

# Between Power And Autonomy\*

## - Endogenous Development In Cheju Island -

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## 1. Introduction

The purpose of this paper is to build an alternative model of regional development adaptable to the requirements of cultural conditions in different regions of the nations through examining the evolution of the regional development policies in Cheju Island by focusing on the three issues :

1) How have the growth-oriented policies and distribution-oriented policies impacted the allocation of regional resources in developing nations?

2) The many kind of regional development in developing nations and the roles that should be established by central and local government, so that the quality of life in those reasons can be improved.

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3) Finally, How can local forces - named endogenous forces - be able to initiate this regional development in the global era? Is it possible?

Cheju Island has gone from being one of the poorest regions for several hundred years to being the most developed tourist destination in Korea through growth-oriented regional policies implemented by the central government over the last three decades. However, Cheju islanders have argued that the benefits of growth produced by central sectors or external forces that are outside of the region and include central government, conglomerate, other developers, spectators and etc. did not spread into Cheju Island as economists theorized but concentrated into external forces (coalitions). Hence, islanders think that the regional development policies of Cheju Island have been always benefitted external forces but not the islanders.

Specifically, central government had always stood for external forces more than endogenous forces. Even though recently central government has tried to close disparities between external, and internal forces that are insider of the region include local government, local developers and is residents with distribution-oriented regional policies, islanders say it is too little, too late. Islanders believe that Cheju is being almost completely dependent on external forces.

I will try to find methods to build a new model of regional development to improve social and cultural capacity as well as the economics of developing nations from Cheju Island's experiences. For these reasons, I will examine the relationship between power of central government and autonomy of local government, and facts of bargaining and conflict between external and endogenous forces.

This paper is organized along the following lines :

1) I will give a brief background on history of Cheju Island and the evolution of regional development. In this part, the processes, the strategies and the methods of Cheju regional development are discussed.

2) Existing regional development theories are examined to build an endogenous development model as synthesized type for regional development in developing countries. For this reason, existing theories for regional development are classified into growth-oriented and distribution-oriented theories to compare them and to find synthesis of regional development theories.

3) Some cases will be examined by types of regional development which I have used to analyze regional development with variables of developers and flow of development benefits. In this section, I will build an endogenous model of regional

policy as a new type through analyzing development policies in Cheju Island.

4) And finally, this study concludes with some summary observations regarding the role of the central and the local government in the processes of the Cheju regional development for the past 30 years with a view of the endogenous development model, and suggests ways in which the experiences in Cheju might be applicable to other regions and local governments.

## 2. Brief Background on the History of Cheju Island and the Process of Its Regional Development

Originally, Cheju Island had been one of the independent Kingdoms in the Korean peninsula until the Koryo dynasty( AD. 918-1392) consolidated the Island in 938.

After that, the central government had used it as a place of exile for anti-politicians for a long time because Cheju Island was isolated from the mainland and had barren soil with volcanic characteristics which made it difficult to cultivate the land. Because of this, the central government had never had a plan to develop Cheju Island, let alone support it. In addition to this, many foreign nations had invaded this Island for its resources several times. Especially the Mongols, who had ruled Cheju for over 100 years(1273-1374), and Japan also ruled this Island for thirty six years (1910-1945). Moreover, a civil war between pro-American Korea and pro-Soviet Korea, which was one of the most tragic civil wars ever recorded in the history of wars. War broke out here from 1948 to 1954 and wiped out 10 percent of Cheju's population, over 50 percent of cheju's houses were burned, and most residents suffered from forced-ideology and hunger. Therefore, Cheju was to remain the poorest and worst place to live in the Korean peninsula. Because of this long and tragic history produced by central forces, traditionally many islanders think that the central government and comers from mainland give more harm than benefits to the islanders(Cheju Do, The History of Cheju, 1993). The atrocities committed in Cheju Island have results in a distrustful relationship between the people of Cheju, and the central government(Cheju Do, The History of Cheju, 1993).

But, the third Republic government, which took the regime from a weak civilian government by a military coup d'etat, began to develop Cheju Island unlike the

previous governments. That national government had started to invest big money to develop Cheju into an international tourist destination, the Central government built infrastructure, including roads, an airport and harbours, and most importantly reservoirs to solve the shortage of water which had been one of the most difficult problems in cheju Island for a long time. The late Park Jung - hee who was president from 1961, to 1979 had been greatly concerned with the Island's development, and frequently came to the Island to direct and supervise the planing and management of tourist development which has come to play a dominant role in Cheju's economy. Cultivation of oranges is the secondary industry and one of the richest income resources to its residents(Ibid., pp.65~67, 1991).

