study is defined as a person who makes provision for his own food or other essentials for living, or a group of two or more persons who make common provision for food or other essentials for living. A household head is defined^{as} a person who is the breadwinner and provides his or her family's livelihood.

I now look at the size of household. The principal characteristics of household structure are reflected in the distribution of households by size. The average size of household in the study-area was found to be 4.36 persons which was slightly smaller than the average household size of Seoul and of the country as a whole. According to the population and housing census in 1980, the average household size was 4.68 persons for the country as a whole and 4.52 for Seoul.⁷

On the other hand, a crosstabulation of household size by tenure revealed that the average household size of owner-occupied accommodation was 4.4 persons and of rented accommodation 4.0 persons. It appears that the size of owner-occupied households tended to be larger than that of rented households in the study area. As we shall explain in later, it is partly due to that the household head in rented accommodation tended to be younger than in owner-occupied households.

Table 8-3 summarises the percentage distribution of house-

hold size in the study-area and in Seoul. A peculiarity of the distribution of household size in state-developed housing Danchi is that the proportion of one-person households and the larger households(7 or more persons) tended to be rather smaller than the case of Seoul. It shows that one-person households in the study-area were only 0.7 per cent. In contrast, Seoul contains 4.5 per cent of one person households. In the case of the larger household also, the proportion of the study-area was less than that of Seoul. The state-developed housing Danchi contains a high proportion of households with 4 persons. Therefore, the main characteristics of household in the study-area is greater homogeneity and less variance in terms of household size. This trend can be explained: the age of household head in the sample was on average considerably younger than in the Seoul city as a whole. In general, a younger household head tends to have a smaller family in size or number of generations.

Table 8-3 Household Size in 5 Study-Areas and Seoul, 1983 (%)

Number of Persons	5 Study-Areas	Seoul (1980)
1	0.7	4.5
2	5.7	10.4
3	18.1	15.3
4	33.9	23.5
5	24.8	21.5
6	11.0	13.4
7 or more	5.8	11.3

Source : Author's Survey, 1983 and EPB, 1980
 'Population and Housing Census, Vol. 1, 12-2. EPB, 1982.

I now turn to the age and marital status of household heads. The age distribution of the heads of household in the study-area, as shown in Table 8-4, is different from that of Seoul. A high proportion of the household heads in the sample were in the thirties and twenties (60.4 per cent). The sample area, therefore, contain relatively younger heads, with fewer heads aged between 50 and 59 or of pensionable age, than in Seoul.

A comparison of the age distribution of household heads by tenure is more revealing. The household head in rented accommodation tended to be younger than in owner-occupied households. About 56 per cent of heads of owner-occupied households are aged 39 and under, compared with about 74 per cent in rented accommodation. On the other hand, the owner-occupied dwellings contain a higher proportion of heads aged 50 or over than are to be found rented dwellings within the study-area (Appendix Table II-1).

The definition of head of household used in this study, as shown in the beginning of this section, leads to a preponderance of male heads of household. Only 4.4 per cent of household heads were female. The survey results indicated that among male heads of household, married people predominated and only 4.8 per cent of household heads were single (Appendix Table II-2).

The above analysis of the age, sex and marital status of household heads in the study-area shows that a high proportion of household heads are young or middle-aged males.

For survey purposes, households are often classified by 'type' according to their age and their stage in the family life cycle. Households in this study survey are classified in five groups, based on family size and the age distribution of children: Type I, II, III, IV and V family households as indicated in Table 8-5. A general pattern for the urban family

Table 8-4 Head of Household by Age in 5 Study-Areas and Cities, 1983

Age group	5 Study-Areas (%)	Seoul (%)	Large Cities (%)
29 and under	13.4	11.5	5.4
30 - 39	47.0	33.4	29.1
40 - 49	26.3	31.5	35.5
50 - 59	10.0	15.8	23.0
60 and over	3.3	7.9	6.9

Source : Author's Survey, 1983 and 1980 Population and Housing Census, Vol. 1, 12-1, EPB, 1982.

Table 8-5 Type of Family by Tenure in 5 Study-Areas, 1983

	Owner-occupied (%)	Rented (%)	All Tenures (%)
Type I	3.7	9.5	5.0
Type II	21.5	30.5	23.2
Type III	31.8	26.3	32.3
Type IV	14.2	2.1	11.5
Type V	28.8	31.6	28.0
Total	100	100	100

Note : Type I : couple only

Type II : couple and children under age 7

Type III : couple and children under age 19

Type IV : couple and children 19 and over

Type V : Others. This includes the one person households, the households which consist of brothers and sisters only without parent, a couple with grandchildren, a couple (or a single parent) with grandparent and so on.

Source : Author's Survey, 1983

household in relation to different stages of the family cycle is thus developed.

The study-area provides homes for households, the heads of which are in the thirties and forties; their children are

generally under 19 years of age, i.e. it covers the child-bearing or child-rearing stage of the family cycle. Table 8-5 shows that the study-area had not only a significantly lower proportion of Type I family households, but a high proportion of Type II and III family households.

There are considerable differences in the use of tenures by households of different types. A high proportion of Type III and IV households are owner-occupiers, while Type I and II households are more likely to rent. Type IV family households, for example, consisted of 14.2 per cent of owner-occupiers compared with only 2.1 per cent of renters (Table 8-5).

As to the type I and II, they are childless couples or couples with children under age 7. In this stage of the life cycle, most heads of household belong to the age group of twenties or thirties, when real income would not reach its peak. So they cannot afford to buy a house without government subsidies or parent's assistance. In addition, their housing requirements are not highest in terms of number of bedrooms. Thus, many households in this stage tend to rent rather than purchase a house.

With respect to Type V families, they embrace several types as one can see in Table 8-5. Unlike western countries, it is very common that a couple (or a single parent) live with grandparent or grandchildren. This reflected the fact that there are still existing 3 generation families, even 4 and more generations in Korea. The reason for the relatively high proportion of Type V families in the study-area is that there are substantial numbers of multi-generation family plus other types of family.

As I have mentioned in chapter two, households are often

classified into four groups according to the number of generations they contain. The survey results indicate a strikingly high proportion of one and two-generation households in the state-developed housing Danchi. More than 76 per cent of the sample consists of two-generation households. As to one-generation households, the sample contains nearly 11 per cent, compared with 4.2 per cent in the country as a whole and 4.7 per cent in Seoul. Conversely, the proportion of three-generation households in the study-area is lower than that of the country and of Seoul. So it is clear that one and two-generation households are over-represented in the sample area (Appendix Table II-3).

A final indication of the statistical association between the related households variables is provided by considering correlation coefficients. Table 8-6 provides a correlation matrix using a selection of variables. Variables have been selected to show the association between flat size and household components. In this study flat size is an important variable because the price of state-developed housing flats is primarily based on flat size (pyong).

Household size is more closely related to family type (0.422) and number of generation in household (0.480) than any other variable. The correlation of age of household head and household size yields a coefficient of 0.291, but its correlation with family type had relatively little relevance (0.083). Flat size is also correlated with all variables, as shown in the Table, but the strength of correlation with number of generations is not significant. From this correlation coefficients analysis, we find that household size tends to be associated with family type, number of generations, and the age of the household head.

The first hypothesis is that households in state-developed housing are dominated by small, young and nuclear families.

From the foregoing analysis, the hypothesis is supported by the fact that the sample area contain a high proportion of smaller size households, relatively younger heads with Type III family groups and one and two-generation households, compared with the country and in Seoul.

Table 8-6 Matrix of Correlation Analysis :Stated-Developed Housing Danchis in Seoul, 1983

	Flat size	Household size	Family type	Age of household head	No. of generation
Flat size	1,0000	0.1838	0.1034	0.1406	0.0323
Household size	0.1838	1.0000	0.4224	0.2908	0.4802
Family Type	0.1034	0.4224	1.0000	0.0827	0.2283
Age of household head	0.1406	0.2908	0.0827	1.0000	0.2487
No. of generation	0.0323	0.4802	0.2283	0.2487	1.0000

Source: Author's Survey, 1983

(C) SOCIO-ECONOMIC CHARACTERISTICS

Much detailed questioning is required to obtain accurate and precise information on income. Since many other topics also had to be covered in this study, it was decided to accept income information that was of limited accuracy but was sufficient to place people in broad income categories.

At the end of the household questionnaire, heads of households were asked to indicate into which category their income fell. They were also asked to give the household's normal income.

The socio-economic groupings have a close connection with other variables analysed in the subsequent sections. A signi-

ficant difference is that state-developed housing Danchi are generally filled by relatively higher socio-economic status groups than other types of housing. This difference is revealed in the result of the sample survey. The average income of households is accordingly higher in the state-developed housing area than in the rest of the cities in Korea, thus being Won 499,390 for the former and Won 349,175 for the latter.⁸

At this stage, I must point out that in Korea official information about household income is limited. It is, therefore, difficult to get up-to-date information on income in Seoul. Fortunately, a recent study by KNHC and KRIHS provides information on household income in the country as a whole and in the large cities.⁹

The difference in the proportion of the average monthly household income between the sample and the large cities is examined in Table 8-7: only 6.1 per cent of households in the state-developed housing area had monthly income below Won 250,000, compared with 18.1 per cent in the large cities. What is more important is the emergence of the middle and upper income group in the state-developed Danchis, i.e. 23.5 per cent for Group A and B and 76.5 per cent for Group C - F. In contrast, the large cities contain 41.4 per cent for Group A and B and

Table 8-7 Average Monthly Household Income
in the Study-Area and

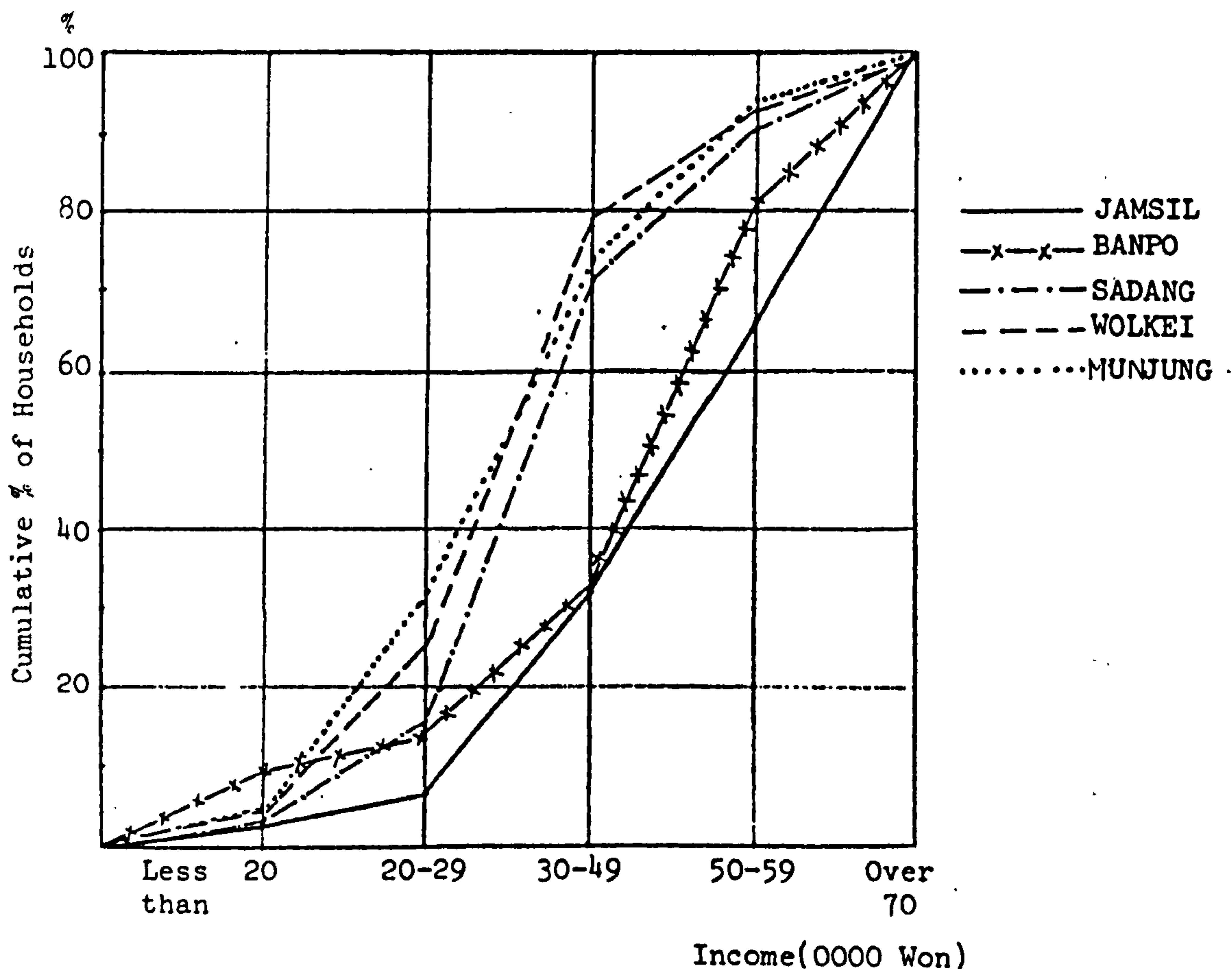
Household Group	Income	5 Study-Areas(%)	Large Cities(%)
Group-A	Less than W250,000	6.1	18.1
Group-B	W250,000 - 350,000	17.4	23.3
Group-C	W350,000 - 450,000	21.1	18.0
Group-D	W450,000 - 550,000	23.3	15.1
Group-E	W550,000 - 650,000	11.8	7.0
Group-F	Over W650,000	20.3	18.5

Source: Author's Survey, 1983 and KNHC, Housing Policy Development Research, 1983, p.17.

56.6 per cent for Group C - F.

It is worth examining the distribution of household in the five study-areas according to income group. The monthly household income is distributed mainly to the middle income group, as shown in Figure 8-2, with Won 300,000- 490,000 in the three areas: SADANG, WOLKEI and MUNJUNG. But BANPO and JAMSIL Danchi rank high with Won 500,000 and over. On the other hand, the highest income group (Won 6 00,000 and over) centred on the Jamsil Danchi(35 per cent). It would appear that the larger sized flat Danchi tended to contain the higher income households. Jamsil Danchi, for example, has a high proportion of the larger flats among the five state-developed housing areas.

Figure 8-2 Household Income and Five Study-Areas



Source: Author's Survey, 1983.

The relationship between income and tenure is presented in Table 8-2. Meanwhile the second hypothesis stated at the beginning of this chapter: that there is a relationship between tenure and flat size, i.e. owner-occupied households have higher income and a relatively larger flat than households in rented accommodation. In order to test this hypothesis (the relationship between tenure and flat size), the chi-square statistics is given in Table 8-8. It helps us to determine whether a systematic relationship exists between tenure and flat size. Since it is found to be significant at the 0.001 level, the null hypothesis is rejected. So it is evident from the Table that there is a strong relationship between tenure and flat size. The proportion of owner-occupied households in the larger flat categories is considerably greater than renters.

With respect to the relationship between tenure and household income, the chi-square test in Table 8-2 demonstrates that there is a clear relationship between the two variables at the 5 per cent level of probability. Thus the highest income group are definitely over-represented in owner-occupied accommodation. Therefore, the hypothesis is supported by the unambiguous relationship between tenure and household income in the study-area.

Table 8-8 Tenure by Flat Size : Chi-square test

	8-13 pyong	14-19 pyong	20-29 pyong	30-36 pyong	Total	No. of respondents
Owner-occupied(%)	26.9	47.5	14.8	10.8	100	324
Rented(%)	50.5	35.8	8.4	5.3	100	95
						Total N=419

df=3, $\chi^2=19.6$, significance at 0.001

Source : Author's Survey, 1983

I now turn to the employment and occupational status of household heads in the study-area. According to the census in 1980,¹⁰ nearly 89 per cent of household heads were employed, and about 2 per cent unemployed. In the study-area, these proportions turned out more or less the same, with 89.5 per cent of the household heads being employed and 2.4 per cent being unemployed (Appendix Table II-4).

In order to examine their economic activity, households were categorised by relating the employment status of their members to the composition of the households. The survey produced evidence that over 74 per cent of households had one wage earner who was the head of the household, while in about 8 per cent of households a couple were full-time earners. The proportion of households with 3 earners and over was quite small (Appendix Table II-5). So in state-developed housing Danchis the majority of full-time workers are heads of households.

A classification of household heads by activity status is given in Table 8-9. For the census, the Korean government followed the International Standard Classification of Occupation. The census showed that the largest occupation group in Seoul was 'production related workers, transport equipment operators and labourers' and the second largest group was 'service workers'. By contrast, the largest group in the study-area was 'clerical and related workers', while the second largest group was 'professional, technical and related workers'. What is the most interesting thing is that the study-area contained a high proportion of office workers (so-called 'white collar workers') and a low proportion of labourers. As shown by the Table surprisingly, the proportion of the three main white collar groups (professional, administrative and clerical workers) is very high

(69 per cent), compared with 30 per cent in Seoul at large.

