

Decentralisation and Local Autonomy in Korea*

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〈Contents〉

- I. Introduction**
- II. System and Structure of Local Government**
- III. Provisions and Realities of Decentralisation**
 - 1. Provisions of Decentralisation between State and Local Government
 - 2. Realities of Functional and Financial Decentralisation
- IV. Scope and Limitations of Decentralisation in Big Cities and Rural Areas**
 - 1. Legal Status of Cities and Rural Areas
 - 2. Scope of Decentralisation and Local Autonomy
 - 3. Limitations of Decentralisation and Relations of Cities and Rural Areas
- V. Conclusion**
 - Bibliography

I. Introduction

For a long time, Korea has been governed by strongly centralized government from the Three Kingdom Era (B.C. 57~A.D. 677) to the Yi Dynasty Era (1392~1909) and the period of Japanese occupation (1910~1945). After Korea regained her independence after World War II, her Constitution was promulgated in 1948 and local governments were guaranteed by the Constitution. In 1949, the Local Autonomy Law was enacted and promulgated as a basic legislation for local autonomy.

The local autonomous system of Korea had been carried without local council during 1949~1951, with local council during 1952~1961, without local council during 1962~1990, and with local council from 1991.

The core of local autonomy is the right of self-government, and the right of self-government is determined mainly by a delegation of authority from state rather than by a creation of local autonomous body itself. The level and contents of decentralisation depend on the conditions of space and time, and accordingly they must be determined in harmony with characteristics and ability of local autonomous bodies. This is the reason

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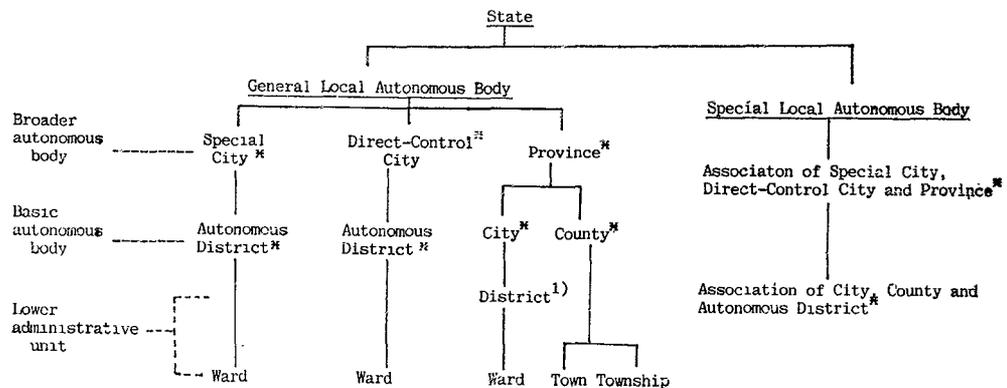
why big cities, small and medium-sized cities and rural areas must be different each other in the forms and methods of local government.

This paper will introduce the system and operation of decentralization and local autonomy in Korea with focus on (1) the system and structure of local government, (2) the provisions and realities of decentralization, and (3) the scope and limitations of decentralization in big cities and rural areas.

II. System and Structure of Local Government

The Local Autonomy Law which was enacted in 1949 provided a two-tier system in local structure. The upper tier is the broader autonomous bodies which are composed of special city and province, and the lower tier is the basic autonomous bodies which are composed of city, town and township. The Temporary Measures Law on Local Autonomy which was established in 1961 added Direct-Control City to the broader autonomous body and modified the basic autonomous body from town and township to county. In 1988, the Revised Local Autonomy Law raised the districts of special city and direct-control city to the basic autonomous body.

As of 1991, Korea has three kinds of special city, direct-control-city and province as broader autonomous bodies, and three kinds of city, county, and autonomous district as basic autonomous bodies. The Local Autonomy Law provides such special local autonomous bodies as an association of broader autonomous bodies and an association of basic autonomous bodies in order to manage special functions being related to more than two autonomous bodies. As lower administrative units, there are wards under an autonomous



Note: * local autonomous body

1) Cities embracing the population of more than 500,000 persons can have districts.