### 3. The Process of Regional Development Policies in Cheju

Table 1 demonstrates the main process of the Cheju regional policies after the late President Park Jung - hee led the prime minister to establish the Cheju Development Policy Research Committee to develop Cheju in 1963. This committee made the first systematic regional policy for Cheju since the foundation of government in the Korean peninsula. In 1972, the central government made a long - term comprehensive plan to develop Cheju Island as a tourist - oriented region. This was the first attempt to formulate a systematic and comprehensive regional development plan for Cheju Island. From the 1960's to the 1980's, Cheju had been developed through growth - oriented policies by the central government. In 1991, the central government enacted a special law for Cheju region's development which was oriented to distribution and protection of environment. Originally the law was drafted to develop this island more rapidly and more easily by conglomerates and big developers, not residents, because in Korea only private companies can afford to develop tourism. While islanders defeated all the incumbent legislators of the ruling party as message of anti - making special development law for Cheju Island, they had also been protecting the growth - oriented law which neglected their desires. Finally, although residents and even the national opposition party stood violently against to the law, the central and local government passed a law adding a few codes concerned with fostering resident's participation, distribution and environmental protection in the processing of regional development(Yang, Young Cheal, 1991, pp.65~67).

Table 1. Process of Cheju Regional Development

Content Year	Name of Planning	Main Strategy	Goal	Evaluation	Available Period
1963	declaring free - port	no visa for foreigners	attraction of rich Korean - Japanese money	tremendous concern to their homeland's development	1963
1964	comprehensive plan for Cheju regional development	tourism development by growth pole	tourism oriented development	not implemented	1966-1966
1966	plan of specific region	investment and expansion of SOC	tourism oriented development	great success	1966-1966
1972	comprehensive plan of Cheju tourism development	growth pole strategy	international tourist destination	building Chungmoon complex tourist center and other tourist facilities	1973-1981
1982	the 2nd national land comprehensive plan	focusing tourist development as independent area	development of social, cultural, economic resource as well as tourism	less investment than the previous Republic government	1982-1991
1985	comprehensive development aplan as specific area	growth pole by 3 complex area and 13 zoning for tourism development	building international tourist area based on tourist area for people	the best planning about 80% of the planning implemented	1985-1991
1985	the first Cheju comprehensive plan	balanced development	balanced between tourism and other industry	beginning balanced regional development	1985-1991
1994	The Special Law Cheju Development	development by local government with support of central government	international and competitive tourism development	implementing	1992-2001
1994	the 2nd Cheju comprehensive development plan	focusing tourism with balance of agriculture and environment	expansion tourist facilities with supporting agriculture	implementing	1994-2001

source : The Second Cheju Comprehensive Development Paln, 1994.

KDI, Re - examination of Cheju Comprehensive Development, 1989.

Then the era of distributional regional policies began to open instead of growth-oriented regional policies (Yang, Young-cheal, 1991, pp.65-7).

In sum, Cheju Island has been developed by the central government, tourist-oriented regional strategy and external private groups, not islanders. Even though The Special Law for Cheju Development includes strategies to foster residents' participation, the Table 2 at the bottom of this page shows, central forces are the initiators, but endogenous forces have been the developmental targets. Naturally, the central forces have accumulated and practiced absolute power and monetary control since the foundation has dominated tourism development in Cheju island.

But, as the picture in Table 2 indicates, Cheju Island has been developed by special law or special plans of the central government. About 8,230 billion won will be invested to develop Cheju island, and 32 percent of it will be supplied from the central government, 51 percent of them will be invested by private sectors and the others and will be appropriated by the local government. In spite of the beginning era of local full autonomy, the central government still initiates, makes, implements, and evaluates Cheju regional development

Table 2. Law and Plan Related to Cheju Regional Development

	Comprehensive law for land management (1972 - 1991)	Comprehensive plan for special region (1985 - 1991)	Special law of Cheju development (1994 - 2001)
plan executive (planner)	governor	governor or minister of construction	governor
agreement with	minister of interior and construction	related minister in central government	council for comprehensive Cheju Development plan in local government
examined by	committee of comprehensive plan of nation land planning	committee for driving comprehensive special regional development and cabinet council	committee for supporting Cheju development directors
approved by	Prime minister		President of Korea

source : Boo, Man-Keun, A study on process of the special law of Cheju Development, Cheju Do, Onnuri, 1995, p.80

#### 4. Political Economy of Cheju Regional Development

As Table 3 indicates, there has been dramatic growth in the regional industry measured in terms of population, income, tourism, orange products, and the economic activities which have been generated directly or indirectly by tourism. Cheju is said to have Heaven's blessing. It is one of the fastest growing regions in Korea, with a current population of 515,000. This is an increase of 100 percent as compared to 1946 which was the first year of establishing Cheju local autonomy government. Some figures put the strength of Cheju tourism industry into perspective.