Table 8-9 Occupation of Household Head
in the Study-Area and Seoul, 1983 (%)

Occupation (Major Groups)	5 Study-Areas	Seoul
Professional, technical & related workers	14.9	7.8
Administrative & man- agerial workers	11.9	3.2
Clerical & related workers	42.2	19.0
Sales workers	8.9	21.2
Service workers	3.7	11.4
Agri., animal husbandary & forestry workers, fishermen & hunters	0.5	0.9
Prod/related workers, transport equipment operators & labourers	12.1	36.2
Inapplicable	6.0	-

Source : Author's Survey, 1983 and International Labour Office, Year Book of Labour Statistics, 1982, p.90 and EPB, 1980 Population and Housing Census, Vol. II, 1982.

As well as the government's classification of 'occupation', another classification exists: 'socio-economic group'. It is usually consistent over time, and can indicate (through somewhat crudely) social status, life style and occupational situation. The pattern of tenure between socio-economic groups in the state-developed housing Danchi is given in Appendix Table II-6. This analysis by socio-economic groups appears to provide a less sharp contrast between tenures.

Apart from the employers' and managers' group, the study-area contains more or less the same proportion of socio-economic groups between tenures. Nearly half are non-manual workers, while the minority are unskilled workers and members of the armed forces. But in the case of the employers' and managers' group,

9 per cent of household heads are owner-occupiers and only 3.3 per cent are renters.

The analysis of the occupational status of household heads indicates that the majority are white collar office workers and professionals: either administrative supporting personnel and assistants, or managerial workers. This group of people would belong to the middle income groups of the population. The housing survey therefore found strong evidence that in the state-developed housing Danchi there is only a minority of unskilled and manual workers.

A study of the educational attainment of heads of households is an effective way of identifying social status. Poor in land and minerals, Korea is rich in culture and education, and high levels of educational attainment have been attributed to the Korean population. The increase in educational opportunity has resulted in a dramatic rise in literacy, measured by an ability to read and write simple phrases in Hangeul.¹¹ In 1945, it was estimated that 78 per cent of the adult population was illiterate; by 1979 that figure had been reduced to less than 12 per cent, with the average adult completing almost six years of schooling.¹²

Table 8-10 compares educational attainment in the sample area, in large cities and in poor households in Seoul. It is surprising that in the study-area more than half the household heads had a college education, while only 1.2 per cent of heads were uneducated. In striking contrast, about 70 per cent of heads of poor households in Seoul had either no schooling or only a primary school education; the figure was about 12 per cent for large cities. On the other hand, household heads in the study-area had even higher educational attainment than the average for large cities. It is clear that the state-developed housing Danchi con-

tains a relatively high proportion of household heads with college education.

In Korea, the more highly educated people are paid more than those with less education. This supports what we have seen above: that the average income in the study-area is higher than in most large cities.

Table 8-10 Education Attainment of Household Head
in the Study-area and Cities, 1983 (%)

	5 Study-areas	Poor Households ¹⁾ in Seoul(1979)	Large Cities
No schooling	1.2	29.5	3.1
Elementary School	1.9	39.4	8.8
Middle School	5.5	18.9	17.6
High School	40.6	10.3	36.6
College/University	50.6	1.9	33.9
Inapplicable	0.2	-	-

Note : 1) Poor households are defined household income less than 100,295 Won for the Standard family of five persons in 1979.

Source : Author's Survey, 1983 and Korea Institute for Social Welfare Research, Survey on the Living Conditions of the Poor in Seoul, 1979. and KNHC, Housing Policy Development Research, 1983.

8.4 HOUSING CONDITIONS IN THE STATE-DEVELOPED HOUSING DANCHI

As we have seen in Chapter Three, consumption standards, whether actual or targeted minima, can be stated by means of four predicates. In order to examine housing conditions in the study-area, I look at four predicates in turn in this section; (i) the physical character of the dwelling, (ii) dwelling control, (iii) environmental locus, and (iv) relative locus.

(A) THE PHYSICAL CHARACTER OF THE DWELLING

As I have mentioned earlier, the study-area consists of flats in terms of housing type. In urban Korea state-developed housing is characterised by flat type accommodation rather than by detached houses or terraced houses. In general, flat type accommodation has better amenities and modern facilities than traditional houses in Korea. This is mainly due to utilizing advanced technology and modern building materials.

Let me begin by looking at dwelling size. Dwelling size is conventionally defined in terms of number of rooms and floor space standards and Table 8-11 provides such indicators. The average number of rooms per dwelling at 2.7 was smaller in the study-area than in the country at large. With respect to average floor space per dwelling, this was also smaller in the sample. However, because the number of persons per room was greater in the study-area, floor space per person was actually 3.5 per cent less in the study-area than the country at large. But the average floor space per person in the study-area was higher than in the Seoul city as a whole (2.3 pyong). The ratio, the best general indicator of overcrowding, shows on average that residents of the study-area benefit from less than 3 pyong per person in built floor space. Moreover, the number of households

per dwelling, a useful index of involuntary sharing, was surprisingly lower in the study-area with the 1.3, compared with the country as a whole with 1.5. The average ratio of 1.3 was also markedly lower in the study-area than that of the Seoul city with the very high value of 1.9. Thus, though the state-developed housing Danchi contains relatively smaller size dwellings, the number of households per dwelling is significantly low.

Table 8-11 Selective Indicators of Average Dwelling Size in the Study-area and Korea

	5 study-areas(1983)	Korea(1980)
Rooms per dwelling	2.7	3.3
Floor space per dwelling (pyong)	18.1	19.3
Household per dwelling	1.3	1.5
Persons per room	2.3	2.0
Floor space per person (pyong)	2.8	2.9

Source: Author's survey, 1983 and EPB, 1980 Population and Housing Census, 1983.

The range of internal amenities is another standard indicator of a dwelling's physical character, including piped water supply, running hot water, flush toilet, bath and central heating. As shown in Table 8-12, internal facilities in the study-area are much superior to those of cities. The state-developed housing, particularly larger size flats, has modern facilities, including flush toilet, bath, and running hot water. About 96 per cent of housing units in the study-area had a flush toilet compared with only about 40 per cent in the cities. Most conventional dwellings in cities still use a private pit latrine. Meanwhile,

perhaps the most important measure of internal facilities is running hot water and central heating in view of the severe cold winter in Korea. Over 45 per cent of the dwellings in the study-area benefitted from running hot water, but only 20 per cent in cities. With respect to baths in the state-developed housing Danchi, the proportion is not very high compared with in the cities. This is mainly due to smaller size flats (less than 15 pyong) which usually have no bath. There is only a simple facility available for taking a shower. This reflected the proportion of smaller size flats (7-15 pyong), more than 45 per cent in the study-area. Some of smaller size flats, particularly in WOLKEI DANCHI, have not even a shower facility. They, therefore, tend to use a public bath, as I mentioned in Chapter Three.

Table 8-12 Internal Facilities in the State-Developed Housing Danchi and Cities

Indicators	Internal Facilities (%)	
	5 Study-areas (1983)	All cities (1980)
Piped water	100	83.1
Hot water	45.6	20.0
Flush toilet	95.9	35.9
Bath	45.8	41.6
Central heating	22.2	6.2

Source: Author's survey, 1983 and EPB, 1980 Population and Housing Census, 1983

A third measure of a dwelling's physical character is the composition and quality of its materials. In rural Korea, virtually all houses are built using local resources and traditional techniques. As we have seen in Chapter Six, the designated builders, mostly large enterprises, construct state housing using Korean (industrial) standard building materials. State-developed housebuilding in the 1970s, for example, used for external walls

more than 97 per cent ferro-concrete or cement bricks. The materials used in most state-developed housing in the study-area are modern and sufficient, with internal heating arrangements, to insulate against inclement weather. By contrast, most old housing in the traditional residential areas were constructed with conventional materials using wood and clay or clay bricks.

(B) DWELLING CONTROL

On this matter for the city as a whole no research data has been collected or published as far as I am aware. It is, therefore, impossible to compare the degree of dwelling control between the study-area and any other residential areas. In this section I shall examine this issue in view of residents' determinant factors of satisfaction and dissatisfaction with the present dwelling in the study-area. The survey results clearly demonstrated that the enhanced degree of user control in the study-area was a very positive element in household attitudes. This reflected both the degree of privacy enjoyed by the individual family as well as the fact that the flat could be locked and then be safely left empty during the day. Effective protection from unwanted intruders and break-ins is provided by resident caretakers in the Danchi management offices.

The analysis of residents' satisfaction in the sample indicated that the second highest determinant of Danchi satisfaction was scored for the factor of convenience of leaving the flat empty with a key, as shown in Table 8-13. In WOLKEI Danchi, for example, the residents responded that effective protection from unwanted intruders and break-ins was the highest satisfaction priority among the eighteen determinant factors (Appendix I). The residents of MUNJUNG, SADANG and BANPO Danchi also give a

high proportion of satisfaction determinants with dwelling control.

Danchi residents say that in traditional residential areas, they would be reluctant to leave a house empty because of the frequent break-ins and residents often experience unwanted interruptions from door to door salesmen, peddlers and beggars. Danchi areas were considered more secure than other residential areas.

Table 8-13 Measures on Satisfaction Variance in the Five Study-Areas, 1983 (%)

Measures	MUNJUNG	SADANG	WOLKEI	BANPO	JAMSIL	ALL HOUSEHOLDS
Convenience of Leaving the flat empty & safety	32.7	32.9	30.6	25.3	10.5	26.2
Rent and flat cost	40.6	36.4	29.2	12.9	15.9	29.4
Neighbourhood services & environment	5.5	6.0	4.5	5.7	37.9	11.5
Internal facilities & easy housekeeping	15.9	22.0	11.2	20.8	30.4	15.9
Commuting & access to city centre	0.5	1.0	22.1	28.3	2.5	10.7
Others	4.8	1.7	2.4	7.0	2.8	6.3
Total	100	100	100	100	100	100

Source: Author's survey, 1983

(C) ENVIRONMENTAL LOCUS

The population and housing census has shown that in 1980 about 57 per cent of dwellings in Seoul had been built after 1970 and about 8 per cent before 1950.¹³ The newly developed housing areas, especially in the southern part of the capital on the south side of the Han river, have a superior physical appearance and environment than the rest of the housing stock. All five state-developed Danchis surveyed were developed during the 1970s and four of them are located in the southern part of Seoul.

Except in some parts of an early estate in the Banpo area, state-developed Danchis have had a good physical appearance and built environment.

With respect to the availability of neighbourhood services such as schools, clinics, local shopping and recreational facilities only simple generalisations are possible. In the older traditional residential areas, recreational facilities and clinics are often lacking, whilst on the newly-developed public housing Danchi facilities are much superior. But there are marked variations within the five study-areas. On the largest Danchi, Jamsil, for example, the residents were highly satisfied with the availability of neighbourhood services, especially schools, local shops and environment. By contrast, the residents of MUNJUNG Danchi, one of the suburban Danchis, complained of difficult schooling and lack of clinics available (Table 8-13 and 8-14). The residents of SADANG Danchi also suffer inconvenience because of its lack of clinics. From the above observation, it seems a larger size Danchi has much better neighbourhood services than a smaller size Danchi. Within the sample areas, a smaller size Danchi tends to contain relatively lower income households than a larger size Danchi.

Now let me consider air and noise pollution in the sample area. A principal source is the domestic heating system used by the Koreans known as 'ondol'. In Seoul about 30 per cent of harmful gas emissions originate in the house itself, virtually entirely from these burning fuels for heating and cooking. As we have seen in Chapter Three, coal briquettes are the predominant domestic fuel in urban Korea. These arrangements discharge large quantities of air pollutants, particularly sulphur dioxide and carbon monoxide. However, most households in the state-devel-

oped housing now use gas or oil instead of coal briquettes. The survey result indicates that only 3.3 per cent of households in the sample use coal briquettes for cooking and about 70 per cent use gas(Appendix Table II-7). With respect to fuel for heating, coal briquettes are still the predominant domestic fuel(69.7 per cent) in the study-area(Appendix Table II-8). Meanwhile it should be noted here that most larger size flats(more than 30 pyong) in the sample never use coal briquettes for heating and cooking. Over 98 per cent of households with larger flats mainly use gas or oil for cooking and heating. Therefore, coal briquettes are the most popular fuel for heating only in the Danchis which contain relatively smaller size flats with the low-income households. Coal briquettes are much cheaper than any other fuels such as oil, gas and electricity in Korea.

Table 8-14 Measures on Dissatisfaction Variance in the Five Study-Areas, 1983

Measures	MUNJUNG SADANG WOLKEI BANPO JAMSIL ALL HOUSE-					
	HOLDS (%)					
Commuting	42.6	37.6	19.7	3.1	38.9	35.0
Poor access to city centre	27.0	22.5	8.5	2.2	12.3	17.8
Difficult schooling & poor access to clinics	19.5	18.8	15.3	5.7	3.3	7.2
Few rooms & lack of space	8.2	9.5	41.7	33.2	22.8	28.4
Noise & air pollution	0.5	5.4	10.2	49.6	16.6	8.7
Others	2.2	6.2	4.6	6.2	6.1	2.9
Total	100	100	100	100	100	100

Source: Author's survey, 1983

As to noise pollution, the residents of different sample areas have different dissatisfaction. The Banpo Danchi, for example, is located only less than 4 km from the city centre, and

the residents' complaints are of noise and air pollution, as the highest dissatisfaction determinant (Table 8-14). It seems that the location of Danchi is the most important reason in terms of noise pollution. Banpo Danchi residents say that the biggest bus terminal in Seoul near by the Danchi is the main source of noise pollution and vehicles are also the source of air pollution, particularly carbon monoxide.

(D) RELATIVE LOCUS

This predicate refers to the availability of alternative transport modes to points in space beyond the neighbourhood, and to the costs in time and money of such journeys. Korean urban commuting modes are based on public transit systems. The author's survey in 1983 in the state-developed housing Danchi showed that about 65 per cent of household heads were travelling by bus and about 7 per cent by underground (Appendix Table II-9).

Since the majority of household heads travel each day to the city centre, the journey-to-work distance is directly reflected in the number of kilometres between their residence and downtown Seoul. This implies great convenience of location for residential areas such as Banpo Danchi. The survey research has shown that in 1983 more than 60 per cent of sample household heads in the Banpo Danchi had a journey-to-work time of less than 30 minutes. But at MUNJUNG, one of the suburban Danchis, three in four household heads had journey-to-work times exceeding 30 minutes. The linear relationship between selected pairs of variables are measured by the matrix of correlation coefficients analysis which produces a single summary statistic describing the strength of the association between two variables. In general, journey-to-work time is highly correlated with workplace. As shown in Table 8-15, its correlation with workplace accounted for 0.7024, but

daily travel expenses had little relevance to the distance of workplace. The correlation accounts only 0.1964. The daily travel expenses is also little correlated with journey-to-work time(0.1105). This was because households on Danchis closer to the city centre enjoyed higher incomes and tended to use more frequently higher cost transport modes such as taxis and private cars. This was strongly supported by the fact that about 30 per cent of households in relatively higher income Danchis, particularly Banpo and Jamsil, use private cars or taxis compared with less than 6 per cent in Munjung and Wolkei Danchi(Appendix Table II-9).

Table 8-15 Matrix of Correlation Analysis: Five State-Developed Housing Danchis, 1983

	workplace of household head	journey to work time	daily travel expenses
workplace of household head	1.0000	0.7024	0.1964
journey to work time	0.7024	1.0000	0.1105
daily travel expenses	0.1964	0.1105	1.0000

Source: Author's survey, 1983

Finally, households living in suburban Danchis suffer the additional disadvantage of relatively high cost in time and money of travel downtown. Inconvenience of the location emerged strongly in the Munjung area as the survey results showed it the first dissatisfaction priority together with its highest score of rating(Table 8-14). Meanwhile, poor access to city centre was the second dissatisfaction priority in Sadang and Munjung Danchi. In addition, the metropolitan underground railway has not extended to the suburban Danchis, particularly Munjung area yet. Therefore more than 80 per cent of household heads in this Danchi

travelled by bus.

Let me now review the residents' satisfaction and dissatisfaction with the state-developed housing. As shown in Table 8-13, rent and flat cost appeared the highest satisfaction determinant in the study-area. This issue will be examined in detail with financial evaluation in the following chapter. On the other hand, the second satisfaction determinant was dwelling control in view of safety against break-ins and unwanted intruders. Internal facilities are also one of higher satisfaction determinants in some danchis. These findings suggest that the interests of residents are centered on convenient and safe family life. Meanwhile, the degree of satisfaction with neighbourhood services and commuting has marked variation within the five Danchis. The residents of Jamsil Danchi, for example, responded that neighbourhood services are the highest satisfaction determinant, whilst in Munjung and Sadang Danchi, difficult schooling and uneasy access to clinics are one of high dissatisfaction determinants (Table 8-14). In addition, in two Danchis, Sadang and Munjung, they have a strong dissatisfaction with relative locus; mainly long commuting, lack of available transport modes and high transport costs. Another high dissatisfaction determinant was few rooms and lack of space: where the proportion is very high in Wolkei and Banpo Danchi. In summary, the residents of the study-area rank their housing situation, in comparison with traditional dwellings, high with respect to the financial predicate, dwelling control and internal facilities, although there is strong inter-Danchi variance.