Fig. 1. Hierarchical Structure of Local Government (As of April 1991)

Table 1. Number of Local Autonomous Bodies and Lower Administrative Units(As of April 1991)

	Local autonomous bodies					
	Broader autonomous bodies	Basic autonomous bodies				Total
		Autonomous District	City	County	Sub-total	
Special City	1	22	—	—	22	23
Direct-Control City	5	34	—	—	34	39
Province	9	—	67	137	204	213
Total	15	56	67	137	260	275

	Lower administrative units					
	Under City		Under county			Total
	District	Ward	Town	Township	Sub-total	
Special City	—	494	—	—	—	494
Direct-Control City	—	628	—	—	—	628
Province	13	998	180	1,261	1,441	2,452
Total	13	2,120	180	1,261	1,441	3,574

Source: Ministry of Home Affairs, Republic of Korea, *Situation of Administrative Division and Population*. 1991.

district, districts and wards under a city, and towns and townships under a county (See Figure 1).

At this moment, the number of local autonomous bodies are 1 special city, 5 direct-control cities, 9 provinces, 67 cities, 137 counties and 56 autonomous districts. Therefore, they can be grouped into 15 broader autonomous bodies, 260 basic autonomous bodies, totally 275 bodies. The number of lower administrative units are 13 districts, 2,120 wards, 180 towns, 1,261 townships and totally 3,574 units (See Table 1).

On average, there are 22 autonomous districts under a special city, 7 autonomous bodies under a direct-control city, 7 cities and 15 counties under a province, 20 wards under an autonomous district, 15 wards under a city, and 1 town and 9 townships under a county. Average area and population per body are 605km² and 10,577,000 persons in a special city, 467km² and 2,023,000 persons in a direct-control city, 10,703km² and 2,573,000 persons in a province, 52km² and 369,000 persons in an autonomous district, 87km² and 205,000 persons in a city, and 661km² and 85,000 persons in a county. Consequently, we can see that a broader autonomous body supervises 17 basic autonomous bodies, area of 6,618km² and population of 2,923,000 on average, and that a basic autonomous body supervises 14 lower administrative units, area of 382km² and population of 169,000 (See

Table 2. Average Scale per Local Autonomous Body (As of April 1991)

		No. of units under jurisdiction	Area(km ²)	Population (thousand)
Broader autonomous body	Special City	22 districts	605	10,577
	Direct-Control City	7 districts	467	2,023
	Province	7 cities and 15 counties	10,703	2,073
	Average	17 units	6,618	2,923
Basic autonomous body	Autonomous District	20 wards	52	369
	City	15 wards	87	205
	County	1 town and 9 townships	661	85
	Average	14 units	382	169

Note : Population is the figure of 1 November 1989.

Source: Ministry of Home Affairs, Korea, *Situation of Administrative Division and Population*, 1991.

Table 2).

In the organic form of local autonomous bodies, Korea took a pattern of the separation of powers. That is, the authority is divided into two parts. One is the council which has the right of making decisions and the other is the executive organ which has the right of implementing such decisions thus made. The reasons of separating powers to council and executive organ are to maintain check and balance, to raise a specialization of administrative functions and to secure a fairness and reliance of administration. A local council is constituted of a chairman, one or two vice-chairmen, standing committees, extraordinary committees and administrators. The executive organ is composed of a chief of local autonomous body, subsidiary organ, lower administrative organ and administrative organ attached to the chief (See Figure 2).