Cheju Island has over 11,000 hotel rooms, and its airport is the second busiest in Korea, with over 56,000 flights each year. Only Seoul has more hotels. In 1994, Cheju Island was visited by 3,693,000 people, about 20 percent of whom were newly weds. As indicated in Table 3, Cheju has been greatly developed in every tourism sector since the beginning of the 1960's. Its gross regional product (GRP) jumped by 1,000 percent. In national statistics, Cheju's growth rate of GRP has been 12.4 percent yearly from 1980 - 1991. This is higher than the 10.65 percent national average growth rate. And in 1960, annual visitors were only 66,000, but over 70% of these were the native islanders visiting their home towns from the mainland or especially Japan. (Cheju Provincial Govt., The Development Performance of Cheju, 1995, pp.1-18)

Table 3. Social and Industry Change in Cheju (1946-1994)

	'46	'60	'70	'80	'90	1994
Population	266,000	281,000	365,000	462,000	515,000	514,000
Personal Income (per capita)	₩8,800 (\$50)	₩30,600	₩65,000	₩11,000	₩3,271,010	₩4,553,000
Gross regional product (billion)	₩2.3	₩10	₩24	₩375.2	₩1,663,700	₩2,337,092
Tourist industry annual visitors		66,000	245,000	669,000	2,992,000	3,693,000
visit expenditures			\$46,772,000	\$369,265,000	\$3,558,666,000	\$3,840,900,000
foreign visitors		14	6,493	20,548	235,073	268,884
orange product (ton)	6	3,700	31,100	187,500	492,700	548,900
orange income (bill)	0.03	0.85	54.5	315.1	552.1	

\* : 1975 estimate

\*\* : 1965 estimate

source : Development Process of Cheju Do (1995), Cheju Province Government, Tourist Statistics (1995), Cheju Tourist Association

Oranges have been treated as a very special fruit because it can be cultivated only in Cheju Island. In the Chosun dynasty(1392-1910), the central government had named officers to keep a number of oranges in each house for special use by the King. Until the mid-1970s, only couples owning thirty or more trees could earn enough money to afford their children's college tuition. The Orange industry was a more important industry to islanders than tourism. The reason that islanders think the orange industry is important is to make income distribution even. Though islanders have not much money to invest in tourism, many people can make money from orange related jobs, and those jobs are labor-intensive.

Cheju's GRP is composed of 45% tourism, and 20% orange industry(Cheju Branch of Korea Bank, 1993). But, in spite of its growth rate Cheju Island has been developed rapidly. Many people view the current political/economical situation with hopelessness and despair. Many groups and scholars have made a compelling argument that the dependency theory is directly applicable to Cheju Island and moreover, that the contemporary period is the age of internal colonization which is an almost complete dependency on external forces that are composed of big company groups and speculators supported by the central government. Sometimes even a few higher officers and politicians used to receive kickbacks from developers and speculators with conditions of providing secret information about regional planning and zoning, or forcing local government officers to be controlled. Even the governor was implicated dishonest business practice.

We can suggest proof supporting the fact that Cheju depends heavily on external forces, and is almost internally colonized in terms of land, tourist facilities', and ownership all of which are important factors in tourism.

As Table 4 indicates, non-islanders have retained a considerable amount of land in Cheju Island. They hold the bulk of the finest land for business and development while islanders hold marginal land which is inexpensive and has lower potential to attract tourism. In seeing the rank of property tax which is a major local tax and 35 percent of local revenue, the first sixteen ranks included only one islander (tenth). This fact that the best land ownership has remained quite concentrated in non-islanders has created not only concentration of wealth, but also has led



to the centralization of regional planning and regional decision-making.

In Cheju, tourist facilities ownership is quite similar to land ownership.

There are 40 tourist hotels that start from four stars, which are more luxurious and expensive than other hotels or inns in Cheju Island. Only two of them have been owned by Islanders. Non-Islanders dominate tourism in Cheju Island by using capital and power. There are many phenomena of inequalities between external and endogenous forces.

Islanders have finally begun to ask questions of who get all of the benefits and who pays for tourism success? And for whom, has regional development been implemented? Cheju Islanders believe that the winners are non-Islanders, and the losers are the Islanders. We can find reasons why islanders do not like to develop Cheju Island rapidly by examining the relation of islander's income between oranges vs. tourist industry. In general, most people think that tourism provides more income to Islanders than agriculture, especially oranges and mandarins, because tourism earns more money than agriculture. This assumption is wrong. Cheju islander's average income level is only 82 percent of the national average while average income of a farm household is over 110 percent of the national average income of farmers, and ranks as second in Korea due to mainly oranges and fishery. Therefore, we can conclude that tourism in Cheju is a determinant to society, while agriculture and tourism lets Islanders prosper.

