

Decentralization and Development: Issues and Directions**

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I. Introduction

Concern with problems of decentralization and development has been now discussed among government and academic circles in this period of rising expectation for democratic participation after a quarter century of suspended local autonomy in Korea. However, little has been substantiated as to how decentralization process could be incorporated with development system at the national and local level.

Throughout the world, decentralization has long been regarded a necessary condition of economic, socio and political development. The concept of decentralization has, however, been used extremely loosely defined, permitting many different kinds of institutional arrangements to be implied in its name. Decentralization involves the delegation of power to lower levels in a territorial hierarchy, whether hierarchy is one of governments within a nation or offices within a large organization. In this sense, decentralization may be different from the dispersal of population and establishments from a primate city or large cities to small-and-medium size cities. Dispersal may not be necessarily accompanied by the delegation of power or authority but often means the spatial relocation of physical entities. It is also distinguished from delegation. Delegation usually means that a superior, whether it be an individual or an authority, entrusts a subordinate with some of the former's responsibilities. Being different from decentralization, delegation is often conditioned by the power of delegator to withdraw in the case of improper handling of delegated responsibilities and to look after by

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various means of intervention after delegation.

Beyond the definitional issues of decentralization, the need for some form of decentralization can not be ruled out in Korea. Decentralization is becoming promise and aspiration for development. It may be also undeniable that decentralization process has intrinsic weaknesses as well as promises. Centralization in autocratic forms is bad and so is decentralization in anarchic forms. We know that neither of them is desired for the development of a nation and a region. What we need is a judicious blending of the two.

Turning to development theory, this centralization and decentralization controversy may be rephrased into a conventional dichotomy of development from above or below. The paradigm of development from above is that development is not taking place all and at once. Development has to begin with a relatively few dynamic sectors and regions under strong guidance of the central government. Once the critical stage of development is reached, development will spread over time to the rest of sectors and regions. Development from below considers development to be based primarily on maximum mobilization of each region's natural, human and institutional resources with the primary objective being the satisfaction of the basic needs of people.

It is not our intention here to draw certain normative conclusion about those thorny problems but an attempt is made to identify major issues of development which ought to receive priority attention from the very start of revisiting local self-government.

II. Korean Experience Revisited

Korea has not had without the historical legacy of local autonomous government. From the outset of modernization in the 1910s, local governments were expected to function as a purely administrative body. Local governments were easily subject to the bureaucratic control of the central government for the reasons of administrative efficiency and national development. Although there had been several attempts to implant the western concept of local autonomy since 1948 in Korea, political environment and weak financial resources resulted in a total negation of local autonomy after military takeover in 1961. Since then, no executive office below the national level has been elective. The Ministry of Home Affairs has held power previously exercised by local councils. From provincial governors to county chiefs and city majors, all local government officials are now appointed. This has consequently resulted in the assimilation of local administration into the central government and

the subsequent degradation of local government to *de facto* field offices of the central government.

Given the central-local government relationship, the style of development system would not be separated from national political dynamics. Centripetal political systems have been strong enough to incorporate development administration for the sake of centralized national development. The whole structure of development and planning functions have been characterized by the top-down leadership and the bottom-up expectation of benefits. This nature of development system has heralded to have some merits such as efficiency and promptness in arriving at decisions, but it has resulted in a minimum role of local government for development.

According to general understanding and some legal provisions such as the Comprehensive National Land Development Planning Law, Korean development planning system consists of the four levels of planning subsystems, 1) national plan, 2) special area plans, 3) provincial development plan, and 4) city plan and county development plan. The hierarchy of the plans is supposed to be from top-downward but no clear provisions are specified for development process among the four sets of plans. Consequently, the whole system of development planning would have degraded into a component of centralized national development planning. Local development has hardly found its identity although there are some nominal divisions of power between the central government and local governments.

Local planning authorities are able to formulate their own plan without very detailed instructions and the strong endorsement of the central government and, even if a plan can be worked out at the discretion of local planning authority, local governments know that the possibility of implementing the plan is not great. Most development decisions made by local government are highly contingent on the actions of other agencies external to local development system. Since more than 50 percent of local revenue comes from the national government, any kind of long-range financial commitments and investments are highly dependent upon changes in national priority rather than local needs. As funds from the national government often become available only upon short notice and normally require matching contributions for a specified purpose, any local development efforts require central approval beforehand so as to minimize uncertainty in the process of local development.