On the other hand, their complaints are mainly related to the relative locus. This is an important finding for future state housing development in Seoul. Nevertheless it is interest-

ing to note that they never complained about the physical appearance of the rest of the housing stock and the scale and nature of crime in the area. In view of environmental locus, there was no serious problem of neighbourhood qualities in state-developed Danchis.

Finally, in order to provide evidence of user attitude and reaction, the residents of state-developed housing Danchi were asked the following two questions:

'How would you compare your accommodation now with your accommodation before you moved into this flat?'

'How do you comment on your present accommodation?'

In reply to the first question most respondents answered 'very much better'(14.1 per cent) or 'somewhat better'(46.4 per cent). Only 5.3 per cent of households answered 'very much worse'(Appendix Table II-10). But in commenting on their present accommodation the majority of respondents expressed themselves neither satisfied nor dissatisfied(65.9 per cent). On the other hand, only 1.2 per cent of respondents expressed strong dissatisfaction with their present accommodation(Appendix Table II-11).

It is interesting to note here that in general Korean people tend to avoid to answer their opinion directly or strongly when they were asked a question about for or against and good or bad, they would take rather the middle-of-the-road course. In view of these consideration, the positive reaction toward their present accommodation is considerably high. All in all, the majority of households in the study-area are better pleased with state-developed housing than with their previous accommodation, and few respondents were dissatisfied with their present accommodation.

8.5 HOUSING MOBILITY

Empirical studies of households' decision to move are, in general, concerned with: who moves, when, why, and where from and to. In this section, therefore, I would like to discuss three main questions: (i) who moves and where do they come from? (ii) why do people frequently move in and out of state-developed housing Danchi? and (iii) how often do they change residence?

Household heads were asked: where did you live before you moved to this state-developed housing area? 87.4 per cent of state-developed housing residents had previously lived in Seoul and 9.4 per cent in other cities. Only 3 per cent of households had lived in rural areas before they moved to the state-developed housing Danchi(Appendix Table II-12). Thus the majority of state-developed housing residents already had experience of urban life before they decided to move to the housing area; it is rare for urban immigrants to settle there for the first time.

This is consistent for all five study-areas, households being only slightly different in Munjung and Banpo Danchi(Appendix Table II-12). On the other hand, an analysis of previous location in relation to tenure indicates that about 90 per cent of owner-occupied households had come from Seoul compared with 78 per cent of households in rented accommodation. In contrast, 17 per cent of rented households had lived in other cities before moving to the study-area, but only 7 per cent of owner-occupied households(Appendix Table II-13). The survey shows, therefore, that a higher proportion of owner-occupied households had lived in Seoul than had households in rented accommodation.

In view of this, one might ask why urban immigrants from rural areas cannot settle for the first time in the state-developed housing areas. The answer in part, is that their choice

is limited by financial considerations. The concentration of recent migrants, with their problems of economic and social adaptation, in slum and squatter districts (MUHOEKA PANJACHON) perhaps attracts them to these areas of cheap, often substandard housing. As we have seen in chapter four, they tend to settle in PANJACHON areas in the urban fringe or suburbs, where a strong bridgehead can be secured for immigrant families who wish to adopt a new way of urban life.

With respect to the housing tenure and the previous accommodation of households, the survey evidence indicates that about one half of the respondents had lived in their own houses, while 55 per cent of households had lived in detached houses. It is surprising that only 3 per cent of households had lived in PANJACHON before they moved into state-developed housing (Appendix Table II-14 and 15). Inevitably one asks oneself whether the government has, in fact, built the flats for the squatters and low-income group families living in substandard housing areas. In the case of Sadang Danchi (previous squatter housing area), more than 95 per cent of households had lived in legal houses rather than squatter housing or illegal housing; and the remaining four Danchi contain quite a small proportion of households which had lived in PANJACHON. Thus, the survey result supports the hypothesis; the urban poor cannot easily gain access to state-developed housing.

An important argument comes to the fore here: state-developed housing was built by housing authorities for the poor or low-income groups, and in some areas for squatters only; nevertheless state-developed housing flats are occupied by a considerable number of people who had previously lived in their own houses, mainly legal houses of reasonable standard. It is difficult to see them as either squatters or a low-income group.

So I would like to raise the crucial question of why state-developed housing has been beyond the reach of the poor, and why the poor began to move out this type of accommodation, even after moving in. These points will be discussed in depth in the subsequent chapter.

With regard to the size of accommodation, the floor space of previous accommodation is larger than that of the state-developed housing flat. Only 57.6 per cent of respondents had previously occupied floor space less than 20 pyong, and 42.4 per cent had occupied more than 20 pyong. In contrast, 77.1 per cent of households in the present accommodation are living in floor space less than 20 pyong and about 30 per cent with 20 pyong and over (Appendix Table II-16). In considering size of accommodation, it appeared that living space had been sacrificed for relatively higher standards of internal facilities, amenities, and dwelling control, as we have seen in the previous section in view of the resident's satisfaction determinants.

I now turn to mobility pattern in the study-area. To obtain information on the mobility of households in the state-developed housing area, respondents were asked the following question:

"How many times have you changed residence during the past five years?"

It is clear that the state-developed housing Danchi is an area of high mobility compared with other residential areas. Table 8-16, for instance, shows that during the last 5 years the average number of moves in the study-area is about 2.5, compared with 1.8 in large cities.¹⁴ On the other hand, the incidence of high mobility was reflected in the fact that about 39 per cent of households had changed residence 3 times and over during the past five years.

A more detailed picture of the variation in movement behaviour among households with different characteristics is given

Table 8-16 Number of Moves During the Past Five Years in the Study-Area, 1983

Number of Moves	No. of Household	%
None	35	8.4
1 Time	116	27.7
2 Times	101	24.1
3 Times	92	22.0
4 Times and over	73	17.4
D.K./Inapplicable	2	0.5
Total	419	100

Source: Author's Survey, 1983.

in Appendix Table II-17. In the state-developed housing Danchi households in rented accommodation tended to move more frequently than owner-occupied households. About 57 per cent of households in rented accommodation had changed residence 3 times and over during the past five years compared with about 35 per cent of owner-occupied households. It is interesting to note that this trend of housing mobility is different from that of Britain. In Britain owner-occupied households move most frequently and over longer distances. In contrast, in public sector houses households are less mobile.¹⁵

Changes in household composition influenced by different stages of the family cycle combine with the following factors to make a household decide to move. These are: household characteristics; housing requirements affected by residential amenity and environment; social mobility consistent with socio-economic status. In terms of household characteristics, the pattern of housing mobility is related the age of household heads. For households interviewed in the study-area younger heads of household (especially those in the thirties) are likely to move more frequently than older heads of households (aged 50 and over) (Appendix Table II-18).

This would indicate higher mobility among younger heads of household, who are actively trying to move in order to better their accommodation. There is plenty of evidence to show that the main reason why people change their accommodation is to meet the needs of different stages in their life cycle.¹⁶

Older heads of household are likely to be in the later stage in the cycle, when households are small; and they are more likely to be retired. In contrast, younger heads of households are likely to be in the child-bearing or child-rearing stages of the family cycle. The importance of the association between stage in the family cycle and tenure is evident.

Another explanation of higher housing mobility in the state-developed housing areas would be connect with the rapid increase of housing price and housing speculation in Seoul. It is surprising that, between 1971 and 1978, the average price of flat rose by 19 times as against an income increase of 4 times in Seoul.¹⁷ Such a phenomenon is undoubtedly explained by the excess demand or housing shortage and leads necessarily to housing speculation. From the author's questionnaire survey, unfortunately it is impossible to get correct information on how many households and how often the households move only in order to get capital gain through transfers of a flat in the state-developed housing Danchi. But stories of large fortunes made from flat sales appear in the media, and many people believe that the housing shortage and the rapid increase of flat price is one of the principal causes of housing speculation in Seoul. What was a drastic government measure against quick transfers in relation to speculation is that the owners of state-developed housing were prohibited to sell the flat within 2 years after purchasing, except certain circumstances(change of job, emigration and succession to a house).¹⁸ This regulation has been applied to all state-developed housing since 1982. Even though the authority

keeps under control, it is widely known that many state-developed housing owners resell their flats through corrupt Bock-Deok-Bang (real estate brokers), and the speculation is prevalent in many Danchi housing in Seoul.

Meanwhile a hypothesis was formed in the beginning of this chapter: that the majority of state-developed housing residents are more mobile than households in traditional residential areas. The hypothesis is strongly supported by the above observations.

Finally, I want to look at the fifth hypothesis; that the majority of state-developed housing residents move not only to change housing tenure but also to get better services and dwelling control. In the foregoing section, housing tenure and type of previous housing accommodation were examined, and a high proportion of households now in flats were found to have lived in detached houses. And dwelling control was one of the highest satisfaction determinants in the sample.

Differences between previous tenure and present tenure are examined in Table 8-17. It is clearly demonstrated by the fact that high proportion of previous tenants have improved their housing condition through housing mobility. About 75 per cent of past Chonseil tenant have moved upward to owner-occupation. In addition the majority of rented households also have moved to the more stable tenures of Chonseil or owner-occupation. By contrast, downward movement from owner occupation to Chonseil or rented accommodation was found only in about 15 % of the sample. On the other hand, horizontal movement, moving toward the same tenure types, was predominant in owner-occupied households. By striking contrast, a small proportion of Chonseil households have experienced the horizontal mobility. The survey result strongly indicates that much of the movement is upward mobility in the state-developed housing Danchi.

Table 8-17 Changes in Tenure through Housing Mobility
in the Study-Area, 1983

Present Tenure	Past Tenure (%)		
	Owner-occupied	Chonsei	Rented ^a
Owner-occupied	84.9	74.8	28.6
Chonsei	10.5	20.2	38.1
Rented	4.5	5.0	33.3
Total	100	100	100
N=403	199	183	21

Notes: a) Rented households refer to the tenants of
Bochungbu-Wolsei, Sak-Wolsei and Monthly rent.

Source: Author's survey, 1983

SUMMARY

In this chapter, an attempt has been made to identify and account for the main characteristics and housing conditions of the study-area. Urban Danchi housing has gradually changed the urban way of nuclear family life. Danchi dwelling in high blocks of flats is better adapted to the needs of the more mobile urban families. The households in Danchi are dominated by small and young families which become a single economic unit on the basis of a common residence.

The changing patterns and the shift to a new way of urban life are indicated by the satisfaction of residents with the following points: (1) that a 'state-developed housing' flat is easy to run compared with a traditional house, and (ii) that they are able to leave the locked flat empty, which is protected by resident caretakers in the Danchi management office. These findings suggest that the interests of residents are centred on convenient family life, the ability to exclude unwanted intruders and the degree of security the household enjoys in its possession.

The respondents' complaints are generally related to the

relative and environmental locus, i.e. they have problems with commuting and accessibility to neighbourhood services, particularly clinics and schools. The residents of different sample areas have different reactions and dissatisfactions with their present accommodation. The suburban Danchis in particular have much more problems with the relative location of state-developed housing than in the case of the inner city Danchis.

With respect to housing mobility in the study-area, most households are more mobile than households in traditional residential areas. Changes in household composition are influenced by different stages of the family cycle and socio-economic status. It is very interesting to observe that during the child-bearing and child-rearing stages the family tend to move frequently. Particularly, the younger heads of household in the rented sector have high mobility in the sample.

Finally, the urban poor and urban immigrants from rural areas cannot easily gain access to state-developed housing. They have many difficulties to settle for the first time in the state-developed housing Danchi, mainly because of their extremely low-income. In fact, this question is the issue of financial predicative. I would like to explore the burden of financing and accessibility in depth in the following chapter.

Noted to Chapter 8

1. S. Merrett with Fred Gray, Owner-occupation in Britain, London, Routledge & Kegan Paul, 1982, pp.58-59.
2. Ibid, pp.64-66.
3. Norman Nie, et. al., Statistical Package for the Social Science, N.Y. Mcgraw Hill, 1975.
4. K.A. Yeomans, Applied Statistics, Vol II, London, Allen Lane, The Penguin Press, 1968, p.277.

Chi-square is a test of statistical significance. It helps us to determine whether a systematic relationship exists between two variables. This is done by computing the cell frequencies which would be expected if no relationship is present between the variables given the existing row and column totals (marginals). The values found in the table according to the following formula:

$$X^2 = \sum \frac{(O - E)^2}{E}$$

with $(r-1)(c-1)$ degree of freedom.

where O = the observed frequency, E = the corresponding expected frequency, C = the number of columns in the table and r = the number rows in the table.

5. N. Nie, et. al., op cit., 1975, pp.280-282.

The Pearson correlation coefficient r is used to measure the strength of relationship between two interval-level variables. Mathematically, r is defined as the ratio of covariation to square root of the product of the variation in X and the variation in Y, where X and Y symbolise the two variables. This corresponds to the formula:

$$r = \frac{\sum_{i=1}^N (X_i - \bar{X})(Y_i - \bar{Y})}{\left\{ \left[\sum_{i=1}^N (X_i - \bar{X})^2 \right] \left[\sum_{i=1}^N (Y_i - \bar{Y})^2 \right] \right\}^{1/2}}$$

where X_i = i th observation of variable X

Y_i = i th observation of variable Y

N = number of observations

$\bar{X} = \sum_{i=1}^N X_i / N$ = mean of variable X

$\bar{Y} = \sum_{i=1}^N Y_i / N$ = mean of variable Y

This formula can be restated by dividing the numerator and denominator by $N-1$ to show that the correlation coefficient can also be defined as the covariance in X and Y divided by the product of their standard deviations. The covari-

ance in X and Y is defined as

$$\frac{\sum_{i=1}^N (X_i - \bar{X})(Y_i - \bar{Y})}{N - 1}$$

6. EPB, 1980 Population and Housing Census 12-1, Seoul, EPB, 1982. p.324.
7. Ibid, pp.294 - 295.
8. EPB, Monthly Statistics of Korea, July 1983, Seoul, EPB, p.96.
9. KNHC, Housing Policy Development Research, 1983.
10. EPB, 1980 Population and Housing Census, Report, Vol. II, 4-1 Economic Activity, EPB, 1982.
11. Hangeul is the Korean Syllabary(Alphabet), which consists of 19 consonants, 10 single vowels, and 11 compound vowels.
12. M.J. Kim and E.S. Mason, the Economic and Social Modernisation of the Republic of Korea, Cambridge, Harvard University Press, 1980, p.363.
13. EPB, op. cit., Vol. 12-1.
14. KNHC, op. cit, p.78.
15. D. Gleave and D. Palmer, Mobility of Labour: Are Council Tenants really Handicapped? 'CBS Review', No. 3, 1978, pp.74-7.
16. P.H. Rossi, Why Families Move, New York, Free Press, 1955; J.W. Simmons, "Changing Residence in the City: A Review of Intra-Urban Mobility", Geographical Review, 58, 1968, p.622-651; E.G. Moore, Residential Mobility in the City, A.A.G. Resource Paper 13, Association of American Geographers, Washington D.C., 1972.
17. J. Chung, Housing Crisis in Korea: Analysis and Policy Orientation, KRIHS, Working Paper No. 8301, Aug. 1983.
18. See Housing Construction Promotion Act, 1982.

CHAPTER NINE

BURDEN OF FINANCING AND THE IMPACT OF
'STATE-DEVELOPED HOUSING' SALES

9.1 INTRODUCTION

The low-income family struggles to survive and, if possible, to improve its position. Improvement is difficult, as the benefits of economic growth have chiefly flowed to the middle or upper income groups in Korean society; meanwhile the population of urban areas has soared due to natural increase and migration, leaving many to compete for few opportunities.

In view of the competing demands for limited financial resources, Korea, like many other Third World countries, finds it practically impossible to allocate sufficient resources for the housing needs of the urban low-income groups. Whatever funds are available should in effect be rationed to meet the most urgent needs for shelter. However, the Korean government provides loans through the KHB in order to encourage urban households' home-ownership and has concentrated on the policy of state-developed housing for sale. In this chapter, two important questions are examined; i) Why has state-developed housing been out of the reach of the low-income group particularly with reference to the burden of financing? and ii) Who benefits from the sale of state-developed housing?

In Korea it is argued that official pronouncements on housing policy are structured by one major housing objective and two dominant constraints.¹ The objective, stated as a long-term policy goal, is that every household in the country should have a separate dwelling. The first constraint is that, because of other pressing national objectives, the amount of public capital expenditure which can be allocated to housing without diverting resources from 'more productive' sectors of the economy is per-

ceived to be quite limited. The second constraint is that by any measure the proportion of households which can afford unsubsidised newly-built units is quite small, varying with one's assumptions about dwelling size and location, maximum possible downpayments and maximum rent/income ratio.

The opinions and reactions of bureaucrats in housing authorities tell us a great deal about policy forming processes. This is partly because there is a lack of published data on government housing policy, and partly because there is no comprehensive housing policy and no integrated housing plan in Korea.

In order to get information from bureaucrats who are deeply involved in 'state-developed housing', I had informal interviews with 13 government officials and municipal authorities.² Open-ended questions were best for bureaucrats. The advantage of open-ended questions is that the respondent is free to decide the aspect, form, detail and length of his answer. The results of principal interest from these interviews are interpolated at various points in the text below. In general, however, it must be observed that, in Korea, state functionaries are extremely cautious about expressing their views frankly.