Table 4. Rate of Taxable land ownership by Dwelling

Dwelling	Taxable	%	Taxpayer	%
In - Islander	852km <sup>3</sup>	68.3%	156,852	79.8%
Out - Islander	368km <sup>3</sup>	29.5%	34,451	17.5%
Korean - Japanese	27km <sup>3</sup>	2.2%	5,310	2.7%
Total	1,247km <sup>3</sup>	100%	196,613	100%

source : Dept. of Tax of Cheju City

This unequal relationship could produce increasing social tension, conflict and repression between external and endogenous forces, including tourism and agriculture. This phenomenon has already appeared since the beginning of

democratization in 1980. There are no mediators to alleviate or cure these diseases. The strong tourist economy has brought the Cheju Islander considerable growth and prosperity, as noted above, but it has brought some problems which can also be focused in Hawaii and Orlando (Karl Kim, 1991. F.B. Berry, 1995, pp.27~30).

First, the tourist economy has been strong for decades, but is vulnerable to increasing competition from other tourist destinations, negative publicity and changing tourist tastes. While tourism has been the driving force in Cheju's economy, the local government has sought to diversify tourist attractions to meet tourist's changing demands.

Secondly, many of those employed in the service sector, work in a low-paying job bracket. As a result, average per capita income in Cheju is lower than the national average.

Thirdly, the island's can be attributed to in-migration from other area.

One of the island's challenges has been to build and maintain a sense of community among people who are not native to the island. The island has tried to meet this challenge by using social programs.

## 5. The Dialectics of Regional Development Theory

As soon as international regional policy, that mainly America had initiated to rebuild Europe and Japan after the 2nd War, began to appear successful, the developed nations became concerned with new independent nations, namely the third world nations. Many development theories had been built to advise and help political leaders and policy makers in poor recipient nations to develop more rapidly and effectively. The aid nations tried to find overt reasons and methods to solve the poverty problems. These concerns caused scholars to build theories and models arduously (Choi, Sang-Chul, Regional Development of the Third World, 1988).

Perhaps no single word has been more widely and frequently used by such a large number of people in so many countries of the world to today than the term "development". The term frequently refers to economic development while

development was used as a political tool to win freedom during the pre-independence period, but today, most people, including politicians economists, sociologists and administrators, agree that the term "development" encompasses not only productivity and income but also structural change in class and interest group relations (Kyong - Dong Kim, *Rethinking Development : Theories & Experiences*, 1985).

All development processes aim at human welfare; regional development is no exception to this statement. The latter aims not only at increased welfare in aggregate terms but also at more equitable distribution of these wealth among areas and groups of people. In sum, regional development must be viewed with economic and social meanings, in relation to growth and distribution.

But, the existing viewpoint has tended to emphasize only one of these meaning. I classify existing regional development theories into two categories - growth oriented theory and distribution - oriented theory - to find a desirable model of regional development. I explain these two categorized theories as dialectic.

In this section, I will describe main issues of past and present regional theories to search for framework or models for analyzing cheju's development.

Goals, strategies, targeted places and industry, regional policies and theories have evolved over decades as dialectics. Until the 1950's, regional policies and theories had stressed economic growth, capital, urbanization, large scale and top-down-oriented policies, while in the 1960's, regional policies or theories had emphasized distribution, labor, agriculture, small scale, and bottom-up-oriented policies. Because each of these patterns of regional policies go in the opposite directions, I categorized these patterns of regional policies into growth-oriented and distribution-oriented policies. I want to attempt combine the above theories, synthesized them, and create a new model which focus on endogenous policy.

### 1) Thesis : Growth - Oriented Theory

Development of the growth-oriented theory has its roots in neoclassical economic theory and its stational manifestation is the growth-centered concept. Until recently strategies of development from these theories or policies have dominated spatial

planning theory and practice. The basic hypothesis is that development is driven by external demand and innovative impulses, and that these impulses form a few dynamic sectorial or geographical clusters. Development would, either in a spontaneous or induced way, 'trickle down' to the other less developed regions of the nation (G. Robinson and K. B. Salih, 1971). Such strategies have tended to be urban, industrial, capital-intensive, and dominated by high technology.

The facts show that the GDP of most developing countries have grown only at a snail's pace during the decades after independence from colonial countries, leading to greater poverty and increased population. Developing countries need rapid economic growth. But these countries do not have enough available resources, manpower and capabilities for managing their country's institutions which are essential elements to developing their countries more rapidly. Thus, they have no alternative other than to concentrate a few sectors with potential resources by the principles of economics of scale to stimulate developmental impulses (John Friedman & Clude Weaver, 1979).

Namely, it assumed that over time, these benefits, which growth pole or growth centre policies produce, would trickle down through inter-regional input-output linkages, leading eventually to one integrated national economy and spreading of the national wealth amongst all groups and regions (A. O. Hirshman, 1958).

A few economists also argue that at the start of regional development, a certain level of inequality is necessary to produce the amount of savings and investment which are the necessary preconditions for reasonable growth (John Friedman & Clude Weaver, 1979).

The theories of Hirshman's polarization and trickle down (A. O. Hirshman, 1958), Myrdal's cumulative caution (G. Myrdal, 1975), Perroux' growth pole (Policy, MIT Press, 1966) and Friedman's core-periphery interaction belong in these category.