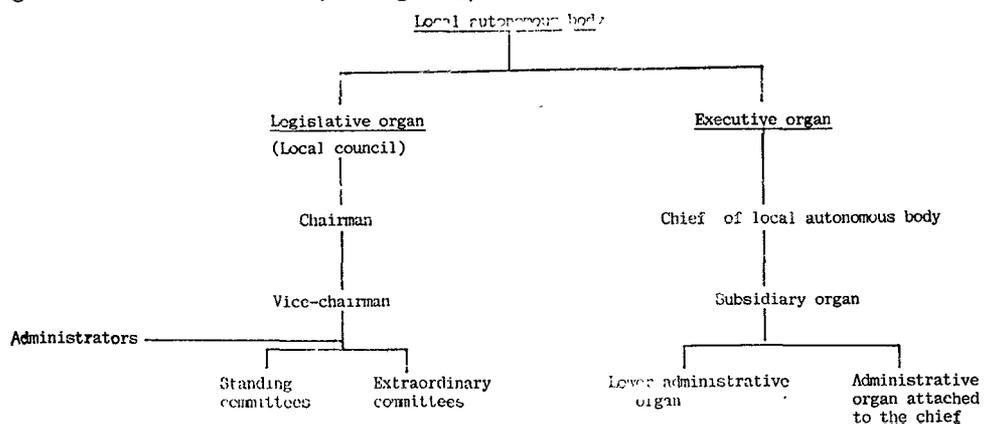


Fig. 2. Form of the Organs of Local Autonomous Bodies

III. Provisions and Realities of Decentralisation

1. Provisions of Decentralisation between State and Local Government

The Constitution of the Republic of Korea guarantees local autonomy in its Chapter 8. The pertinent articles on local government mentioned in the Constitution are as follows:

Article 117 : (1) Local autonomous bodies shall deal with affairs relating to the welfare of local residents and manage their properties, and may enact regulations pertaining to local self-government within the framework of laws and ordinances.

(2) The kinds of local autonomous bodies shall be determined by law.

Article 118 : (1) Local autonomous bodies shall have legislative councils.

(2) Organization and authorities of local councils, election of council members, the method of election for the chiefs of local autonomous bodies and other matters pertaining to the organization and operation of local autonomous bodies shall be determined by law.

The affairs handled by local autonomous bodies are composed of public affairs of their own areas which are called autonomous affairs, those entrusted to bodies which are called assigned affairs to the body, and those specially entrusted to the chiefs of bodies which are called assigned affairs to the chief. The first two which are intended for public well-being are disposed of under the responsibility of local autonomous bodies. The third is conducted with the financial assistance and special supervision of state.

The kinds of autonomous affairs that the Local Autonomy Law provides as illustration are 57, among which affairs for area, organization and management are 11, affairs for welfare improvement of inhabitants are 10, affairs for development of such industries as agriculture, forestry, commerce and manufacturing are 14, affairs for regional development and public facilities are 15, affairs for education, athletics, culture and arts are 5, and affairs for civil defence and fire-fighting are 2. Those affairs occurred over wide area are handled by broader autonomous bodies, and those affairs occurred within each body are handled by basic autonomous bodies. Local autonomous bodies can not handle such state's affairs which are related to national existence, national standardization, national scale, higher techniques or large investment.

The tax system of Korea is classified into state taxes and local taxes. State taxes are composed of internal taxes, customs duties, defense tax and education tax. The kinds of