9.2 BURDEN OF FINANCING AND ACCESSIBILITY

Housing is characterised by a number of imperfections which impair the efficiency of the pricing mechanism and prevent an optimal allocation of resources. Some of these imperfections arise as a result of the special characteristics of housing which prevent the market from operating in the smooth functioning way that the markets for other goods are generally expected to do.

One peculiar feature of housing is that the cost of housing is very high in relation to income, and houses cannot generally be purchased straight out of income. The operation of the housing market is therefore closely related to the supply and avail-

ability of finance. Another distinctive characteristic of housing is its relatively high transaction costs, the buying and selling of houses involving advertising, agent's commission, lawyers' conveyancing charges and moving costs.

In a free market, the extent to which housing need will be met depends upon the household's capacity to pay and its preferences, and hence the relationships between the level and distribution of income and the cost of housing. The high cost of housing and the unequal distribution of incomes has meant that significant sections of the population have been unable, without assistance, to afford the full economic price of decent accommodation. In Korea, a study by KRIHS shows that if the average wage earner in large cities wished to purchase a house without assistance, it would take about 37 years.³

Since the free market is unable to provide decent housing for low-income households, the Korean government has tried to intervene in a variety of ways with the object of ensuring that such households enjoy better accommodation than they would otherwise be able to afford.

In Korea, there is no well developed private mortgage market. The KHB is alone in advancing funds for housing purchase by means of loans to the public sector for public housing construction, loans to the public and private sector for home purchasers, short-term loans for the builders, and so on.

It is worth examining the part played by the KHB in financing home purchases. The author's survey in the 5 study-areas revealed that the majority of 'state-developed housing' home buyers depended heavily on self-financing in one way or another. In fact, about 58 per cent of home purchase funds were the buyers' own funds, while about 42 per cent of funds were borrowings. The KHB borrowings constitute only about one-third of the purchase price, as shown in Table 9-1.

The reason why a KHB loan is limited is that it is geared to the amount subscribed by the customer. One of the interesting aspects of the bank's operation is that its loans are tied to the source of funds. For example, a customer is eligible to receive a housing loan up to 7.5 million Won only provided that he first subscribes to the National Housing Pre-emption Subscription Deposits in the KHB.

Table 9-1 Sources of House Purchase Funds in 5 Study-Areas in 1983

(%)					
Own Funds	Borrowings				Total
	KHB	Kerb Market	Parents/ Relatives	Other Loans	
57.6	34.1	2.8	3.9	1.7	100

Source: Author's Survey, 1983

As we have seen in Chapter Six, the National Housing Fund (NHF) loans were designed to assist low-income families to purchase low-cost state-developed housing, particularly first time buyers. Such loans have a repayment period of 20 years with a grace period of one year, and the interest rate is usually 10 per cent per annum. Normally some restrictions are attached to this kind of loan; the loan to value ratio should not exceed 50 per cent, and the size of a housing unit to be purchased through the loan must be below 25.7 pyong.

Table 9-2 shows the amount of the KHB's loans to owner-occupiers in state-developed housing Danchi in Seoul. The majority of households borrowed 1 million-2.5 million Won (53.1 per cent). The group borrowing 5 million-7.5 million Won stood second, with 29.8 per cent of households. Interestingly, only 1.4 per cent of households received loans of 7.5 million and over. In the study-area the average loan from the KHB was 3.03

million Won.

The median price of KNHC-built flat(13 pyong) was about 9 million Won in 1980. Let us suppose that a KNHC-built flat purchaser was able to secure the average loan of 3 million Won from the KHB. This loan (as in the case of the households in the study-area) covered only one-third of the price of medium size state-developed housing. From the survey evidence, we conclude that housing loans through the KHB were totally insufficient to meet the needs of state-developed housing purchasers.

Table 9-2 KHB loans in 5 Study-Areas in 1983

Loans(million Won)	No. of Households	%
less than 1	7	3.3
1 - 2.5	114	53.1
2.5 - 5	27	12.6
5 - 7.5	64	29.8
7.5 and over	3	1.4
Total	N = 215	100.0

Source : Author's Survey, 1983

I wish now to consider the reason why the KHB's loans are limited: that is to say, why the loan to value ratio must not exceed 50 per cent, and the size of a housing unit to be purchased through the loan must be below 25.7 pyong. To obtain information on why those policies have been adopted, I had informal interviews with some bureaucrats in the MOC and KHB who are deeply involved in housing policy and finance programmes. Their answers to questions concerning the KHB's loans can be summarised as follows.

1) A large proportion of non-homeowners want to get

KHB's loans to purchase a house. But unfortunately there

- are not enough long-term capital funds to meet their demand.
- 2) Government contribution to the housing fund has been at a low level.
 - 3) Deposits, a major source of the KHB's housing funds are decreasing because of inflation and low rates of interest.
 - 4) The National Housing Funds through the KHB were designed to assist only low-income families in purchasing low-cost housing, and the first time home purchaser in particular. With the object of conserving funds and thus benefitting more families, NHF loans never exceed 50 per cent of the house price and the size of housing unit must not be large.

The inadequate support of the government to the KHB is apparent when we compare its capital fund contribution to the KHB with that to other financial institutions. The government's contribution to the KHB funds increased only by 1.9 times between 1976 and 1982 whereas its contribution to Small and Medium Enterprise Bank(SMEB) funds and Citizens National Bank(CNB) funds increased by 13 times and 7 times respectively. The fund contributed to the KHB is only one-seventh of that to the SMEB and about one-third of that to the CNB.⁴

The KHB, certainly, has insufficient funds and receives inadequate government support; but its own policy of fund allocation comes up for criticism.

The major criticism of funds allocation is that a large proportion of the housing funds are utilized for non-housing purposes. The proportion of non-housing loans, for example, commercial loans have grown significantly over the last few years. The reason for the increase is that the bank must rely more he-

avily on regular deposits - both savings and demand deposits - in order to improve its asset portfolio.

Another criticism relates to the role of KHB as a public housing finance institution. By receiving various types of deposits, the KHB comes into direct competition with private institutions in the deposit market. On the other hand, the housing loans have been as expensive as a commercial loan. As shown in Table 9-3, except 1976 and 1980, the KHB charged the same interest rates as commercial banks, although the commercial loans are basically short-term(1-3 years). The table clearly demonstrates that comparatively little advantage is evidenced with respect to the KHB housing loans.

The other point to note is that no matter how long and how much one borrows from the bank the same interest rates and terms are applied. The uniform charge system appears to be unfair because it favours both the long-term borrowers. This has been particularly evident under the inflationary period where borrowing itself earns income. In the 1970s, the inflation was running at a 20 per cent annual rate.

Table 9-3 Interest Rates on KHB Loans and Commercial Loans in Selected Years.

	(%)					
	Year(Effective From)					
	1971 (June)	1974 (Jan)	1976 (Aug)	1978 (June)	1980 (Jan)	1982 (June)
KHB	22.0	15.5	15.5	18.5	19.9	10.0
Commercial Banks	22.0	15.5	17.0	16.5	24.5	10.0

Source: The Bank of Korea, Economic Statistics Yearbook, 1981 pp. 22-23 and KHB, Statistical Yearbook, 1982, pp. 146-147.

In addition, it can hardly be said that the KHB specialise

in low-income housing financing. The current system favours the middle-to-upper income households. The low-income group barely gets access to the KHB's loans because of their limited ability to make monthly payment. Accordingly the bank's loans are made to those capable of monthly installments and monthly payment. The author's survey of the recipients in state-developed housing Danchi in Seoul showed that the majority earned more than 500,000 Won per month in 1983. This figure is about 69 per cent higher than the average income(349,175 won) of urban wage earner's households in large cities.

I now turn to the financial burden of rental households in the study-areas. As we have seen in the foregoing chapter, within the rental households, the majority held the Chonseil type of tenure. Under the Chonseil arrangement, a renter makes a deposit of 'key money' at the beginning of his occupancy, and this is fully refunded at the end of the contract period. The landlord usually invests this fund, and the interest earned represents the imputed rent for the accommodation.

In Seoul, there are a large number of households who rent only a room or two and share the other facilities with the landlord or other household. But in the state-developed housing area surveyed, households tended to rent them on a unit basis (self-contained flats) rather than partially as often seen in a single family unit in traditional residential areas. This is partly due to the fact that landlords of flat dwellings try to let on a unit basis and the flats are designed only for a single family unit not for several households.

The amount deposited as 'key money' varies greatly between different types of accommodation. Using the evidence of the sample, Table 9-4 shows differences in Chonseil key money for

a full unit. The majority of households in rented accommodation deposited between 5 million and 10 million Won(60 per cent). On the other hand, about 7 per cent deposited 15 million won and over. The reason for this wide variation lies in the fact the deposit is related to the facilities offered, and to the size of the flats. In WOLKEI Danchi, for example, a 13 pyong flat without central heating and with communal toilet and washing facilities was rented for 5 million won of key money. By contrast, a 36 pyong flat with central heating, toilet, bath and 3 bedrooms in JAMSIL Danchi was rented in 1983 for 17 million won of key money. In the state-developed housing area surveyed, the survey evidence indicates that the average deposit of Chonseil key money was 7,902,600 won.

Table 9-4 Amounts of Chonseil Key Money in 5 Study-Areas in 1983

Amount(Million Won)	No. of Chonseil Households	Percentage
under 5	6	8.6
5 - 10	42	60.0
10 - 15	17	24.3
15 and over	5	7.1
Total	N=70	100

Source: Author's Survey, 1983

It is interesting to observe the ratio of key money for Chonseil to household income. The average annual Chonseil key money is equivalent to 1.46 times the average annual household income(in rental households in the sample). On the other hand, in the sample the ratio of Chonseil key money to household income declines as household income increases.

In countries other than Korea, renters normally finance housing by periodic payments from current income. Those who

purchase houses for owner-occupancy must pay the full price of the house at the time of purchase. In many countries, mortgages permit people to purchase houses with small initial assets and to pay for the house over many years. Basically, a mortgage market enables those with capital to lend it to people who wish to buy houses with little capital. In practice, those with assets tend to be owner-occupiers. On the other hand, those with assets may choose to invest them in assets other than owner-occupied homes and be renters. As we have seen before, the latter situation is institutionalised in the form of Chonseil in Korea. Chonseil is an unusual type of tenure. The tenant deposits a large sum of money with the landlord which is returned to the tenant at the end of his tenancy, but he accumulates no equity. So Chonseil is a form of rental rather than of ownership with a perpetual mortgage, because the landlord retains the benefits and sustains risks of ownership.

One other point to note here is that key money for Chonseil is a powerful means of enforcing saving, leading ultimately to owner occupation as a lump-sum is accumulated sufficiently large to buy a house of appropriate size. Thus, the high ratio of key money for Chonseil over household income would also signify the high potential for immediate home purchase.

In large cities Chonseil is one of the most favoured types of tenure, second to Bochungbu-Wolsei. Rental households move up the tenure ladder starting from either Sak-Wolsei or monthly rental and then proceed from Chonseil to owner-occupation. In Korea this is a typical progression.⁵

It is interesting to observe the intended duration of Chonseil key money deposit. In the sample, almost all Chonseil households intend to change from rental status to owner-occupation. Table 9-5 indicates that the larger the Chonseil deposit, the

greater the tendency to plan to become a owner-occupier. Nearly one half of Chonsei households who deposit 12 million Won and over intend to change tenure from Chonsei to ownership within 1 year, compared with 6 per cent of households with key money of under 7 million Won. On the other hand, about a half the households with key money of under 7 million Won intend to become owner-occupiers after 6 years and over. This figure clearly indicates that the Chonsei system is an important means of saving, leading to owner-occupation and also increasing the potential for immediate home purchase.

The majority of households in Chonsei would utilize their key money for home purchase whenever appropriate. One merit of the Chonsei system is that it encourages an owner-occupier to save.

Table 9-5 Time of Owner-Occupation Plan by Chonsei Key Money Amounts in 5 Study-Areas in 1983

Time	Key Money(Million Won)			(%)
	Under 7	7 - 12	12 and over	
	Within 1 year	6	27	50
2-3 years	25	21	20	
4-5 years	25	32	20	
6 years and over	44	20	10	
Total	100	100	100	
N=70	16	34	20	

Source: Author's Survey, 1983

The ability of the Chonsei tenant to become an owner-occupier can be viewed in relation to the ratio between Chonsei key money-and-housing price. Suppose one would like to purchase a low-income/low-cost 'state-developed housing' flat. In 1983, a KNHC-built walk-up flat unit of 18 pyong sold at 16 million Won.⁶ The author's survey indicates that for more than a half of

Chonsei tenants (53 per cent) the key money they now deposit can cover about 50 per cent of the housing price. For about 6 per cent of Chonsei households, the key money alone is sufficient to cover the flat price, and for some the key money would even exceed the flat price.

One conclusion derived from this observation is that the majority of Chonsei households in the sample can afford to purchase at least a 18 pyong KNHC-built flat utilising the key money. The potential for home purchase is revealed.

9.3 FINANCIAL ARRANGEMENTS AND THEIR IMPACT

To identify housing problems one must have a clear set of objectives. The basic objective is always to ensure that everyone has a decent home at a price they can afford. As we have seen in the foregoing chapter, a huge number of urban households in Seoul still fail to meet even this basic objective. In a free market, the extent to which housing need will be met depends upon the household's capacity to pay and its preferences. But the high cost of housing and the unequal distribution of income has meant that the majority of households in Seoul would have been unable to afford the full economic price of a decent house without government assistance.

An important question remains: why has state-developed housing been beyond the reach of the poor? Let me begin by considering housing finance arrangements for the low-income group. It is a question of who is eligible for the KHB loans and who ought to be. The amount, the interest, and other terms and conditions with respect to the NHF loans through the KHB are set forth by the government, disregarding the financing need of the recipients. The only criteria used relate to their eligibility: one is that the potential recipient must subscribe to the National Housing Pre-emption Deposits in the KHB; the

other, that he must be a 'non-homeowner' when applying for a state-developed housing unit and its tied NHF loan. Since there are a huge number of subscribers far exceeding the number of units built each year (on average 43,000 units), he must go on a waiting/priority list.

Here we have stumbled upon an interesting inconsistency. The KNHC insists that only rental households are permitted to purchase state-developed housing units from the Corporation and local governments. But Table 8-17 showed, from the field survey, that 85 per cent of all owner-occupier household in the five study-areas stated their previous tenure was owner occupied! This can be explained in two ways. First, undoubtedly, many households who were formerly owner occupiers did not reveal this to the KNHC in order not to prohibit themselves from access to this attractive accommodation. Second, many current owner-occupied households in state-developed housing are not the original household entering the Danchi but, precisely, purchased from those households.

The current system of housing finance clearly discriminates against low-income households. As I mentioned before, most of the KHB's loans are earmarked to specific deposits. Therefore, only those who have enough savings to match the loans are eligible for the NHF loans. This clearly prevents the low-income households from obtaining loans. Were such loans offered, the amount of monthly installment would be too high for the low-income group. It is very difficult for them to afford owner-occupancy without a housing allowance and a rental supplement. In fact, in 1975, 91 per cent of the KHB loans recipients were in the top 43 per cent as regards income and about 10 per cent were in the highest income groups, earning 4 times the median income for urban households.⁷ In support of this,

the author's survey evidence in the state-developed housing area indicates that the majority of the KHB's loan recipients earn far more than the average urban wage earner. Most state-developed housing has been relatively high priced, benefitting middle or upper income households who can repay the KHB loans.

Another weakness of the existing financial arrangements is that the KHB's loans discriminate against old housing units and discourage housing rehabilitation. One of the requirements is that the house to be purchased through the KHB's loans must be no more than 5 years old. That rule made ineligible over 80 per cent of the housing stock in 1982.

Low-income households in urban areas tend to live in old housing units because those units are much cheaper to buy or to rent. If they buy old housing units, without financial aid their houses will deteriorate. Ultimately the government must choose the more expensive way 'new construction' for low-income households. Obviously this policy will have a negative impact upon the old housing occupied by the poor. And it will also encourage the recipients of the KHB's loans to seek new housing units rather than old ones, and will discourage housing rehabilitation in the traditional residential areas. Thus, the government policy with regard to housing finance tends to ignore and discourage the old housing market which would be accessible to the low-income group.

The other problem is that one must be a 'non-homeowner' when applying for state-developed housing and its tied NHF loans. A certificate of 'non-homeownership' must be submitted to the authority in order to prove need. But it is widely known in Korea that a certificate can easily be obtained, regardless of homeownership status, by unlawful means. The author's interview with brokers (BOK-DEOK-BANG) shows that most brokers state

the certificate of 'non-homeowner' is meaningless as a method of proving financial need. They do not deny that many 'state-developed housing' home buyers obtained the certificate by unlawful means. Until the government tightens the controls, a certificate of non-homeownership is meaningless to protect those who are the proper recipients.

Another weakness of the criteria for loans is their disregard of the income level of recipients as long as they can demonstrate their ability to make monthly payments. They do not necessarily have to be low-income or the poor. Every household with non-homeownership status should be given a fair chance to get the KHB loans. As it is, gross inequalities in housing provision are legitimised, and the allocation of resources to those already relatively well-off is justified, directing support away from those in greatest need.