## 2) Anti-thesis : Distribution - Oriented Theory

Distribution-oriented regional theories derived from distrust of the 'trickle down' or 'spread effect' which is the main theory in growth-oriented regional theories. As previously written, the basic assumption of growth-oriented regional theories

is that development can start only in a few dynamic sectors and geographic locations from where it is expected to spread, toward the remaining sectors and geographical areas of a country. But, benefits which those growth-developed regions have accumulated did not spread to hinterlands as the economists expected. Even more importantly, there are conflicting interests in a society; those with power use growth to promote their own interests (W.B. Stör, pp.39~69, Hope, pp.11~12). As a results, the rich regions or sectors get richer and richer at the expense of the poor regions or sectors, and small scale local industries, traditional social relationships and agriculture get destroyed by a flood of overly growth-oriented policies. In addition, because it is natural that those with power use growth to promote their own interests in a society of conflicting interests, growth benefits are internalized in core regions-urban or developed regions-not peripheral regions-rural or undeveloped regions. It's natural that unequal development between core and peripheral regions increase rapidly.

Distribution-oriented regional policies must emerge to alleviate such great disparities of income and developmental level among regions derived from growth-oriented regional policies. Development from distribution-oriented regional policies is a more recent strategy and is a reflection of changing ideas on the nature and purpose of development itself. These regional policies consider development to be based primarily on maximum mobilization of each area's natural, human, and institutional resources with the primary objective being to serve the bulk of the population broadly categorized as 'poor', and those regions described as disadvantaged. Development policies must be oriented toward those at the bottom. Therefore, these strategies are basic-needs oriented, labour-intensive, small-scale, regional-resource-based, often rural-centered, and argue for the use of 'appropriate' rather than the 'highest' technology.

Distributive justice means not only the upgrading of the income and quality of life of the poor but also the downgrading of th income and conspicuous consumption of the rich. A style of development which does not promote both is bound to fail (R.P. Misa, p.110).

Balanced growth theory, basic need theory and bottom-up belong to this category.

### 3) Synthesis - Endogenous Development Theory

Many scholars are of the view that integration and synthesis of the growth - and distribution - oriented theories are required (R. P. Misa, "The Changing Perception of Development Problems", 1981, p.10). From example draw from various developing countries in Asia, we can conclude it may only be feasible after an extensive period in which both of these strategies have been practised subsequently and jointly. In this section, I will describe the limitations of growth - and distribution - theories or policies in process of regional policies, and will also suggest necessity of an endogenous development model as synthesis.

#### ① Limitations of Existing Theories : linear or monolithic view

Regional development planning includes all public intervention intended to ameliorate the geographical distribution of economic activities : in reality regional policy tries to correct certain spatial consequences of a free market economy in order to achieve two interrelated objectives : economic growth and improved social distribution (Norbert Van Hove : Leo H. Klasen, Regional Policy : A European Approach, 1980, p.43). The previous two sections have described the main topics on two regional theories. Although the two patterns of regional theories reflect the image of that time and have strong points to explain regional policies enough, they also have shortcomings. I think that the linear or monolithic view is the greatest cause to generate these shortcomings. The major emphasis of these two patterns was on the linear or monolithic. In growth - oriented regional theories, development was seen as the primary goal of economic growth while in distribution - oriented regional theories, the development goal was only for even distribution among regions.

This linear view resulted in a number of questions about the nature, causes and objectives of development. For one thing, poor countries challenged the notion that development could be measured purely in terms of growth of GNP. In country after country, it became obvious that there were serious questions to be asked about economic justice, social change, the internal consistency of the development process and income distribution (K. R. Hope, The Dynamics of Development and Development Administration, 1984). Distribution - oriented regional theories have the same logic as growth - oriented theories. These theories assumed that disparities

among regions, classes and industrial sectors could be closed only by distribution - oriented regional policies. If that is so, we face the question of how to stimulate and help the disadvantaged and poor areas. Is it possible to accomplish these without economic growth (A.L. Mabogunie, *Regional Development Alternatives*, 1981, p.314).

Furthermore, most existing theories did not consider the complex process of development. The principal aim of development is to improve not only economic but also the social, cultural and environmental welfare of a nation (P.J. Bauer *Dissent Development*). Therefore, we have to shift from the idea that development is growth or distribution as a linear process to think of it as a total process including economic, social, political and cultural elements. It is very difficult for these monolithic views to explain the causes and results of disparities, dependency and dominant relations among regions, classes and groups, and, hence, to find desirable alternatives in regional development.

In the modern world, inequalities breed resentment (P.I. Benjamin, *Who Gets What from Government*, 1983). Resentment, in turn, damages the sense of fellowship and solidarity essential to social harmony. Ultimately, the discontent of the poor can fuel war or revolution, and drive people to crime and violence. Thus, conservatives must grant a degree of material equality. Money expands choice, and those deprived of money are deprived of liberty. But self - fulfillment and personal development also require material foundations. Freedom of action is limited without freedom from war.