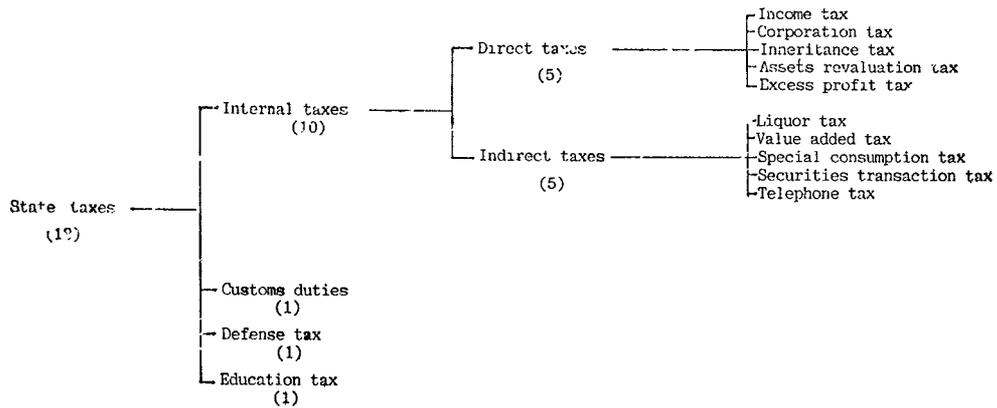


Fig. 3. Structure and Kind of State Taxes

internal taxes are 10; 5 direct taxes and 5 indirect taxes. Direct taxes are income tax, corporation tax, inheritance tax, assets revaluation tax and excess profit tax, and indirect taxes are liquor tax, value added tax, special consumption tax, securities transaction tax and telephone tax (See Figure 3).

Local taxes are the main source of local autonomous bodies revenues, and their kinds are 14; 11 general taxes and 3 objective taxes. General taxes are acquisition tax, registration tax, license tax, horse-race tax, inhabitant tax, property tax, synthesis land tax, automobile tax, farmland tax, butchery tax and tobacco sale tax. Objective taxes are city planning tax, fire-fighting facilities tax and business firm tax. Those 14 local taxes are

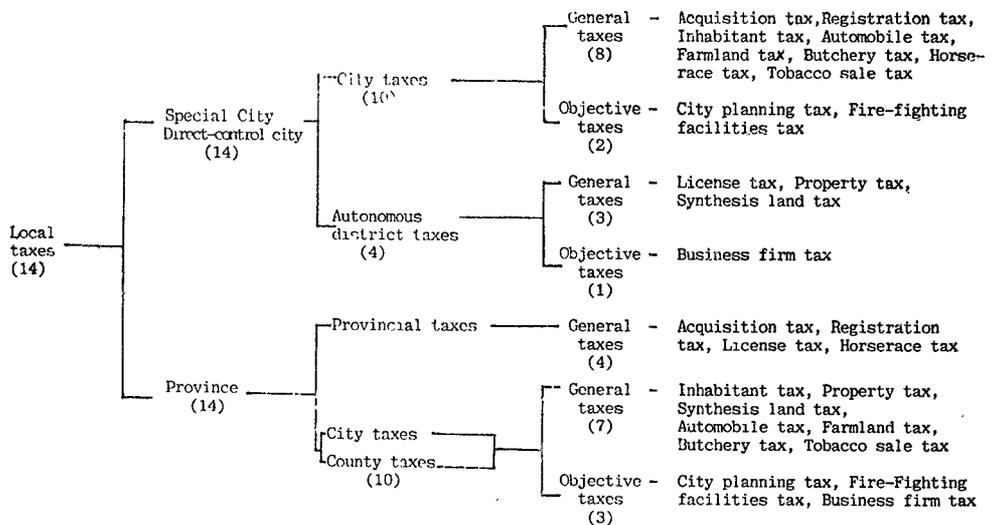


Fig. 4. Structure and Kind of Local Taxes

shared to broader and basic autonomous bodies.

In special city and direct-control cities, their autonomous districts hold 4 kinds of license tax, property tax and synthesis land tax as general taxes and business firm tax as objective tax, and other 10 taxes are assigned to city governments themselves. In province, the 4 kinds of general taxes such as acquisition tax, registration tax, license tax and horse-race tax are assigned to provincial governments themselves, and other 7 general taxes and 3 objective taxes are assigned to cities and counties (See Figure 4).

In addition to local taxes, local autonomous bodies have a source of non-tax revenue as their own financial revenue. On the other hand, state shares revenue sharing tax for local governments by 13.27% of the amount of internal state taxes, and gives subsidies to local governments by projects.

2. Realities of Functional and Financial Decentralisation

Among affairs which are handled by local autonomous bodies, assigned affairs are more than autonomous affairs. On average, assigned affairs shares 60% and autonomous affairs shares 40% in total. Urban areas have more autonomous affairs than rural areas (See Table 3). A share of assigned affairs in total is 54.6% in direct control cities while 63.2% in province, and 57.7% in cities while 62.3% in counties. Among assigned affairs, the affairs assigned to executive organ are more than the affairs assigned to local autonomous body by three times.