9.4 THE IMPACT OF STATE-DEVELOPED HOUSING SALES

Housing policies in Korea seek to encourage savings, and encourage households to purchase. The main emphasis of government policy in the 1970s and the early 1980s was on the expansion of state-developed housing for sale rather than on the provision of rental accommodation, particularly in Seoul. This is clearly demonstrated by the fact that at the time of the field survey in Seoul there was no rental accommodation provided by the KNHC. Surprisingly, in the 5 study-areas all the state-developed rental housing was sold.

It is important to ask why the government concentrates on the policy of state-developed housing for sale rather than on expanding rental dwellings. Unfortunately little is known about this; the issue seems not to be a very important aspect of political debate in Korea. So it is very difficult to determine what is housing policy as regards state-developed

housing sales. One source of information is the author's informal interviews with bureaucrats. But it should be pointed out here that most interviewees tried to avoid answering in detail some part of the questions because they touched on confidential matters. But I got some information through the interviews, as follows.

- 1) The policy of offering state-developed housing for sale now formed part of a policy package designed to lessen the financial difficulties of public sector housing. This policy aims at investing in public housing for sale and ploughing back the profits into low-cost housing for the low-income group and other recipients in urban areas.
- 2) There are hundreds of state-developed housing tenants who would like to buy the house in which they live. They wish to become or to remain owner-occupiers in state-developed housing Danchi. The government must give the sitting purchasers a chance to buy their house.
- 3) The housing authorities seek to encourage home-ownership through the state-developed housing for sale. There are huge number of households who want to be a owner occupier. In fact, private sector cannot cater for all demand of various income strata, especially low-income households. Thus, the aim of state-developed housing for sale is to meet a demand for owner occupation, through providing the KHB mortgage loans.

It might be argued that alongside the real emphasis on state-developed housing for sale emerged a growing emphasis on owner occupation. However, we have seen, the proportion of owner-occupancy in the country as a whole has significantly declined from

79 per cent in 1960 to 59 per cent in 1980. This decline was mainly limited to large cities. It is likely that financing problems have been a cause of decreased owner-occupancy. Mortgages on owner-occupied houses are almost unobtainable in Korea through private financial institutions. As land values have skyrocketed, savings and other sources of finance for owner-occupation have become less and less adequate. The public housing authorities, therefore, have tried to produce low-cost state-developed housing for sale for the low-to-moderate-income group and have provided loans for housing construction - even loans for private builders - to meet the demand of the potential purchasers.

At this stage, I would ask the questions: who has benefitted directly from the sale of state-developed housing, who are the purchasers? I have argued already that the purchasers of state-developed housing do not belong to the low-income group. The survey evidence demonstrates that the average income of 'state-developed housing' home buyers is much higher than that of urban wage earner's households. They belong, in fact, to the middle or upper income group.

On the other hand, the government has introduced state-developed housing for sale alongside policies to encourage home ownership with a concept of 'filtering' in mind. As we have seen in Chapter Seven, the new construction would release existing housing units, which could then filter down to low-income groups, improving their housing quality and thus their welfare. Housing loans for home-ownership have been directed at middle income groups to enable them to move to more costly dwellings and thus release housing for those with lower incomes. But the reliance upon filtering as a means of meeting the housing needs of the poor is open to basic theoretical and empirical challenge.

The public housing authorities in Korea tend to expect that housing left behind by middle or upper income group will become available to lower-income groups - just like used cars. If filtering works, the argument goes, people will get improved housing regardless of the value level at which new construction takes place. In part this can be seen as a justification for policies which emphasize the construction of middle income housing for sale rather than rental housing for the poor.

How appropriate is the reliance of housing policy on the process of filtering-down as the best means of improving the quality of housing available to those of lower income? It can be argued that used housing is not the same as used cars(in fact, it is not true to say that used cars filter-down neatly). The principal criticism of filtering in housing is that it, at least when it is of reasonable quality, does not filter-down to those of lower income.⁸ Either it is not available, because it is still occupied by middle - and upper-income households, or it is converted to other uses, or to some other forms of tenure (multi-family rental) for investment purposes.

In Korea, when such housing does become available, there are many restrictions on access owing to the unavailability of mortgages. In fact, no mortgage loans for second-hand private housing are available from the public financial institutions. As I mentioned before, the main criticism of existing financial arrangements is that the KHB's loans discriminate against old housing units. A requirement is that the house to be purchased through the KHB's loans must be no more than 5 years old.

On the other hand, high rents, especially high Chonsei key money, prevent the low-income household from occupying housing units previously occupied by middle - and upper-income households. Data from the author's survey in the state-developed housing area

indicate that the average Chonseil key money is 1.46 times the average annual income of the urban wage earner's household. In the absence in Korea of a rent supplement or genuine housing allowance scheme, the low-income group cannot gain access to housing through the filtering process.

In developing countries a high percentage of households are squatters and housing production other than self-build runs at modest levels. Ferchio has argued through a case study of Tunisia that a filtering strategy based on high quality dwellings is not adequate and will not benefit the lowest income group or homeless households.⁹ Some observers consider that housing policies based on the concept of filtering merely maintain and legitimize inequalities.¹⁰

Let me now consider the sale of state-developed rental housing to sitting purchasers. According to the government officials interviewed, hundreds of state-developed housing tenants would like to buy the house in which they live. But low-income tenants tell a different story. In one of the largest rental housing Danchis (2860 rental households), for example, at SI-HYUNG (the nearest town to Seoul), the majority of tenants did not intend to purchase. Nevertheless they were asked either to purchase or move out. The reason behind this is that tenants of state-developed rental housing in this Danchi were allowed to rent for only one year. The houses were built for sale after one year's rental by the low-income group. According to the Dong-A Ilbo (one of the largest daily newspapers in Korea),¹¹ when the one year rental period had passed, only 15 per cent of sitting tenants had purchased their house. About 85 per cent of tenants had asked for an extension of their rental. Can one, in fact, classify this kind of state-developed housing as rental housing for the low-income group? In the light of the evidence, the expression "rental housing" is a false description and in fact merely signi-

fies temporary rental accommodation for the low-income group. Therefore, the policy of state-developed rental housing sale cannot be justified by giving the sitting purchasers a chance to buy their house from above observation. Even though there is a growing demand for rental housing in Seoul, the government concentrate on building state housing for sale rather than expanding rental accommodation.

It is very important to ask why the government has not made a real effort to produce rental accommodation for the poor. According to the author's informal interviews with bureaucrats and the authorities, they gave only a simple answer; there are not enough long-term capital funds available to produce rental housing. They emphasised that the sale of rental houses produces saving in public expenditure and aids the housing authority finance. And the sale of state-developed houses extends freedoms to repair and improve dwellings.

Unfortunately, there is no published information on this matter as far as I am aware. Meanwhile, the political discussion on the sale of state-developed rental housing and the policy of state-developed housing for sale has not taken place. This is the main difficulty for me to discuss this issue in depth.

I want now to look at the question of the purchase of state-developed housing for owner-occupation. In order to obtain information, from the sample, on the transfer of state-developed housing owner-occupied households were asked the following question.

"Whom did you buy the present 'state-developed housing' flat from?"

In reply to this question, the majority of owner-occupiers said that they had purchased their flat from individuals (the

should be noted here that the original state-developed housing owners are those who are obtained them through the lottery(housing for sale),¹² sitting purchaser(rental housing) and allotted and posted by the government.¹³ The original owners, therefore, make up only 30 per cent of the sample. The study-area, thus contained a high proportion of second or third buyers(69 per cent). This indicates that the state-developed Danchi surveyed have a high rate of transfer of ownership from the first owner to another. Since most state-developed housing in the sample was built after the early 1970s, these dwellings are less than 15 years old.

These considerations lead to a critical question: why did the first-time purchasers of state-developed housing set about selling, once they were fortunate enough to obtain a flat, when

Table 9-6 Purchases of 'State-Developed Housing' for Owner-occupation in 5 Study-Areas in 1983

Type of Purchase	Number	%
Lottery	57	17.6
Sitting purchase	37	11.4
Purchase from individuals	223	69.0
Alloted/posted by Govern't	4	1.2
Others(Inheritance/gift, etc)	2	0.6
Total	N = 323	100.0

Source: Author's survey, 1983

to get a KHB loan was difficult and to win the lottery was a rare stroke of luck?

Let me now examine this issue in depth. First, it is partly

due to speculation. Investment-conscious purchasers make a sale for quick profits since there is a substantial difference between the market price and their original, government-controlled purchase price. The price of state-developed housing is well known to be lower than that of the private sector, mostly because of the state's advantages in land acquisition.

On the other hand, many low-income home-owners in state-developed housing Danchi are forced to enter the speculative market because they cannot afford to make the payments - both initial downpayments and monthly payments - with their current income and assets. Sometimes members of the low-income group allotted or posted by the government have had to move out and have been forced after all to sell their accommodation to the well-to-do.

In Korea, unlike many advanced western countries, owning one's house as opposed to renting a dwelling carries social prestige. In addition, during the 1960s and 1970s, many people recognised that home ownership was the main means of asset accumulation for those of modest means. Owner-occupancy relates in two ways to asset accumulation: first, housing prices rose at a rate of 20 per cent per year over the decade of the 1970s, twice the rate at which the Consumer Price Index grew.¹⁴ Thus investment in owner-occupation is the best investment available to people with only modest assets. The inflation of house prices provides a substantial return on owner-occupier's equity, and other high-return investments are unavailable to those with modest assets. In addition, real incomes and assets have risen rapidly, so people have both funds and incentives to invest in owner-occupied housing. Secondly, owner-occupiers generally take better care of their homes than do renters, and receive

tangible returns from careful maintenance and improvements.

The other problem with the state-developed housing sales is that household size and family cycle are not taken into consideration. The government is not concerned if a big size 'state-developed housing' flat(a four bed room) is allocated to a two-person household or even a one-person household. And we can see the reverse happening: in state-developed housing Danchi, for example, a one or two-bedroom flat(mostly 8-13 pyong) occupied by a six or seven-person household. Table 9-7 demonstrates the percentage distribution of household size by flat size in the sample. It shows that about 29 per cent of relatively large size households with 5-6 persons live in the smallest size flat group(8-13 pyong). It is surprising that about one-half of the large size households with 7 persons and over occupy flats of relatively smaller size(14-19 pyong), mostly 2 bedroom flats. Even though the proportion is not high - 4.2 per cent - some large size households(of 7 persons and over) suffer from a shortage of space; they live in small flats(8-13 pyong) usually with 1 or 2 bedrooms.

Table 9-7 Flat Size by Number of Persons in Household in 5 Study-areas in 1983

Flat Size	No. of Persons in Household				(%)
	1 - 2	3 - 4	5 - 6	7 and over	
8 - 13 pyong	40.7	36.2	28.7	4.2	
14 - 19 pyong	51.9	42.2	46.7	50.0	
20 - 29 pyong	3.7	12.4	14.7	25.0	
30 pyong and over	3.7	9.2	10.0	20.8	
Total N=419	100 27	100 218	100 150	100 24	

Source : Author's Survey, 1983

The survey therefore found strong evidence that state-developed housing has not been allocated in accordance with household size and other socio-economic variables. The current system of state-developed housing for sale cannot be seen as evidence of welfare policies emphasising the provision of state-developed housing for the low-income group in urban areas. Most Marxists would argue that peripheral capitalism ultimately channels the benefits from state-developed housing sales into the pockets of the capitalist elite. Emphasis should be placed by the government on rental accommodation, thus bringing real benefits to the poor rather than serving the interests of a privileged few as occurs with the sale of state-developed housing.

Ever since 1962, average housing prices both in the private and public sector have been continuously rising at the rate of over 20 per cent per year. During the 1960s and 1970s, the public sector has generally maintained lower prices for state-developed housing for sale, largely because of its advantages in land acquisition. But in recent years, the price gap between state-developed and private housing has been narrowing and, in some cases, certain component costs in state-developed housing are even higher than in privately developed units. A KRIHS housing research team states that:

..... even with lower land cost, the unit price gap between the publicly developed and privately provided housing tends to converge in recent years. The cost break-downs for selected housing development projects by the two sectors reveal that, with the exception of lower land development cost by 8.7 per cent, most component costs in publicly provided housing are higher than the private development.¹⁵

Basically, these problems arise from conflict and confusion

between the public and private sectors. The simultaneous sale of private and state-developed housing, when not carefully controlled could end up frustrating the public sector's aim of providing adequate quality housing at moderate price, and confusing the entire housing market. State investment in housing for sale would create a dual price structure, and interfere with the stabilization of the housing market. State-developed housing for sale would compete with private sector housing in price and quality. The construction of new units for sale purposes higher in price than private housing cannot be reconciled with the government's aim to provide inexpensive housing services for the low-income group under the current system of financial arrangements and allocation policy.

In theory, the private market emphasizes efficiency, generally in terms of maximizing output while at the same time minimizing prices and rents. For the public sector, on the other hand, the paramount objective is greater equity or social welfare, the provision of adequate housing for all according to need. In Korea, however, one does not find public housing authorities distributing housing according to individual and collective needs. As in the traditional private market, state-developed housing for sale is allocated on a competitive basis in terms of the values people attach to housing and their ability to pay.

9.5 CONCLUSIONS

The Korean government provides loans through the KHB in order to encourage urban households' home-ownership. The author's survey in the state-developed housing Danchi indicated that the majority of home buyers depended heavily on self-financing in one way or another. The KHB loans make up

only about one-third of the purchase price. In addition, the low-income group barely gets access to the KHB's loans because of their limited ability to make monthly payment. It becomes clear that the bank's loans are made to those capable of monthly installments and monthly payment. Unfortunately, there are no subsidies or loans provided by the public housing institutions for rental households to lighten their Chonsei key money or monthly rent. Thus, the KHB by no means specialise in low-income housing financing. The KHB, in fact, favours the middle-to-upper-income households for owner occupation.

The author's survey found that the households of state-developed housing Danchis surveyed would belong to middle income strata in view of their monthly income. Furthermore, even the majority of Chonsei households in the sample can afford to purchase at least medium size state-developed housing. The potential for owner occupation was revealed. The majority of households in the state-developed housing Danchi, therefore, do not belong to the low-income group.

The government suggests that filtering is advantageous to the low-income. It means that the total housing supply increase and vacated middle income accommodation becomes available for the low-income, easing housing pressure. Thus, the loans for owner-occupation directed to middle and higher income groups rather than the poor. It is highly doubtful, indeed, whether this filtering strategy will succeed in Korea.

Notes to Chapter 9

1. See J.H. Chung, Housing and Residential Land in Korea, KRIHS working paper 8001, 1980, pp.27-33; and W.G. Grigsby and K.Y. Zo, 'Housing Policy for Korea: Some Preliminary Observations' in G.C. Lim(ed), Urban Planning and Spatial Strategies in Rapidly Changing Societies, Princeton, Princeton University, 1983.
2. The number of interviewees and institutions are as follows: 4 bureaucrats in the MOC; 1 Managing Director and 1 Department Chief in the KNHC; 2 Department Chiefs in the KLDC; 1 Director and 1 Department Chief in the KHB; and 3 government officials(vice directors) in Seoul City.
3. KRIHS, Orientation of Housing Policies in the '80s, Seoul, 1979, p.146.
4. The Bank of Korea, Monthly Statistics of Korea, May, 1982.
5. KNHC, Housing Policy and Development Research, 1983, p.67
6. KNHC, Collection of Housing Statistics, 1981, p.469.
7. Y.H.Rho, 'Land for Low-Income Housing in Korea', The Journal of Korean Planners Association, Vol.15, No.2, 1980, p.80.
8. J.B.Lansing (et al), New Homes and Poor People: A Study of Chains of Moves, Ann Arbor, University of Michigan Press, 1969, p.50-55; and L. S Bourne, The Geography of Housing, London, Edward Arnold, 1981, p.153.
9. R.Ferchio, New Construction, Subsidies and Filtering of Dwellings in Tunis, unpublished Ph.D thesis, Michigan State University, 1975, p.85.
10. M.Boddy and F. Gray, 'Filtering Theory, Housing Policy and the Legitimation of Inequality', Policy and Politics, Vol. 7(1979), pp.39-54; and I Lowry, 'Filtering and Housing Standards: A Conceptual Analysis' Land Economics, Vol.36, pp. 362-370.
11. Dong-A Ilbo, 27th June, 1983.
12. A crucial factor in programme implementation is the adaptation of the lottery system in the case of state-developed housing for sale. There are a large number of KHB loan subscribers, far exceeding the number of state-developed housing units. So the lucky purchasers are selected from among subscribers in the KHB by drawing lots.
13. The special group of non-homeowners who are allotted or posted by the government is as follows: 1) those who require

rehousing because of slum clearance and renewal, 2) evacuees from flood-damaged areas or industrial estate development areas, 3) civil servants or soldiers returning from abroad after serving more than 2 years, 4) medal winners in international games, and 5) expatriate experts and specialists lured home by the government from abroad.

14. G.C.Lim(ed), op. cit., p.403.

15. KNHC, op. cit., p.331.

CHAPTER TENCONCLUSIONS

This study has attempted to explore the three questions raised in the introduction: i) the government's reaction to the low-income housing problem, ii) the principal characteristics of 'state-developed housing', and iii) the major beneficiaries of 'state-developed housing' sales and allocation.