#### ② Concept of Endogenous Development

A desirable style of development must have the imprint of the past and must ensure a bright future for the society in question. And then, new model, endogenous development, has to include an element of mixing the characteristics of growth - and distribution - oriented policies.

In this way, the concept of endogenous development has to include the following elements in redefining the development concept (Yang, pp.38~44).

- ① complexity    ② openness    ③ interdependency    ④ territory and residents
- ⑤ participation

First, we have to redefine the concept of development from monolithic or linear

views to complex views (A.L. Mabogunje, p.27~32). Now, one of the most important characteristics in the present organization, are the turbulent conditions which only a contingency theory can explain. There needs to be more differentiation of strategies to match the differentiation of developing countries. Linear strategy such as growth-oriented or distribution-oriented is no longer a useful tool in regional policies. Therefore, development began to be regarded as a total process involving economic, social, political and cultural elements. A balanced and pragmatic approach is necessary.

Second, a region, like a system, should be operated with a open mind (J. Friedman and C. Weaver, p.111). We have to know that everything should be accomplished by the principle of comparative advantage, and then, without any obstacles, as developed nations advocate, but also regional policy should be implemented based on self-reliance, territorial will, and the benefits of basic need, from bottom-up regional policy. The former may provide more and more benefits to developed countries or regions at the expense of underdeveloped countries. The latter may also lead to parochialism or autarky. And no Third world nation can afford simply to reject the necessity of building a strong nation in the present context. Questions were raised as to whether it would be wise and possible for any nation to completely decentralize in this global era. This element of self-reliance should be regarded as creative self-reliance. It is not self-reliance in the sense of cutting off links completely from the world or other regions, but self-reliance in the sense of being self-confident as nations base development on their own cultural values. It implies reliance by a nation on its own thinking and on its own value system (Hope, p.27). The global era faces conditions which are quite different from those of the previous era.

Third, interdependency is also a key element in regional development policy. Whether there is growth and development in regions depends on how mobilization of regional resources is maximized. Maximization of regional resources can be accomplished by the interaction and interdependence among sectors, regions, industries and so on (C. Bryant and L.G. White, *Managing Development in the Third World*, 1982). The increasing of regional patronage and interdependency clearly points to a continuing process of the functional integration of the national space economy. It was pointed out that the prosperity and well-being of people living in one region



was, in fact, dependent upon the conscious elaboration of economic ties with people living in other regions. The time has come to recognize that a greater degree of regional cooperation will be needed in the face of change. Quite clearly, we have learned that growth and equity are more complementary than competitive (Walter B. Stöhr (eds), *Development from Above or Below*, N.Y. John Wiley and Sons, 1981, 8.21).

Finally, regionalism and participation must be considered in regional development policy. A region is the unit - area formed by common aboriginal conditions of geographic structure, soil, drainage, climate, vegetation and animal life. A region, as a unit of cultural individuality, is partly the deliberate expression of human will and purpose. If development is to occur, what is needed is a doctrine of territorial development; negating the bond of unequal exchange by an explicit theory of willful community actions (Walter B. Stör, p.92).

The following, is a working definition of endogenous development: "Endogenous regional development can be defined as what happens when endogenous forces carry out a process of regional policy with self - determination and self - responsibility under a horizontal interdependent relationship between external and endogenous forces" (Yang, p.42).

Local needs and values would determine the direction which development would take in a particular country, and local institutions would be responsible for carrying duties out. Greater priority should be given to local need and thinking (Misa, p.37).

## 6. Type of Regional Development

What should be the style of development for Third World countries?

Apparently, there can be no universal style except in the most general of terms. Each country and each region has to evolve its own style, keeping in view its cultural heritage, its resource base, stage development, and so on. The major issues in the regional policies of Cheju are who should be the major initiator to develop Cheju and how to internalize development benefits for Cheju Island.

Therefore, greater priority should be given to initiating in the process of regional development and the flow of development benefits in considering the type of regional development. Table 5 is analyzes Cheju's regional policies and endogenous

development, as an alternative model directly applicable to regional policies with two variables - developer and flow of growth benefits.

Table 5. Types of Regional Development

Flow of developer's benefits	Specifying or discreting	Diffusing or non - discreting
Endogenous Sector	I	II
External Sector	III	IV

Type I is a parochial model in which developers are native residents who use endogenous resources, but the benefits of development spread only to developers or their own families.

Type II is an endogenous model in which native people initiate development of their region with an interdependency of other forces and the benefits of development spread into their region broadly.

Type III is an exploitative or colonial model in which developers are non - islanders - outsiders and the benefits of development belong to only the developers.

Type IV is a charitable model in which , although developers are external forces, but the benefits of development belong to internal forces.