In the past trend, we can see the fact that local finance has grown more rapidly than state finance. In general account, the ratio of local finance to state finance has increased from 35.3% in 1980 to 58.8% in 1990 (See Table 4). In tax revenue, local taxes show

Table 3. Classification of the Function of Local Autonomous Bodies

		Broader autonomous bodies		Basic autonomous bodies	
		Direct-control city	Province	City	County
Autonomous affairs		1,034(45.4)	811(36.8)	629(42.3)	528(37.7)
Assigned affairs	Affairs assigned to local autonomous body	300(13.2)	312(14.2)	198(13.3)	233(16.7)
	Affairs assigned to executive organ	946(41.4)	1,079(49.0)	659(44.4)	638(45.6)
	Sub-total	1,246(54.6)	1,391(63.2)	857(57.7)	871(62.3)
Total		2,280(100.0)	2,202(100.0)	1,486(100.0)	1,399(100.0)

Source: Korea Research Institute for Local Administration, *A Study on Analysis of Local Administrative Functions*, October 1985.

Table 4. Comparison of Financial Amounts of State and Local Government
(Unit : million dollars)

Year	National finance(A)	Local finance(B)	Ratio(B/A, %)
1980	10,053	3,545	35.3
1982	12,718	4,508	35.4
1984	14,303	5,537	38.7
1986	16,028	5,955	37.2
1988	25,533	10,196	39.9
1990	31,513	18,525	58.8

Note : (1) General accounts.
 (2) Current price.
 (3) 1980~1986 : settled revenue.
 1988~1990 : original budget.

Source: Ministry of Home Affairs, Korea, *Financial Yearbook of Local Government*. 1990.

Table 5. Comparison of State Tax and Local Tax (Unit: million dollars)

Year	State tax(A)	Local tax(B)	Ratio(B/A, %)
1980	8,027	1,163	14.5
1982	10,195	1,494	14.7
1984	11,722	1,824	15.6
1986	14,185	2,132	15.0
1988	24,214	3,445	14.2
1990	30,450	7,163	23.5

Note : (1) Current price.
 (2) 1980~1986 : settled revenue.
 1988~1990 : original budget.
 (3) State tax is a total amount of internal taxes, customs duties, defense tax and education tax.

Source: Ministry of Home Affairs, Korea, *Financial Yearbook of Local Government*. 1990.

a lower proportion than state taxes. The ratio of local taxes to state taxes has held around 15% until 1988, and has increased to 23.5% in 1990 (See Table 5).

The total budget of all local autonomous bodies for the fiscal year 1990 is 29,978 million dollars, among which broader autonomous bodies share 16,141 million dollars and basic autonomous bodies share 13,837 million dollars. The average budget per body is 1,076 million dollars in broader autonomous bodies, 53 million dollars in basic autonomous bodies and 109 million dollars in all bodies. In each kind of bodies, a special city is 5,978 million dollars, a direct-control city is 883 million dollars, a province is 639 million dollars, an autonomous district is 43 million dollars, an city is 87 million dollars and a county is 41 million dollars on average of annual budget (See Table 6).

The composition of general account revenue shows that independent revenue from local

Table 6. Financial Amount of Local Autonomous Bodies and Their Average Per Body
(Unit: million dollars)

		Total amount of budget	No. of autonomous bodies	Average budget per body
Broader autonomous body	Special city	5,978	1	5,978
	Direct-control city	4,415	5	833
	Province	5,748	9	639
	Sub-total	16,141	15	1,076
Basic autonomous body	Autonomous district	2,406	56	43
	City	5,861	67	87
	County	5,570	137	41
	Sub-total	13,837	260	53
Total		29,978	275	109

Note : (1) The original budget of the year 1990.

(2) The total amount of general and special accounts.

Source: Ministry of Home Affairs, Korea, *Financial Yearbook of Local Government*. 1990.