In this chapter, three sets of conclusions are presented. In the first set an attempt is made to discuss the government's reaction to squatter housing and unplanned housing in Seoul. The second and third sets of conclusions are based on the findings of a survey of the five state-developed housing Danchis. Given the difficulty of access to planning materials, and the lack of information and study reports on the subject of 'state-developed housing' in Seoul, it was necessary to carry out a type of research not often undertaken in Korea.

(1) GOVERNMENT REACTION

In the 1960s, government policy toward squatter settlements in Seoul was usually based on the assumption that they were a 'cancerous growth'. An attempt was made, based on misconceptions and spurious assumptions, to push through settlement schemes. The most drastic measures were justified by pointing to the sub-standard living conditions in such areas. The reactionary measures which the Korean state employed vary enormously but may usefully be divided into those which are 'preventative' and those which are 'remedial' in nature.

In Korea, most preventative policies involve migration controls aimed at stemming or deflecting the steady movement of people into the large cities. Such an attempt was made in the capital during the 1960s and 1970s. The residents of Seoul were

forced to pay local taxes heavier than in other cities, including a special residence tax. The Ministry of Education and the Seoul Municipal Government attempted administratively to restrict school transfers, in order to limit the influx of young migrants and their families into Seoul. Furthermore, the Ministry of Commerce and Industry sought to create employment and economic opportunities in outlying areas through tax exemptions. Despite these government efforts, the population of Seoul continued to grow, as we have seen in Chapter Two. On the basis of current urbanisation and population trends, the population of Seoul is expected to continue growing.

At the same time, the rural areas experienced the most vigorous rates of net out-migration. The majority of migrants were either poor marginal farmers or hired farm labourers, and the lack or shortage of farm land was a strong motive for their quitting rural areas. Most of the migrants had no special job training prior to, or even after migration. Thus upon entering the urban labour market, rural migrants tended either to become totally unemployed or sought temporary, casual employment in the urban traditional sector until they settled down to what they hoped would be permanent jobs.

The influx of population from outside the city created an acute housing shortage, and prices soared beyond the reach of the low-income group. The rapid growth of substandard housing (the so called PANJAJIB or MUHEOGA housing) was an attempt to bridge the gap between supply and demand.

As I have argued in Chapter Four, government policy has been based on unrealistic assumptions. It was held that squatter or unplanned housing areas should be cleared, and the people relocated in newly planned housing, built to government standards. Other measures, however, have been taken to alleviate the

substandard housing problem in Seoul. None has been effective, and the situation is worse even than before. The policies of relocation and "site and service" provision have been pursued, regardless of the real advantages that squatter settlements offer. The housing authorities have failed to understand the real needs of the poor.

From the experience of four low-income housing programmes (Chapter Four), it should be emphasized that in the absence of a better plan the improvement of squatter and unplanned housing in the metropolitan area must be adopted as the only realistic way of relieving the staggering urban housing problem. Given the growing housing shortage, further proliferation of substandard settlements cannot be prevented merely by imposing urban housing standards, restrictive planning controls and building regulations. The problem of urban low-income housing must be reconsidered so that the following important points can be given a high priority.

First, the squatter and unplanned residential areas provide a main source of housing accommodation for the lower income population; they meet the need created by rapid urban growth in Seoul. The gap between housing demand and output will continue to exist and therefore new substandard housing is bound to proliferate to meet the need. This form of housing can be afforded by those in financial difficulties, and offers a wide range of housing choices.

Second, the substandard residential areas provide employment in small-scale, labour-intensive workshops, the so-called "cottage industries". There skills can be acquired that can later be used in large-scale enterprises.

Third, substandard housing areas are usually highly stable communities, composed of kinship and peer group systems originating from common village or provincial backgrounds. In terms

of social mobility, most squatters tend to go upwards. Especially during the 1970s, they showed a dramatic improvement in living standards, physical comforts and morale.

It appears therefore that substandard housing must be accepted as inevitable in the short term. To bulldoze squatter housing is nothing but an authoritarian and repressive exercise, incapable of making any positive contribution to the solution of Seoul's housing problems.

The upgrading of substandard housing must be seen as the medium term objective, and as a positive contribution to bridging the housing gap, because it ensures urban housing accommodation priced within the reach of the majority of the lower income population. Improvement, with emphasis on basic services, dwelling control, environmental locus and relative locus, appears to be the realistic approach to low-income housing policy. The housing authority must consider the use-value of the house, which I have discussed in Chapters Four and Eight.

At present the only targeted minimum standard for Seoul is the abolition of involuntary sharing. Even this valuable criterion is weakened in its application because no specification is given for the time-period over which the achievement of one dwelling per household can be carried out.¹ Moreover, as we have seen in Chapter Four, the criteria of the MOC on 'substandard' dwellings (which are not targeted minimum standard), have a heavy bias towards physical standards and ignore user control, relative locus, and environmental locus other than the sanitary dimension. In the absence of targeted minimum standards it is not yet possible to generate housing consumption requirements for the city of Seoul. The absence of targeted minimum standards indicates that the Korean authorities have not yet prepared serious plans to tackle directly the worst housing conditions of the urban

poor in the great cities. It goes without saying that there is no evidence of popular participation in housing policy formulation by the opposition parties, trades unions and tenants' associations. Indeed, the latter do not exist.

The following recommendations, although brief, highlight and reinforce some of the views expressed above. First, I suggest that in Korea targeted minimum standards should be formulated in terms directly relevant to the housing conditions and aspirations of the mass of peasants and the urban poor. It must be demonstrated that state policies take into consideration the effective demand of these classes, and that government housing subsidies or cost-reducing practices are in fact feasible. Without this, the introduction of standards based on Western Europe or the United States will limit the direct impact of policy, to the benefit only of the middle and upper income groups.

Second, the existing housing stock in substandard housing areas must be preserved, in order to relieve the ever growing housing shortage. Comprehensive improvement programmes must be put in hand, which will ensure better social and physical conditions in urban areas, without destroying existing housing units; thus substandard housing residents will be secured against uncertainty about future accommodation. The treatment proposed for older and substandard housing units is important in any housing strategy for Seoul.

Third, housing policy must give positive encouragement to occupants of substandard housing who express an interest and willingness in cooperating in the programme of urban housing development.

Fourth, the planned Danchi housing development for sale for the low-income group undertaken by the KNHC and the Seoul

city government must be reconsidered in view of the financial situation of low-income groups. General conclusions about the state-developed Danchi housing, and the results of the study analysis, are given in the subsequent sections.

(2) THE MAIN CHARACTERISTICS OF 'STATE-DEVELOPED HOUSING'

The old hotch-potch of dwellings characteristic of traditional residential areas in Seoul is now frequently interrupted by groups of match-box shaped giant blocks. Since the early 1960s, the public housing authorities have been developing multi-storey housing as a new form of Danchi housing development. In fact, Danchi housing has certain advantages; structurally and as regards amenities it is better than most traditional housing. It appears that the development of multi-storey housing in Seoul may not be a temporary phenomenon, but one that will persist as long as the city's population increases.

I have discussed the main characteristics of the five state-developed Danchi housing units in Chapters Eight and Nine. My findings are as follows:

(i) The study analysis indicates that the age structure of household head and household size in the study-area is different from that of the city at large in that it shows a concentration of small, young and nuclear family households, with the absence of large family households.

(ii) The physical character of state-developed housing appears to be generally satisfactory, in that few complaints were noted about such factors as internal facilities and basic amenities. This was largely because physical standards were higher than in traditional housing. The survey results clearly demonstrated, also, that the greater degree of user control in the state-developed housing Danchi was very favourably regarded.

But with respect to the environmental locus and relative locus, many residents expressed strong dissatisfaction. In the case of SADANG and MUNJUNG Danchi, the residents suffer from inconvenience because of lack of clinics and difficulty of access to school. As I mentioned in Chapter Eight, it seems that a large size Danchi has much better neighbourhood services than a smaller size Danchi. The survey results indicate that a smaller size Danchi contains relatively lower income households than a larger Danchi. Meanwhile, households living in suburban Danchis suffer the disadvantage of relatively expensive and time-consuming travel to city centre and work place. In general, journey-to-work time is highly correlated with workplace but distance and travel to work costs had a much looser fit.

(iii) The state-developed housing Danchi is an area of high mobility compared with other residential areas. The high proportion of smaller and younger families in the Danchi areas results in rapid development of the family cycle. These households are at the most mobile stage of the family cycle, and housing accommodation must be adapted to the shift in household composition. In addition, the higher housing mobility rate in this area is probably connected with the rapid increase of housing price and housing speculation. Investment-conscious purchasers will sell for a quick profit, since there is a substantial difference between the market price and the original, government-controlled purchase price.

(iv) An interesting finding was that the study-area contained a high proportion of office workers(so-called white collar workers) and a low proportion of labourers. Suprisingly, the representation of the three main classes of white collar workers(professional, administrative and clerical workers) is very high compared with Seoul city at large. These people

belong to the middle income strata of the population; the housing survey found strong evidence that there is only a minority of unskilled and manual workers in the state-developed housing Danchi.

The research findings indicate plainly two determinants that should be central to any reconsideration of the development of state housing in Seoul:

Firstly, state-developed Danchi housing in Seoul is suitable chiefly for only a limited section of the population, i.e. white collar workers (who are particularly self-sufficient), and the middle-income group.

Secondly, newly arrived urban immigrant families and the poor are unlikely to gain access to state-developed Danchi housing. State-developed housing has generally been too expensive; the public housing authorities have built at too high an architectural standard for the low-income group, and without a clear understanding of the needs of the recipient population. Thus, the Korean state is assisting, through its state-developed housing supply, primarily the middle and upper income groups.

The central argument, based on an analysis of the major beneficiaries of state-developed housing, will be concluded in the following section.

(3) THE MAJOR BENEFICIARIES OF STATE-DEVELOPED HOUSING

For the public sector, the paramount objective must be greater equity, the extension of social welfare, the provision of adequate housing for all according to need. Government must help compensate for poverty and for inequality in the distribution of income. In a free market, however, the extent to which housing need will be met depends upon the population's capacity to pay and its preferences, and hence the relationship between

the level and distribution of income and the cost of housing. The high cost of housing has meant that significant sections of the population have been unable to afford the full economic price of decent accommodation.

In Korea, public housing authorities are not distributing housing according to individual and collective needs. As in the traditional private market, state-developed housing is allocated on a competitive basis according to the value people attach to housing and their ability to pay. From the analysis of state-developed housing allocation in the previous chapters, the following points strongly indicate that the government has not tried to compensate for poverty and inequality of income.

(i) As I have argued in Chapter Nine, the main emphasis of government policy in the 1960s and 1970s was on the expansion of state-developed housing for sale, rather than on the provision of rental accommodation. This is clearly demonstrated by the fact that at the time of the field survey in Seoul there was no rental accommodation provided by the National Housing Corporation for even the limited rental housing provided by the KNHC had been sold.

(ii) The real emphasis on state-developed housing for sale emerged from a growing emphasis on owner-occupation. The public housing authorities have tried to produce low-cost housing for sale to the moderate income group, and have provided mortgage loans to meet the demand of the potential buyers. The survey demonstrated that most purchasers of state-developed housing belong to the middle-income group.

(iii) The current system of housing loans for owner-occupation clearly discriminates against low-income groups. As I mentioned before, most of the KHB's loans are earmarked to specific

deposits. Thus, only those who have enough savings to match the loans are eligible for the NHF and the bank's loans. This clearly prevents the low-income households from obtaining loans. The amounts of the NHF loans, and the conditions attaching, are laid down by the government without consideration for the financing need of the recipients. Unfortunately, there are no subsidies or loans provided by the KHB for rental households to lighten the burdens of Chonsei key money or monthly rent. Thus, the KHB clearly favours middle-to upper-income households.

(iv) Korea's basic housing strategy has been based on the filtering concept. The public housing authorities believe that, as the total housing supply increases, vacated middle income accommodation automatically becomes available for the low-income groups, thereby easing housing pressure. With this object, the loans for owner-occupation are directed towards middle and higher income groups rather than towards the poor. Seen in this light, filtering is neither an efficient nor humane way of providing housing for those of low-income. In fact no one has been able to demonstrate that filtering strategies in Korea do promote encourage distributional equity. Clearly, a more effective anti-poverty policy that reduced inequalities in income would enable the less well-off to enjoy a fairer share of housing resources, and reduce the additional help needed specially for housing.

(v) A crucial factor in state-developed housing programme implementation is the adoption of the lottery system. The lucky purchasers are selected from among those who have placed housing installment deposits in the KHB. No investigation is made into the applicants' needs; household size, income, present living conditions and condition of health are not considered. It is by no means evident that the poorest and most needy families are

the principal targets of the state-developed housing programme. In fact, the major beneficiaries of state-developed housing in Seoul have not belonged to the low-income group. Such housing has, primarily, benefited the middle and upper income group.

Notes to Chapter 10

1. S-K. Ha and S. Merrett, "Assessing Housing Consumption Requirements: The Case of Seoul", Third World Planning Review, November, 1984.

CHAPTER ELEVENAN ALTERNATIVE POLICY STRATEGY

Most advanced countries have found housing difficult to organise efficiently and equitably, even though they have not had to deal with such an explosion in urban growth as Korea. It is therefore not surprising that for Korea, as for most developing countries with low-incomes and limited resources, housing is a nearly intractable policy area.

In planning for housing in Korea there is a need for a comprehensive approach, encompassing both micro and macro methods, for dealing with three important issues: first, the design of housing programmes responsive to the parameters of the urban housing situation; second, the allocation of resources (between the various housing productive processes) based on clear definitions of housing conditions and objectives; third, the incorporation of housing programmes in the national planning process.

(1) THE DESIGN OF HOUSING PROGRAMMES

As we have seen in the previous chapters, high rates of population growth and internal migration to urban areas, accompanied by low rates of housing production, result in the overcrowding of existing buildings and in squatting. The extent of such problems may vary from one urban area to another but the results are fundamentally the same: among others, high densities, sanitation problems, unsafe living conditions, and insecurity of tenure.

The professed ideal is to rehouse the poor. Yet few states have been able to build more than a minute fraction of the houses needed - and those which they do build are occupied by people with high regular wages, as they are beyond the means of the

poor. A huge gap exists between rhetoric and performance.

Rehousing schemes in Korea which do reach the poor are often unpopular, not only because of the high level of cash repayments demanded, but also because of a lack of opportunity for extra earnings, these estates usually being far from the city.

In devising low-income housing programmes for Seoul, the housing authorities have failed to identify the target groups. In fact, it does not deal with the target group based on income level. To be an effective housing programme, it should clarify the ambiguity and define the target group.

Let us consider the monthly income and expenditure of salary and wage earner's households in cities. As shown in Table 4-2, in about 13 per cent of urban households (income class 1 and 2) in 1982, monthly expenditure always greatly exceeded their earnings. This group of people exists in absolute poverty, and the government's first priority must be to provide a more effective anti-poverty programme for them. With respect to macro methods, the following general principles can be adumbrated:

(i) Top priority should be given to creating employment opportunities for the poor. The poor's ability to find suitable jobs needs to be strengthened through job training and improved job placement services.

(ii) Preventing inter-generational transmission of poverty (poverty transferred from parents to children) should be a major goal of anti-poverty programmes. With this in mind, the cost of formal education and job training for children of poor families needs to be subsidised; adequate measures are required to provide these children with better nutrition and health care.

(iii) A minimum standard of living for those unable to work should be guaranteed through public assistance programmes.

Up to now, state-developed housing has been too expensive, has offered little flexibility in use, and has often been in unsuitable locations for the very low-income group. On occasion the poor have been forced into state-developed housing against their will, only to suffer severe financial strain. As a result, they have begun to move out of the accommodation, and middle-income groups have surreptitiously begun to move in.

This would suggest that the upgrading of substandard settlements may be a viable policy alternative for the poor. This policy recognises and accepts a modest level of shelter for the poor, given their low incomes. Such a policy can stabilize tenure, and give residents a measure of security, while in the longer term the intention is to upgrade - to provide better infrastructure facilities(such as roads, electricity, water supply and other improvement) to these deprived areas.

In order to achieve an effective upgrading programme in substandard housing areas, it should be emphasised, as I have suggested earlier, that the housing authorities must formulate a targeted minimum standard, taking into account four predicates: the physical character of the dwelling, dwelling control, environmental locus and relative locus.

With regard to the income classes 3, 4 and 5 (Table 4-2), we find that they earn a little more than they spend. This group comprises about 34 per cent of urban households. It is no exaggeration to say that this group of households cannot afford to purchase a proper size dwelling, even if they get housing mortgage loans from the KHB. Thus, for this group of households, public rental housing appears to be necessary.