### Case I (Parochial Model) : Hallim Park

This case shows us that the belief that whenever developers are native residents, the results will be better than when they are non - natives is not always true. This Park which was half sand and barren soil, was developed by an islander who is a local elite and politician, had hopes of changing this abandoned land into a dream land. Now, Hallim Park is a large scaled tourist area with thousands of sub - tropical and temperate zone plants growing in an area of 2,694,400 $m^2$ . Within this natural park area is a nationally protected cultural treasure, two fantastic lava caves - Hyupjae and Ssngyong. The number of tourists coming to Hallim Park in 1994 numbered about 1.3 million and the income was over 1.3 billion won. This is the most frequently visited, artificially - built tourist resort complex in Cheju.

But there has been big controversy over the two caves among residents, the owner, and the local government. The two caves are the most important and es-

sential resources in the Park. Many people ask why the caves are operated by the Park's owner instead of a public agency since most caves in Korea are owned and managed by local government under the law "cultural treasure." The caves are used to fill up a shortage of local revenue through fees of visitors. All of the people I interviewed insisted that the Park's owner has to return the caves to the local government or pay a rental fee to the local government to supply better services to residents. We have to be concerned with the possibility that the local elite get special privileges through connections with the central government, politicians and so on.

### **Case 2 (Endogenous Model) : Sungup Folk Village Development**

I think that this case is a relevant model for change in Cheju, which has enough natural resources but doesn't have money to develop its region. In this case, because local government and its residents participate in developing the Folk Village, it is natural that the region's will and culture reflect enough in regional development and benefits of development spread into endogenous sectors. If we can accomplish these things, the essential objectives of a folk village are to important values and the preservation of the locally cherished traditional culture prior to continued destruction and unintentional transformation in terms of spiritual assets, life experience and style and visible diverse valued materials left by Cheju ancestors through scientific discipline. Cheju is one of the typical examples helpful to understanding the importance of traditional culture, especially Sung - up Folk Village. This is because Cheju has, to some extent, maintained folk resources as well.

Since early 1970s, there has emerged the issue of legally protecting and managing a folk village in Cheju. Sung-up Village was, in the end, formally and legally confirmed a folk village complex by the central government in 1984. It exhibits legitimate reasons in that there exist a variety of priceless cultural treasures such as fifteen grass patched houses, and nettle trees, twelve 'Tolharubang,' stone grandfather guardian figures, three educational facilities, and tomb stones. In particular, other cultural properties are folk songs and unique local food. The cul-

tural significance of the Sung-up Folk Village complex lies in the fact that its cultural treasures have been associated with the everyday life of local residents. At present, though both central and local government perceive the importance of Sung-up Folk Village, the investment for its protection, management, and preservation was less than planned and further reached only 34 percent (1.9 billion) of the original plan of 5.56 billion.

Based on my research , it was found out that both local residents and policy makers cast a negative response against the assessment on the effects of development in spite of endogenous complaints about the evaluation by the government that Sung -up Folk Village had less investment than expected. Local residents complained government did not invest enough for the folk village development.

The second complaint was that most benefits from the development were turned over to only a few people in the village, mainly to several restaurants, as well as stores selling locally produced commodities for tourists, while a majority of villagers were not comfortable with life due to inconvenience by so much law regueation, such as greenbelts. This conflicting perception between business groups and other residents exposes an ambivalent perception of cultural preservation or commercial business for marketing in the course of development.

In conclusion, it's very difficult for only endogenous forces to develop their region in field such as tourism, and the benefits of development did not spread into regions broadly as expected without residents cooperation.

### **Case 3 (Exploitative or Colonial Model) : Top Dong Project**

Case 3 is a typically exploitative or colonial regional development type which is developed by non-native residents who monopolize the benefits of development and do not give any power or any benefits to residents.

Top Dong( the district name) is an area where the Cheju City government reclaimed about 24,000 $\pi$  of the land, and constructed a business district, and a

road in 1980. Top Dong's second reclamation by city government was proposed and then permitted to be carried out by the Ministry of Construction. The Industrial Infrastructure Development Co., a semi-government investment company central to land reclamation, attempted to carry out, but refused to implement the Top Dong project due to the lack of human capital and material resources in regard to economic reward. Therefore, unfortunately, the central and local government had to give up the job of the proposed Top Dong reclamation project.

After that, the Cheju Ocean Development Company whose economic status was very low, had the next initiative to reclaim the land of Top Dong. However, the president of the company who was born in Cheju Island, and has demonstrated an eagerness to be involved in rural development for long time. His continued interest in local development turned into frequent attempts to obtain the rights of reclaiming Top Dong from 1984 to 1986 by outlining a project and analyzing potential profit in 1983.