Table 7. Financial Sources of General Account Revenue of Local Autonomous Bodies
(Unit: million dollars, %)

		Independent revenue	Dependent revenue	Total
Broader autonomous body	Special city	2,496(98.3)	42(1.7)	2,538(100.0)
	Direct-control city	1,995(83.1)	406(16.9)	2,401(100.0)
	Province	1,364(33.6)	2,701(66.4)	4,065(100.0)
	Sub-total	5,855(65.0)	3,149(35.0)	9,004(100.0)
Basic autonomous body	Autonomous district	1,066(46.0)	1,253(54.0)	2,319(100.0)
	City	1,914(69.2)	854(30.8)	2,768(100.0)
	County	1,261(28.5)	3,172(71.5)	4,433(100.0)
	Sub-total	4,241(44.6)	5,279(55.4)	9,520(100.0)
Total		10,096(54.5)	8,428(45.5)	18,524(100.0)

Note : (1) The original budget of the year 1990.

(2) Independent revenue=local tax+non-tax revenue

Dependent revenue =revenue sharing tax+subsidies

Source: Ministry of Home Affairs, Korea, *Financial Yearbook of Local Government*. 1990.

taxes and non-tax revenue is bigger than dependent revenue from revenue sharing tax and subsidies in total amount of bodies.

In the case of provinces and counties, however, independent revenue is lower than dependent revenue. In the budget of the fiscal year 1990, the degree of financial self-reliance is 54.5% on national average, while 98.3% in special city, 83.1% in direct-control cities, 33.6% in provinces, 69.2% in cities, 28.5% in counties and 46.0% in autonomous districts (See Table 7).

IV.. Scope and Limitations of Decentralisation in Big Cities and Rural Areas

1. Legal Status of Cities and Rural Areas

Korea has been fastly urbanized during the last thirty years. Therefore, the urbanization rate was reached to 73.3% in 1989. That is, the population of Korea is shared to 6 big cities with population of more than a million by 47.2%, to 67 cities with population of more than 50,000 by 26.1%, and to 137 counties being rural areas by 26.7% (See Table 8). It is forecasted that the urbanization rate will reach to 80~83% in the year 2,000. If towns are included in a category of urban areas, it will be around 85%.

When a township is composed mostly of urban areas with a population of more than 20,000, it is promoted to a town. When a town is composed mostly of urban areas with a population of more than 50,000, it is promoted to a city(Article 7, Local Autonomy Law). Also, there is a usual practice which cities with a population over 1 million become direct-control cities.

When a township becomes a town, its legal status is not changed and so is the same as townships. Towns and townships are only lower administrative units under the jurisdiction of county. However, when a town becomes a city, its legal status is promoted to a local autonomous body and it has same position as counties. Also, when a city becomes a direct-control city, its legal status is promoted from a basic autonomous body to a broader autonomous body same as provinces.

2. Scope of Decentralisation and Local Autonomy

In Korea, big cities are more decentralised and thus have more autonomous rights

Table 8. Level of Urbanization (As of November 1989)

		Area(km ²)	Population (thousand)	Population density (persons/km ²)
Urban area	Big cities ¹⁾	2,939(3.0)	20,691(47.2)	7,040
	Small and medium-sized cities ²⁾	5,803(5.8)	11,462(26.1)	1,975
	Sub-total	8,742(8.8)	32,153(73.3)	3,678
Rural area	Counties	90,497(91.2)	11,695(26.7)	129
Total		99,239(100.0)	43,848(100.0)	442

Note : 1) Big cities are 1 Special city and 5 Direct-control cities.

2) Small and medium-sized cities are 67 other cities.

Source : Ministry of Home Affairs, Korea, *Situation of Administrative Division and Population*. 1990.

than small and medium-sized cities and rural counties, because the bigger the cities, the more diverse their functions and the higher their autonomous ability.