As I have argued in the previous chapters, the housing authorities have been concentrating on providing state-developed housing for sale rather than rental. Because of the strong emphasis in Korea on the virtues of home-ownership, renting is often thought of as a second-class housing choice. The field survey clearly shows that state-developed housing for sale was beyond the means of this group of households and only affordable by the middle or upper income groups. Therefore, in order to solve low-income housing problems, the current state-developed housing for sale programme should be switched to rental housing. To provide an effective rental housing programme, the following measures must be given top priority:

(i) As shown in Table 3-7, more than 84 per cent of rental tenants in Seoul live in single-family dwellings, sharing facilities with the landlord or other households. Up to now, the public housing authorities have taken no measures to control this type of dwelling in spite of its being so widespread. The authorities have concentrated instead on the flat type accommodation for rental purposes. A more realistic approach would have been to make existing single-family dwellings more suitable for rental by remodelling them and by passing a tenant's protection law. In many cases, such dwellings are not designed for rental purpose. A very large number of tenants rent one or two rooms in a single-family dwelling; the tenants have many problems with the landlord and with other households over sharing, and lack of basic services. Thus, it is very important that financial assistance is provided so that single-family dwellings can be remodelled. And it is also crucial that proper regulations should be applied in order to assure minimum privacy.

(ii) Although there is a tenant protection law in Korea, it is not elaborate enough to cope with the many difficulties encountered by landlord and tenant. The use of rent controls to prevent private individuals from making excessive profits and to stabilise the housing market has a long and unsuccessful history in developed as well as developing countries.¹ Direct rent control may not be suitable at the present time because of the acute housing shortage in urban Korea, but it should be pointed out that extortionate practices, especially extremely high 'key money', should be discouraged. In order to protect the low-income rental households, the law needs to be more complete and specific.

(iii) According to the Fifth Five-Year Development Plan,² incentives will be provided for the construction and management of private rental housing to be undertaken by large construction firms, and favourable tax provisions will be applied to those who purchase or hold rental houses. This, I would think, will be an effective way of expanding rental housing. But careful considerations should be given to how the government will control and offer inducements to the profit-oriented firms (private builders); they, of course, are primarily concerned with their profits. The acceleration of public rental housing construction should be promoted (rather than private rental housing with subsidies) for it is perhaps the most important factor in the solution of the low-income housing problem. Not only would it solve the acute housing shortage, but it would also free many low-income households from the heavy burden of financing the purchase of a dwelling.

The role of the public sector in housing should have been clearly differentiated from that of the private sector. Thus, not only from the point of view of efficiency but also from

that of equity, it is highly desirable that middle- and upper-income (income class from 6 to 15 in Table 4-2) housing should be the concern of the private sector. It should be completely within the private housing market, under competitive conditions.

(2) THE ALLOCATION OF RESOURCES

Since public resources available for low-income housing are limited, the crucial question for policymakers is how the public sector can best increase supplies, or lower costs of housing to the poor through direct intervention. Public sector involvement deserves consideration where exist substantial economies of scale, externalities, or market imperfections such as monopoly power, lack of information, and the like. On the basis of this general principle, two kind of policy instrument should be considered: first, public intervention in the urban land market; second, strengthening of public mortgage financing.

(i) INTERVENTION IN THE URBAN LAND MARKET. The availability of low-cost, serviced land accessible to employment and other services has been crucial to most successful low-income housing programmes in Korea. But the strongly rising demand for land that accompanies rapid population growth often makes the provision of such land difficult. With regard to public intervention in Korea, the following measures could be adopted:

First, to solve housing and associated urban development problems, most countries have found it necessary to redefine land property rights and to purchase urban land. An uncontrolled market ignores social needs - it only exists to maximise private profit. The main cause of the high price of land in urban Korea has been the land investors' capital gains. As we have seen in Chapter Six, land was concentrated in the hands of a few wealthy

landowners and enterprises. They buy land, usually from the farmer and the low-income landowner, hold it until a suitable moment and sell it in order to optimise their land holding and maximise their profit. They are, in fact, land investors as well as land speculators.³ Thus, it is necessary to limit private monopolies in the urban land market in Korea. It is essential to apply a land rationing system under which a citizen cannot own more than a certain amount of land in urban areas. Unless the government takes this radical, direct approach, land price hike and speculation are unavoidable in the light of the acute residential land shortage.

Second, as we have seen in Chapter Six, the method most often used in Seoul for urban residential land development has been land readjustment. Basically there are two advantages in this method: it is self-financing and it preserves land ownership. But the government has to consider the critical weaknesses and shortcomings in the land readjustment programmes: as pointed out earlier, they can create land price inflation and speculation. Therefore, the government has two objectives in relation to land readjustment: first, to secure a supply of residential land; second, to finance infrastructure cost. As far as financing infrastructure cost is concerned a good idea would be to charge^a land development tax. Local authorities should have the right to compulsorily acquire land at its market value less development land tax. The tax would be paid by landowners on the realised development value of land, calculated as the difference between a base value and the selling price of the land when disposed of. The development land tax in Britain is a case in point.⁴ In addition, the present vacant land holding tax should be kept, and made more progressive in function of the holding period.

Third, the principal deficiency of the Korean land market at present is the absence of a market information system which would allow fraudulent activities to be detected and possibly give advance warning of the formation of monopolistic conditions. The government should, as soon as possible, set up an efficient market information system in order to put an end to the brokers' fraudulent practices and monopolisation of information; and it should set some sort of standard in regard to brokers' qualifications.

(ii) STRENGTHENING OF PUBLIC MORTGAGE FINANCING. As pointed out earlier, there is no well developed private mortgage market in Korea. Unlike other countries' public housing finance institutions, the KHB combines the role of a private deposit institution and an ordinary government mortgage institution. And so, by receiving various types of deposits, the KHB is in direct competition with private institutions in the deposit market. Moreover, the current system of housing finance is disadvantageous to low and moderate income households, and clearly favours the middle-to upper - income groups. In fact, loans are given out to those capable of monthly installments and payment. Households applying for KHB loans for the purpose of buying publicly subsidised housing should be 'non-homeowner' at the time of application. They would not necessarily have to be low-income, and middle and even upper income households should be given a fair chance. As it is, gross inequalities in housing provision are legitimised, and the allocation of resources to those already relatively well-off is justified. Thus, it is hardly true to say that the KHB, the only public mortgage institution, concentrates on assisting the low-income group. What is needed now is a means of welding the existing housing finance policies (along with some new measures) into a comprehensive and coherent

housing policy. The following measures appear to be essential:

First, the KHB should be limited in its role to a true public mortgage institution, financed by government's consolidated funds. As I have argued in Chapter Six, the government's inadequate support of the KHB is clear when we compare its capital fund contribution to the KHB with that to other institutions. The government's contribution to housing funds, especially mortgage funds, should be increased, and the long-term mortgage financing system of the KHB should be further developed.

Second, the public housing authorities must make it clear who is and who ought to be eligible for 'state-developed housing' mortgage loans. The government must consider the financing need of the recipients and other housing needs, i.e. household size, tenure, local residence or employment. But in any case, potential mortgagors must demonstrate their ability to repay loans offered to them.

Third, the current system of housing finance discriminates against old housing units. One of the requirements is that the house to be purchased through the KHB's loans must be no more than 5 years old. That rule made ineligible over 80 per cent of the housing stock in 1982. The old units should be equally eligible for loans, if they are sound enough to be secured as a mortgage. Continuous discrimination against old units jeopardizes the balance of the housing market as a whole, and its effect is to accelerate the deterioration of old units, in which, after all, most low-income households live.

The principles of social justice ought to be applied to housing. At present the middle and high-income groups are getting most of the cake. This is inequitable and has no rational economic or political basis. Housing finance in Korea needs to be reformed. Land development policies should give priority to social needs. They should be concerned with producing urban

environments that work efficiently and equitably for the under-privileged.

Finally, in order to develop a comprehensive set of alternatives for a future housing policy in Korea, the following measures also appear necessary:

(i) At present, the power to develop and implement housing policy is fragmented throughout the national bureaucracy, and this produces a substantial overlap and various inconsistencies. Therefore, it is very important to establish coordination and cooperation among agencies and between the different levels of government. It is advisable to create a new policy council, as well as an independent agency in order to implement an adequate and equitable housing programme.

(ii) Weak citizen participation is another obstacle to the effective formulation and implementation of low-income housing programmes. There are no tenants' associations in Korea. The special encouragement and assistance of the national and local governments should be given to tenants (especially low-income tenants) to organise themselves into tenants' associations.

(iii) In order to prepare effective low-income housing programmes, a systematic procedure for gathering and analysing data on the housing situation is needed. Training programmes, therefore, in how to conduct housing surveys should be made available to city governments. I envisage the combination of a regular national household and dwelling sample survey alongside continuing detailed work by interdisciplinary teams into existing physical standards, user control and the location predicates within different types of community. The specific interests of women, the elderly and children would be distinguished.⁵

These suggestions and recommendations for an alternative

policy strategy lead us to the conclusion that the top priorities in Korea's urban housing policy in the future are:

(i) that the government's best efforts should be directed to preserving and improving the existing stock.

(ii) that to be effective, a low-income housing programme should define the target group and formulate targeted minimum standards, taking into account the physical character of the dwelling, dwelling control, environmental locus and relative locus.

(iii) that the upgrading of substandard settlements should be strengthened for the poor.

(iv) that the role of the public sector in housing production should be limited to low-income housing, and the policy of state-developed housing for sale should be stopped and switched to expanding state-developed rental housing for the low-income group.

(v) that the government's contribution to public mortgage funds should be increased for the potential purchasers and the long-term mortgage financing system of the KHB should be further developed.

(vi) that government intervention in the housing and land market should be based on social need and should limit private monopolies.

(vii) that special encouragement and assistance of the government should be given to low-income tenants to organise themselves into tenants' associations.

Notes to Chapter 11

1. Johannes F. Linn, Cities in the Developing World, Oxford, Oxford University Press, 1983. pp. 167-169.
2. Government of the Republic of Korea, The Fifth Five-Year Economic and Social Development Plan(1982-1986), 1982, p.93.
3. See Dong-A Ilbo, April 6th, 1983.
4. See S. Merrett with Fred Gray, Owner Occupation in Britain, London, Routledge and Kegan Paul, 1982, pp. 176-177 ; and P. Balchin and J. Kieve, Urban Land Economics, London, Macmillan, 1977, pp.129-133.
5. S-K. Ha and S. Merrett, "Assessing Housing Consumption Requirements: The Case of Seoul", Third World Planning Review, November, 1984.

THE QUESTIONNAIRE

I am doing a Ph.D course in Town Planning, University College London, England. My research project examines the problems of public housing in urban Korea, and then considers government policy in regard to low-income housing. I hope that you will feel able to answer some questions to help me in this work. The questionnaire is a simple one and takes about twenty minutes to complete. If the time is not convenient for you, may I arrange a more suitable one later?

May I stress that your individual answer will not be divulged to anyone in government, the local authority nor to anyone else in this area? I am asking these questions to a large number of household chosen at random and your privacy will be respected.

Seong-Kyu Ha
Bartlett School of
Architecture and Planning
University College London

QUESTION	VARIABLE	PUNCH	COLUMN
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Name of DANCHI _____

Block No. _____

Floor No. _____

Flat No. _____

Questionnaire No. _____

1) MUNJUNG : 1001 -

2) SADANG : 2001 -

3) WOLKEI : 3001 -

4) BANPO : 4001 -

5) JAMSIL : 5001 -

Name of Interviewer _____

Date of Interview _____ Time begun _____ Finished _____

Response: Refused	1
No reply(after 2 calls)	2
Empty Flat	3
Ill/Hospitalised/Senile	4
Answered	5

SECTION A: ALL HOUSEHOLDS

I would like to ask you some questions about the people living in this household(i.e. all those who regularly live here and who have at least one meal a day prepared by the same person).

QUESTION	VARIABLE	PUNCH	COLUMN
1.	How many people now live in this household?	(_____)	
2.	Relationship to head of household:		
	- head	(_____)	
	- spouse	(_____)	
	- son/daughter		
	under 7 years	(_____)	
	7 - 18 years	(_____)	
	over 18 years	(_____)	
	- son-in-law/daughter-in-law	(_____)	
	- br/s/br-in-law/s-in-law	(_____)	
	- other relative	(_____)	
	- friend/other	(_____)	
3.	Could you give me some details about these people? Sex and marital status of household head:		
	Male		
	Married	1	
	Single	2	
	Widowed/Divorced	3	
	Female		
	Married	4	
	Single	5	
	Widowed/Divorced	6	
	No reply	0	

QUESTION	VARIABLE	PUNCH	COLUMN
4.	Family structure by number of generations:		
	- <u>one generation</u> (only the married couple or the married couple, their brothers or sisters or other same generation relatives)		1
	- <u>two generation</u> (married couple (or any one of the parents) and children, with or without brothers and sisters or parent or parents with married children but without grandchildren)		2
	- <u>three generation</u> (parent or parents with married children and grandchildren or other three generation relatives)		3
	- <u>others</u>		4
	- No reply/D.K.		0
<u>INFORMATION ON HEAD OF HOUSEHOLD</u>			
5.	Age of household head: (_____)		
6.	Education attainment of household head:		
	No education	1	
	Primary school	2	
	Secondary	3	
	High school	4	
	University	5	
	Inapplicable	9	
	No reply/D.K.	0	
7.	Years from marriage(Household head): (____yrs)		
8.	Working status of household head:		
	Presently working, full-time	1	
	Presently working, part-time	2	
	Retired	3	
	Unemployed	4	
	Other(student, sick, etc)	5	
	No reply	0	

QUESTION	VARIABLE	PUNCH	COLUMN
9.	Type of occupation: If the head of household is presently working, What is the type of his or her occupation? Job title: _____ Description of activity: _____		
10.	Number of wage earners in your household: (_____)		
11.	Full-time wage earners in your household:		
	1 worker : household head only	1	
	1 worker : others	2	
	2 workers : couple	3	
	2 workers : household head & one of members	4	
	3 workers	5	
	4 workers	6	
	others	7	
12.	How do you travel to work?		
		HOH	OWE(1) OWE(2) OWE(3)
	Walk	1	1 1 1 *HOH: Head of household
	Cycle	2	2 2 2
	Car / Van	3	3 3 3 *OWE: Other wage earner
	Bus(scheduled)	4	4 4 4
	Train/Underground	5	5 5 5
	Other	6	6 6 6
	Inapplicable	9	9 9 9
	No reply	0	0 0 0
13.	Working place(Household head): (_____ Km) (Name of place: _____)		
14.	Journey to work time by public transport(Head of household) : (_____ minutes)		
15.	Daily travel expenses(Head of household): (_____ Won)		
16.	How long have you been living in this flat? : (_____ Yrs _____ Months)		

QUESTION	VARIABLE	PUNCH	COLUMN
17.	From where did your household move?		
	Rural area	1 (specify: _____)	
	Other city	2 (specify: _____)	
	Seoul	3	
	Other	4 (specify: _____)	
	Inapplicable	9	
	No reply	0	
18.	Why did you leave your last house? (Ring the most important reason only)		
	House condemned or demolished/house required by owners		1
	Wanted cheaper flat/house		2
	Wanted smaller flat/house		3
	Wanted larger flat/house		4
	Wanted better amenities or neighbourhood		5
	Wanted to buy		6
	Marriage		7
	Change of job/firm moved/other job reasons		8
	Other personal reason (specify: _____)		9
	No reply		0
19.	How many times have you changed residence during the past five years? (_____ times)		
20.	What <u>type of tenure</u> were you living in just prior to moving into the present flat?		
	Owner-occupied		1
	Rented from public housing		2
	Chonseil		3
	Bo-Chungbu-Wolsei		4
	Sak-Wolsei		5
	Monthly rent		6
	Other (specify: _____)		7
	No reply		0

QUESTION	VARIABLE	PUNCH	COLUMN
21.	What <u>type of accommodation</u> did you have before you moved?		
	Detached house	1	
	Flat	2	
	Row house	3	
	Illegal house(PANJACHON)	4	
	Other(<u>specify: _____</u>)	5	
	No reply	0	
22.	How many bedrooms were there in that accommodation?: (<u> </u>)		
23.	How big was your previous accommodation? (total floor space): (<u> </u> pyong)		
24.	How would you compare accommodation now with previous accommodation before you moved into this flat		
	Very much better	1	
	Somewhat better	2	
	Same	3	
	Somewhat worse	4	
	Very much worse	5	
	Uncertain	6	
	No reply	0	
25.	Why did you choose this flat? (Ring most important reason only)		
	Goes with job/near to job		1
	To be near, relatives or friends		2
	Allocated/posted(by the government)		3
	Convenient housekeeping work/Safety		4
	Liked the area/position(good environment)		5
	Liked the flat(type, design, size)		6
	Price right		7
	Better educational facilities		8
	Other reason(specify) <u> </u>		9
	No reply		0

QUESTION	VARIABLE	PUNCH	COLUMN
26.	Can you tell me about the size of this flat(total floor size)? (_____ pyong)		
27.	Do you think that you may move out of this flat in near future(during the next 3 years)? If yes, why do you think you may move out?		
	For different type or design of house/flat	1	
	For cheaper house/flat	2	
	For better amenities/better neighbourhood	3	
	For different tenure	4	
	Change of job/firm moving/other reasons to do with job	5	
	Marriage	6	
	To be near relatives or friends	7	
	Others(specify: _____)	8	
	No reply	0	
28.	How did you first hear of this flat?		
	Advertisement in paper	1	
	Estate agent(Bok-Deok-Bang)	2	
	Through friend or relatives	3	
	Through housing authorities	4	
	Other(specify: _____)	5	
	No reply/D.K.	0	