The Cheju Ocean Development Company was not able to obtain a license for the Top Dong project because of its shortage of development experience, technology and capital necessary for the cooperation and creation of joint ventures with other larger companies on the mainland. The Dae Woo Company, one of the largest conglomerate companies in Korea, was excluded from the Top Dong projects despite its enthusiastic and exclusive participation in many development project in Cheju in exchange for public donations of a sport stadium and a public library in Cheju City. Instead of Dae Woo, the Cheju Development Company and Bum Yang Development company which is an external company came to get a permit for the Top Dong reclamation project.

For Cheju people, the most surprising matter was that private developers were able to monopolize profits coming from the development project before was put into practice newly created law, so called Reclamation Amendment Law of Public Watering Zoning. This law regulates that the reclaiming developer can keep only ten percent of the profits of development while ninety percent must be turned over to the state. Related to the Top Dong reclamation project, it was presumed that

a larger part of the profits of about 111.8 billion won was given to Bum Yang, in the end, was subjected to a donation about 20 billion won aimed at smoothing down resident's resentment of the central government for allowing Bum Yang to do this project.

#### Case 4 (Cheritable Model) : Isidol Corporation for Developing Rural Community

I think that Isidol (the name of one of the Saints in Ireland) is a very specific case of regional development.

First, this corporation was developed and operated by a foreign Catholic priest.

Second, this is not simply a religious activity to improve a less developed community. This is a way of earning money just like any private company, although, the use of the profits is different compared to a private company's use of the profits.

Over the last four decades the initiator who has managed this corporation has been Irish priest name Pathric James McGlinchey, who came Korea voluntarily to propagate the Catholic religion as soon as he graduated of Catholic university in 1951. After one year, 1952, he was transferred from Chunam province to Hallim Church. That year was during the Korea war(1950 - 1953), and then most people were suffering from poverty very severly. After that, he researched to find reasons for the vicious cycle of poverty even though the people were hard workers. His conclusion was that lower technology, less money and less chance to cooperate together to improve their lives, had continuously generated poverty. He decided to establish a training school to teach them advanced technologies and methods about agriculture and livestock breeding. He established credit to accumulate money for the developing community, and also sought to get rid of gambling. This was first done on Cheju Island in 1959. He also established the Isidol Corporation for developing rural communities. He bought marginal land very cheaply to build ranches and farms with supports of foreign volunteer institutions, the Catholic church, his

wealthy elder brother, foreign investors and so on. The Kennedy government of the U. S. A aided this corporation through PL480 which was a way to less developed countries with corn instead of cash. PL 480 greatly contributed to support Isidol Corporation in terms of finance, and then Isidol Corporation could support farmers to buy land and farms, and to teach them advanced technology about agriculture and livestock. Isidol Corporation sold seed animals in lots to farmers very inexpensively and also bought back matured animals to balance supply and demand. These special methods encourage farmers to cooperate together as well as to work hard.

More importantly, Isidol has serviced community welfare since its foundation. Now, the corporation operates four kindergartens and preschools, one school for the aged and one free institution for the aged without any resources. In 1970, Isidol opened the first hospital in the region of Cheju, Hallim. It has been operated by a foreign nun who has become very famous in Cheju and for the pity she takes on the poor.

In order to raise the higher quality of agriculture' and livestock, and to create many jobs, Isidol built stores and malls at luxury hotel in Soul and Cheju. In Sum, Isidol is a rare regional development case in the world and the best model for less developed regions which are suffering from shortage of capital and technology.

## 7. Recommendations

Cheju Island has been developed very rapidly by the central government and tourist growth-oriented regional policies, but, this hyper-growth has also generated many problems, especially great disparities between external and endogenous forces, which are very difficult to solve. In this section, some policy prescriptions arising out of the Cheju Island experience are offered instead of a conclusion.

First, local government have to exercise maximum power by the Special Law for Cheju Development to mediate conflicts and tensions between external and endogenous interests, and get rid of the flow for the benefits of growth into only external forces. Local governments must play a major part in the national political economy(W.B. Stouffer, *State and Local Politics*, 1991). Because local governments must be able to totally influence the process of regional development by using means of rewards, penalties, choices and opportunities(M. Gottdiener, *The Declining of Urban Politics*, Sage, 1987, pp.28~30).

Second, the central government must no longer play a rowing role as it has in the past, but should rather support and steer local government and its local people.

Whenever central government is involved in the regional policy process, it has always taken sides with external interest-conglomerates, speculators and big developers which used to be indulged in corruption. We can find much evidence to prove these facts. Therefore, the central government has to take a position to help local interests, maintain self-reliance, and prove a healthy lifestyle for the residents of the Island.

Third, central and external forces, especially conglomerates and other developers who want to develop Cheju with big money, have to acknowledge that increasing social and political tension between central(core) and local (peripheral) will tend to inhibit the development of central forces, unless these tension can be alleviated by acceleration of spread effect or decrease of the internal's dependence on the core.

Finally, residents must try to cooperate with central forces and local government to develop Cheju Island as a meaningful endogenous development.



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