The Seoul Special City is under the supervision of the premier at this moment and thus it is much free out of state's control. In the future, too, the Seoul Special City will continuously maintain highly independent powers from state by a premium of the Capital City of Korea. Direct-control city governments are more independent and more autonomous than provincial governments although they are same in legal status. The number of affairs is 1,034 in a direct-control city government, while it is 811 in a provincial government. The proportion of autonomous affairs in total is 45.4% in a direct-control city government, while it is 36.8% in a provincial government. The degree of financial self-reliance is 83.1% in a direct-control city government, while 33.6% in a provincial government.

Other big cities embracing the population of more than 500,000 persons which are under the supervision of provinces have districts as lower administrative units, and can directly handle some provincial affairs without any interference from provincial government (Article 10, Local Autonomy Law). The directly handled affairs of those big city governments are 18 kinds which are related to medical care, local public enterprise, housing construction, land block adjustment project, city planning, urban renewal project, advertising facility management, environmental conservation, land transactions, heavy machinery management and automobile operation business.

3. Limitations of Decentralisation and Relations of Cities and Rural Areas

There are limitations and constraints in strengthening local autonomous powers through the decentralisation from state to local governments. The first one is limitations by the characteristics of functions or affairs to be decentralised. Such functions that are related to an existence of state, nation-wide interests, high-technical procedures and big capital investments must be difficult to be decentralised to local autonomous bodies.

The second one is constraints by the self-governing ability. In Korea, many elected representatives, local government officials and local inhabitants are not still satisfactory in terms of democratic consciousness and autonomous capability for planning, implementing and evaluating. Such situations make it difficult to delegate state's authorities to local governments.

The third one is a shortage of financial revenues and a inter-governmental disparity of financial sources. The total budget per body on average of whole autonomous bodies is

109 million dollars, and specially a county is 41 million dollars on average. The self-reliance rates of provinces' and counties' revenues are 33.6% and 28.5% respectively. Additionally, the unbalances of financial revenues among urban governments and rural governments, and among big city governments and small and medium-sized city governments are very severe. If some of state tax sources are transferred to local governments as local taxes, inter-governmental disparities of local revenues might be more widened.

The promotion measures in status of urban areas, too, has played a role of restricting inter-regional balanced development and efficient local administration. The towns' promotion to cities and the cities' promotion to direct-control cities in legal status separate a region to the two parts of an urban area as core city and a rural area as rump county. This spatial structure of duality makes weak the self-sustaining power and self-governing finance in the parts of counties and provinces, and also makes difficult the relevant countermeasures on wide-area public demands.

V. Conclusion

The real institution of local autonomy has been revived after thirty years' absence from 1961. The members of all city, county and autonomous district councils were elected by an equal and direct ballot of local inhabitants on the 26th of March 1991. The members of all special city, direct-control city and provincial councils are scheduled to be elected by local inhabitants until the end of June, 1991. Also, it is planned that the chiefs of all autonomous bodies will be elected by local inhabitants until the end of June, 1992.

The ultimate goals of decentralisation and local autonomous system would be to take root of real democracy, to accelerate balanced regional development and to increase harmonized inhabitants' welfare. In order to attain those goals, Korea is preparing necessary measures and they are in progress now. Among such measures in progress, important ones are a building-up of autonomous institutes, a delegation of state's authorities to local autonomous bodies, a sharing of financial sources between central and local governments, a training of public officials and an enlightening of local inhabitants.

One of the urgent tasks facing the country is to solve a severe unbalance among local autonomous bodies, especially between cities and counties, and big cities and the rest of country in terms of economic level, financial ability and social opportunity. For this task, the government of Korea is trying hard through such various ways as a strengthening

of urban-rural linkages, a reinforcing of broader spatial development, an intensive supports to underdeveloped areas and an effective utilization of revenue sharing system for local finance coordination.

It is our earnest wish that the effects of national development are evenly distributed to all areas, the effects of decentralisation and local autonomy operation are finally converged to national growth, and thus those effects could directly contribute to create the favourable conditions for an early unification of the Korean Peninsula.

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