III. Learning from Different Development Scenario

Korea has been a breeding ground of many development scenario and a sort of experiment station of several development paradigms. The dialectics of development path has been overlapping and contradictory in many cases. The top-down development paradigm has dominated the consecutive 5-year economic plans beginning from 1962 which put emphasis on an almost exclusive concern with economic growth, capital-intensive industrialization and the central control of development planning. The two national physical development plans have adopted the concept of growth pole. The First National Physical Development Plan (1972~1981) was based on the basic paradigm of an orthodox concept of Perroux's growth pole. The Second National Physical Development Plan (1982~1991) seems not greatly deviate from basic trusts of growth pole paradigm. Other major development plans like the National Plan for Population Redistribution from the Seoul Region (1977~1986) and the Master Plan for Growth Management of the Seoul Region are also strongly influenced by the philosophy of development from above.

There has been another stream of development scenario which might say to belong to the theory of development from below. From the early 1970s it has strongly felt that there are limit of enhancing the general welfare of lower stratum of the nation's population and of reducing distributive inequalities without promoting the agricultural sector in national development. In this background, the New Community Movement came into existence as a rough necessity and began without a well-defined theoretical and methodological framework. The basic trust of the New Community Movement in its development orientation and policy measures seems to share certain commonalities with what is widely known as the basic needs approach to development. Since 1971, the New Community Movement has gone through some distinct phases of evolution. The Movement was initially evolved from the development of a single rural village in its spatial scope and from physical and economic development of rural areas in its developmental emphasis. As the Movement went on, the government expanded the two new concepts i.e., the Village Cooperative Development and the Small Town Revitalization Program. The Village Cooperative Development was introduced to make possible for a group of villages undertake the general and specific projects and to integrate a number of villages into a meaningful cluster for a development unit. The Movement brought a low-order rural center with the Village Cooperative Deve-

lopment into a development unit. The New Community Movement which began with a single village consequently evolved into the concept of micro-regional development or agropolitan development.

Recently, comprehensive rural development program and rural industrialization program have been newly added to what the New Community Movement has tried to include. Instead of the conceptual and strategic National Physical Development Plans, provincial and county development plans have been formulated. Some counties have been chosen for demonstration cases for the so-called integrated local settlement. There are still other minor development schemes which might have some significant impacts on local development. As seen in the preceding part, Korea's development policies and programs have been characterized by an uneasy mixture of many development paradigms without necessary internal consistency. They are different in their origins and in their development strategies. Ambivalent attitude toward development paradigms and fragmented institutional set-up for national and local development is waiting to be reshaped. It is time to find a new development paradigm and its matching institutional reform, drawing lessons from both success and failure stories which Korea has accumulated during last two decades and so.

IV. Towards New Directions

Korea has gone through great transformations from a rural to an urban society in its populace, from agricultural to industrial sector in its economic structure, from conformity to diversification in the expressed societal needs of people, and from a highly centralized to a decentralized politico-administrative governance. Among those trends, the needs for decentralization is becoming irreversible. The failure of centralized top-down solutions has been accompanied by various forms of complaints in hardships of almost all spheres of local life. Local groups are gaining their loud voice and are demanding greater participation in decision-making. Demand for greater bottom-up participation in decision-making and politics will eventually lead to the restoration of local autonomy in the near future.

As Smith succinctly pointed out, decentralization is promise for development and is becoming the least suppressible societal needs elsewhere in the developing world.⁽¹⁾ Enchantment with decentralization may not need to be repeated. First, there is the idea that democratic

(1) B.C. Smith, *Decentralization: The Territorial Dimension of the State*, London: George Allen & Unwin, 1985, pp. 186-188.

decentralization is a more effective way of meeting local needs than central planning. Secondly, decentralization has been seen as particularly relevant to meeting the needs of the poor. Decentralization is especially needed to enable the rural poor to participate in politics and in the material distribution of development. Thirdly, decentralization is said to improve access to administrative agencies. Fourthly, forms of decentralization in which people can participate are said to soften resistance to the profound social changes which development entails. Decentralization can thus secure commitment to developments needed for a change of attitudes. Fifthly, decentralization should reduce congestion at the center. It provides for great speed and flexibility of decision-making by reducing the level of central direction and control. Sixthly, there is a persistent belief that local democracy is necessary for national unity. Finally, the state is easy to mobilize support for development plans. Plans and objectives have to be communicated under different physical and cultural conditions. Local institutions can provide local data, interpretations of local needs, indoctrination, inputs and community self-help.