QUESTION	VARIABLE	PUNCH			COLUMN
29.	Please evaluate your satisfaction of present accommodation. And please give these reasons in priority order. (P-1/P-2/P-3)				
		SAT.	P-1	P-2	P-3
01.	Reasonable Commuting Time	01	01	01	01
02.	Convenient Housekeeping Work	02	02	02	02
03.	Easy Access to Shopping and Entertainment	03	03	03	03
04.	Convenient School	04	04	04	04
05.	Moderate Rent/Cost of Flat	05	05	05	05
06.	Enough Rooms and Spaces	06	06	06	06
07.	Ventilation and Natural Light	07	07	07	07
08.	More playground for children	08	08	08	08
09.	Better educational facilities	09	09	09	09
10.	Enjoying outdoor view	10	10	10	10
11.	Safety against fire hazard	11	11	11	11
12.	Good environment	12	12	12	12
13.	Separate bath and toilet	13	13	13	13
14.	Safety against Break-ins and unwanted intruders	14	14	14	14
15.	Community facilities	15	15	15	15
16.	Convenience of leaving the flat empty with a key	16	16	16	16
17.	Traffic safety within DANCHI	17	17	17	17
18.	Other reason*	18	18	18	18
19.	Inapplicable	19	19	19	19
00.	No reply	00	00	00	00

*Specify _____

QUESTION	VARIABLE	PUNCH COLUMN			
30.	Please evaluate your dissatisfaction on present accommodation. And please give these reasons in priority order. (P-1/P-2/P-3)				
		DIS.	P-1	P-2	P-3
01.	Unexpectedly long commu.time	01	01	01	01
02.	Complicate housekeeping work	02	02	02	02
03.	Poor access to the centre	03	03	03	03
04.	Difficult schooling/educational facilities	04	04	04	04
05.	Higher rent/cost of flat	05	05	05	05
06.	Few rooms and spaces	06	06	06	06
07.	Poor ventilation, natural light	07	07	07	07
08.	Lack of playground	08	08	08	08
09.	Problem of lift and stairs	09	09	09	09
10.	Fear of highrise flat/danger in emergency	10	10	10	10
11.	Fear of break-ins/unwanted intruders	11	11	11	11
12.	Smoke and air pollutions	12	12	12	12
13.	Noise pollution	13	13	13	13
14.	Low quality and variety of shops	14	14	14	14
15.	drying area and balcony	15	15	15	15
16.	Poor access to Doctors/clinics	16	16	16	16
17.	Meeting and public spaces	17	17	17	17
18.	Other reason*	18	18	18	18
19.	Inapplicable	19	19	19	19
00.	No reply	00	00	00	00

*Specify:

QUESTION	VARIABLE	PUNCH	COLUMN
31.	How do you comment on your present accommodation?		
	Fully satisfied	1	
	Satisfied	2	
	Neither satisfied nor dissatisfied	3	
	Dissatisfied	4	
	Strongly dissatisfied	5	
	No reply/D.K.	0	

32.	Do you consider this accommodation the right size for your housing needs in terms of number of rooms?		
	Too small	1	
	About right	2	
	Larger than really need	3	
	No reply/D.K.	0	

33.	Which of the following facilities does your present home have?			
	Hot water	1	2	9
	Inside toilet	1	2	9
	Fixed bath or shower	1	2	9 (Specify: _____)
	Any central heating	1	2	9

1=yes

2=no

9=No reply/D.K.

34.	What is main fuel for cooking and heating?		
-----	--	--	--

	Cooking	Heating
Briquet	1	1
Oil	2	2
Gas	3	3
Electricity	4	4
Other	5	5
No reply/D.K.	0	0

QUESTION	VARIABLE	PUNCH	COLUMN
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35. I would like to compare the attitude of people with different incomes.

Could you tell me which of the following group the HOH and other wage earner are in? (monthly)

HOH / Other wage earner

Less than Won 100,000	1	1
Won 100,000 - 150,000	2	2
Won 150,000 - 200,000	3	3
Won 200,000 - 250,000	4	4
Won 250,000 - 300,000	5	5
Won 300,000 - 400,000	6	6
Won 400,000 - 600,000	7	7
Won 600,000 over	8	8
Inapplicable	9	9
No reply/D.K.	0	0

36. What is the total family income? (monthly): (_____ Won)

37. Could you tell me about the average housing expenditure (monthly)?

Utilities* and tax	:	(_____ Won)
Heating (winter season)	:	(_____ Won)
Cooking	:	(_____ Won)
Repairs & Maintenance	:	(_____ Won)
Other (Specify: _____)	:	(_____ Won)
Total		(_____ Won)

*Utilities charges = water + electricity + garbage

SECTION B : OWNER-OCCUPIED HOUSEHOLDS

(If rented, go to section C)

QUESTION	VARIABLE	PUNCH	COLUMN
1.	Are you a first buyer of this flat?		
	Yes	1	
	No	2	
	No reply	0	
2.	When was your first-time purchase for owner-occupation?		
	Before marriage	1	
	With marriage	2	
	After marriage (_____ Yrs)	3	
	No reply	0	
3.	What was the main source of finance for the purchase of this flat?		
	Own funds	1	
	Borrowed funds	2	
	Other (specify: _____)	3	
	No reply/D.K.	0	
4.	I would like to know the source of finance in detail. Would you tell me about the method of financing for the purchase of this flat?		
	A) source of own fund : (%)		
	Saving	1	
	Gye	2	
	Stock sale	3	
	Others	4	
	B) Source of borrowing funds : (%)		
	KHB	1	
	Other bank	2	
	Employers	3	
	Kerb market	4	
	Relative	5	
	C) Other (specify: _____) : (%)		

QUESTION	VARIABLE	PUNCH	COLUMN
5.	If you got loan from the KHB, what was the amount, the period of repayment and monthly payment? A) Amount : (_____ Won) B) Period : (_____ Yrs) C) Monthly payment : (_____ Won)		
6.	If bought, what was the cost of this flat? (_____ Won)		
7.	What was your reason for preferring to buy? (Ring the most important reason only)		
	Never thought of renting	1	
	Independence/freedom	2	
	Security of tenure	3	
	Investment for future	4	
	Cheaper to buy	5	
	Pride of possession/status	6	
	Easier to move	7	
	Others (Specify) _____	8	
	No reply/D.K.	0	
8.	Whom did you buy the present flat from?		
	Lottery	1	
	Sitting purchase	2	
	Purchase from individual	3	
	Alloted/posted by gov't	4	
	Other (specify: _____)	5	
	No reply/D.K.	0	

SECTION C: RENTAL HOUSEHOLDS

QUESTION	VARIABLE	PUNCH	COLUMN
1.	If your present accommodation is rented, what type of tenure is it?		
	Chonsei	1	
	Bochungbu-Wolsei	2	
	Sak-Wolsei	3	
	Rented(monthly)	4	
	Relative's/friend's house	5	
	Other	6	
	No reply/D.K.	0	
2.	Would you tell me about the key money and monthly rent?		
	A) If your present accommodation is Chonsei, what was the key money for Chonsei? (_____ Won)		
	B) If your present accommodation is Bo-Chungbu-Wolsei, what was the key money and monthly rent? (Key money : _____ Won) (Monthly rent: _____ Won)		
	C) If your present accommodation is Sak-Wolsei what was the key money? (_____ Won)		
	D) If your present accommodation is rented (monthly rent), what is the monthly rent? (_____ Won)		
3.	If you are involved in Chonsei, what do you think of the key money for Chonsei? Would you say the key money for rent is <u>too high</u> compare with your family income, <u>about reasonable</u> or <u>low</u> ?		
	Too high	1	
	About reasonable	2	
	Low	3	
	No reply/D.K.	0	

QUESTION	VARIABLE	PUNCH	COLUMN
4.	If you are involved in monthly rent, what do you think of the monthly payment? Would you say the monthly payment is <u>too high</u> compared with your family income, <u>about reasonable</u> or <u>low</u> ?		
	Too high	1	
	About reasonable	2	
	Low	3	
	No reply/D.K.	0	
5.	What would you say is a reasonable monthly payment compared with your family income? A) Household in Bochungbu-Wolsei (_____ Won) B) Household in monthly rent: (_____ Won)		
6.	What is your reason for preferring to rent? (Ring the most important reason only)		
	Cheaper to rent	1	
	Could not afford to buy	2	
	Easier to move	3	
	Less responsibility	4	
	Never thought of buying	5	
	Other reason (Specify) _____	6	

	No reply/D.K.	0	

QUESTION	VARIABLE	PUNCH	COLUMN
7.	Do you think that you may purchase a house/flat in near future (during the next 2 years)? If yes, about what price would you like? (Write actual amount, then ring appropriate code):		
		<u>Won</u>	
	Less than Won 10,000,000		1
	Won 10,000,000 - less than 15,000,000		2
	Won 15,000,000 - less than 20,000,000		3
	Won 20,000,000 - less than 25,000,000		4
	Won 25,000,000 - less than 30,000,000		5
	Won 30,000,000 - less than 35,000,000		6
	Won 35,000,000 - less than 40,000,000		7
	Won 40,000,000 over		8
	No reply		0
8.	If you have a plan for home-ownership, what sorts of savings are you taking?		
	KHB home-ownership scheme		1
	Other bank		2
	Gye		3
	Other (specify _____)		4
	No reply		0
9.	Have you got a plan for home-ownership? If yes, when are you going to be a owner-occupier?		
	Within a year		1
	1 to 2 years		2
	3 to 4 years		3
	5 to 6 years		4
	7 years or after		5
	No reply		0

Appendix II to Chapter 8

Table II-1 Age of Households Head by Tenure in
5 Study-Areas, 1983

						(%)
	29 and under	30-39	40-49	50-59	60 and over	Total
Owner-occupied	12.0	44.4	28.4	11.7	3.4	100
Rented	17.9	55.8	19.0	4.2	3.2	100

Source : Author's Survey, 1983

Table II-2 Household Head-sex and Marital Status in
5 Study-Areas, 1983

	No. of respondents	%
Male Married	379	90.5
Male Single	20	4.8
Male Widowed, etc	1	0.2
Female Married	9	2.1
Female Single	9	2.1
Female Widowed, etc	1	0.2
Total	419	100

Source : Author's Survey, 1983

Table II-3 Number of Generations in Household in 5
Study-Areas, 1983

No. of generation	5 Study- areas (%)	Seoul (%)	Country as a whole (%)
1	10.7	4.8	4.2
2	76.6	74.9	69.7
3	11.9	17.7	23.2
4 and over	0.7	0.5	0.9

Source : Author's Survey, 1983 and 1980 Census.

Table II-4 Working Status of Household Head in
5 Study-Areas, 1983

343

	No. of respondent	%
Presently working, full-time	375	89.5
Presently working, part-time	13	3.1
Retired	9	2.1
Unemployed	10	2.4
Other (student, sick, etc)	12	2.9
Total	419	100

Source : Author's Survey, 1983

Table II-5 Full-time Wage Earners in 5 Study-Areas,
1983

Number and Category	Percentage
1 worker: household head only	74.5
1 worker: others	3.7
2 workers: couple	7.8
2 workers: household head & one of members	5.5
3 workers	3.2
4 workers	0.5
Others	4.6
Total	100

Source : Author's Survey, 1983

Table II-6 Socio-economic Group of Household Head
in 5 Study-Areas, 1983

Socio-economic group	Tenures		
	Owner-occupied	Rented	All tenure
Professional	13.5	12.0	13.2
Employers & Managers	9.0	3.3	7.7
Self-employed	10.0	12.0	10.4
Skilled workers & foremen	2.9	3.3	3.0
Non-manual workers	48.9	43.4	47.6
Service workers, semi- skilled & agri.workers	7.7	7.6	7.7
Armed forces	0.6	4.3	1.4
Unskilled	4.1	6.5	4.7
Inapplicable	3.2	7.6	4.2
Total	100.0	100.0	100.0
Sample number	311	92	403

Source : Author's Survey, 1983

Table II- 7 Fuel for Cooking in 5 Study-Areas, 1983

Fuel	No. of Household	%
Briquette	14	3.3
Oil	69	16.5
Gas	334	79.7
Electricity	2	0.5
Total	419	100

Source: Author's Survey, 1983.

Table II-8 Fuel for Heating in 5 Study-Areas, 1983

Fuel	No. of Household	%
Briquette	292	69.7
Oil	97	23.2
Gas	28	6.7
Electricity	2	0.5
Total	419	100

Source: Author's Survey, 1983

Table II-9 Travel Means of Household Head in 5 Study-Areas, 1983

Means	MUNJUNG	SADANG	WOLKEI	BANPO	JAMSIL	All Household
Walk		7(7.8)	9(13.2)		8(5.8)	24(5.9)
Cycle	1(1.6)	1(1.1)	2(2.9)			4(0.9)
Car/Taxi	2(3.2)	15(16.7)	4(5.9)	15(30.0)	38(27.5)	74(18.1)
Bus	51(82.3)	62(68.9)	41(60.3)	32(64.0)	79(57.2)	265(64.9)
Train/ Underground	5(8.1)	3(3.3)	7(10.3)	1(2.0)	12(8.7)	28(6.8)
Other	3(4.8)	2(2.2)	5(7.4)	2(4.0)	1(0.7)	13(3.2)
Total	62(100)	90(100)	68(100)	50(100)	138(100)	408(100)

Source: Author's Survey, 1983

Notes: Bracket represents percentage distribution.

Table II-10 Comparison of Present with Previous Accommodation
in 5 Study-Areas, 1983

	No. of respondents	%
Very much better	58	14.1
Somewhat better	191	46.4
Same	73	17.7
Somewhat Worse	62	15.0
Very much Worse	22	5.3
Uncertain	6	1.5
Total	412	100

Source: Author's survey, 1983

Table II-11 Comment on Present Accommodation
in 5 Study-Areas, 1983

	No. of respondents	%
Fully satisfied	8	1.9
Satisfied	74	17.7
Neither Satisfied nor Dissatisfied	276	65.9
Dissatisfied	56	13.4
Strongly Dissatisfied	5	1.2
Total	419	100

Source : Author's Survey, 1983

Table II-12 Location of Previous Residential Area in
5 Study-Areas, 1983

Area	MUNJUNG	SADANG	WOLKEI	BANPO	JAMSIL	All Households
Rural area	1(1.6)	3(3.3)	3(4.5)	1(1.9)	5(3.6)	13(3.1)
Other cities	11(17.5)	8(8.8)	1(1.5)	10(18.9)	9(6.5)	39(9.4)
Seoul	51(81.0)	80(87.9)	63(94.0)	42(79.2)	125(89.9)	361(87.4)
Total	63(100)	91(100)	67(100)	53(100)	139(100)	413(100)

Source : Author's Survey, 1983

Table II-13 Location of Previous Residential Area by Tenure
in 5 Study-Areas, 1983

Tenure	Rural areas	Other cities	Seoul	All Households
Owner-occupied	9 (2.8)	23 (7.2)	289 (90.0)	321 (100)
Rented	4 (4.4)	16 (17.4)	72 (78.3)	92 (100)
Total	13 (3.1)	39 (9.4)	361 (87.4)	413 (100)

Source : Author's Survey, 1983

Table II-14 Type of Previous Tenure in 5 Study-Areas,
1983

Tenure	No. of respondents	percentage
Owner-occupied	199	48.0
Chonsei	183	44.1
Bochungbu-Wolsei	6	1.4
Sak-Wolsei	2	0.5
Monthly Rent	2	0.5
Rented from Public Housing	11	2.7
Others	12	2.9
Total	415	100

Source: Author's survey, 1983

Table II-15 Type of Previous Accommodation in
5 Study-Areas, 1983

	No. of respondents	percentage
Detached Home	228	55.3
Flat	152	36.9
Row House	12	2.9
Illegal House (PANJACHON)	15	3.6
Others	5	1.2
Total	412	100

Source: Author's survey, 1983

Table II-16 Floor Space of Previous and Present Accommodation
in 5 Study-Areas, 1983

(%)

Pyong	Present Accommo.	Previous Accommo.
10 and under	4.1	16.7
11 - 19	73.0	40.9
20 - 29	13.4	24.5
30 and over	9.5	17.9
Total	100	100

Source : Author's Survey, 1983

Table II-17 Number of Households Moving during the Past Five
years by Tenure in 5 Study-Areas, 1983

(%)

Tenures	moving					Total
	none	1	2	3	4 and over	
Owner-occupied	9.6	30.6	25.0	20.4	14.5	100
Rented	4.2	17.9	21.1	27.4	29.5	100

Source : Author's Survey, 1983

Table II-18 Number of Households Moving during the Past Five
years by Age group of Household Head in 5 Study-
Areas, 1983

(%)

Moving	Aged 20-29	30-39	40-49	50-59	60 and over
None	14.3	7.1	6.4	9.5	14.3
1 Time	21.4	26.7	29.4	33.3	35.7
2 Times	23.2	19.3	30.3	31.0	28.6
3 Times	26.8	23.4	19.3	16.7	21.6
4 Times and over	14.3	23.4	14.6	9.6	0.0
Total	100	100	100	100	100

Source : Author's Survey, 1983

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