There are also many reasons to reject a romantic view of decentralization. Decentralized government and development may not always be an absolute good in its own right. Centralization may be preferable strategy if it leads to territorial justice or the redistribution of wealth. Economic development seems inevitably to lead to industrial and demographic concentration. To the extent that governments are involved in regulating and promoting industrial institutions it is likely to be central government having capacity to do it. Secondly, the involvement of the state in the economy is another factor that has strengthened the powers of central government relative to local government. Thirdly, equality as a political principle has also produced centralizing pressure in the nation-state. Fourthly, cultural nationalization brought about by the development of communications is powerful socially homogenizing force that undermines parochial sentiment and historical regionalism. Fifthly, many of the political forces mentioned have led to an overall growth in the level of government, activity and this itself seems to breed centralization. Lastly, the most important excuse is that centralization is seen as the inevitable response to political instability and the crisis of urban areas experienced in many industrial states.

We are not going to repeat the enchantment and disenchantment of decentralization and centralization. What is important here is to attempt to sketch out some new approaches to the relationship between decentralization and development. A new approach does not come up within a vacuum. Historical and socio-cultural attributes built in the nation will conti-

nuously play an important role for the understanding of the current development policies and in shaping the future course of national and regional development. The followings appear to be important issues for further refinement to cope with decentralization and development.

A. From Dispersal to Decentralization

The high primacy of Seoul, explosive regionalism, regional disparities and increasing sense of deprivation on the part of regions other than Seoul have made the government believe that it is necessary to take some actions towards the national distribution of population and industry. Although intensity has fluctuated from time to time, the dispersal of population and industry from Seoul and its metropolitan area has been the object of national concern since early 1960s. The government's determination to disperse population and industry from Seoul seems in many cases to go beyond rational calculation. The government once express its intention to pursue dispersal program at any cost to national economic efficiency. To this ends, numerous plans and programs have been drawn and have gone into implementation.

Although a few in-depth studies on the spatial impacts of those dispersal programs, it is still too early to make a definitive conclusion that the dispersal programs have been total failure or redundant. However, many believe that the dispersal plans and programs have made very negligible impacts on what might be happened otherwise. One of the most critical reasons is that physical dispersal is not enough for the effective redistribution of population and industry unless functional decentralization follows concomittantly. The spatial redistribution of people and industry should be accompanied by the decentralization of power and authority. The decentralization of power can be realized by the delegation of authority for decision-making and by the reinforcement of local autonomy in intergovernmental relations. In private sector, headquarter has to be transferred along with the relocation of plant. Local authorities should be given their own authority on personnel and management.

B. From National-regional to Local-regional Development

Each country has its unique style of regional development. If a distinction can be made between national-regional development and local-regional development, Korea has been characterized by national-regional development which central government has power or a strong system of intervention about the development of a locality. Under the style of national-regional development, local government is expected to play a minimum role of determining its own fate in terms of plan-making and resource allocation. The concept of local-regional

development thus defines a particular form of regional development in which local factors, whether they be local entrepreneurship, local firms, local financial institutions or local manpower, constitute the principal bases for regional development.⁽²⁾ By local factors we simply do not mean the geographic or physical attributes of a locality but the socio-cultural and motivational attributes of local population related to development process.

National-regional development without local initiation and operational flexibility tends to be a degenerated form of regional development, concentrating attention on vague goals and avoiding the issues that are really relevant to the people of a locality. We have lots of failure stories about those grand national physical development plans. It is time to reinforce local governments and local private sectors with their own capacity of planning and the mobilization of resource.

C. From Top-down Efficiency to Bottom-up Equity

To what extent the central governments in developing countries should control economy and polity has been the subject of discussion for a long time. Development is a complex process. It is multi-directional and must work upwards, downwards, and sideways simultaneously. It may not be a question of bottom-up versus top-down. As pointed out earlier, the top-down, aggregate, macro development and the bottom-up, micro development have coexisted without channeled coordination. Both developments have been suffering from their own drawbacks in methods and substances. The top-down development has suffered from the problems of misplaced aggregation, inappropriate scale in solving of local needs and lack of popular participation in development process. In the meantime, the bottom-up development has been challenged by the diseconomies of scale in the selection and implementation of projects, clash with national development objectives and unnecessary competition among localities.

A quick solution to the top-down versus bottom-up and efficiency versus equity may not be guaranteed. However, we have learned from the past that the top-down approach has many more drawbacks than the bottom-up approach, and that people's aspiration for distributive equity could not be suppressed any more. A new philosophy of development calls for diversified and balanced growth, equitable distribution of developmental outcome and increased participation even at the cost of aggregate efficiency. This train of thoughts need to be calibrated to take its foot on ground into an unique socio-economic environment of Korea.

(2) W.J. Coffey and M. Polese, "The Concept of Local Development: A Stages Model of Endogenous Regional Growth," *Papers of the Regional Science Association*, Vol. 55, (1984), p. 3.