
Development and Space in Korea(Part II)*

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Having discussed general pattern of Korean urban / regional spatial changes in the first part of this essay, now we can turn to the problem of theoretical explanations for these phenomena. For this purpose, we need to develop theoretical framework for peripheral urbanization, out of which Korean pattern will be deduced. In the following, relationships among industrialization, agrarian transition, and spatial changes will be discussed followed by synthesis of all of these for the proper explanations of spatial changes in Korea.

I. Industrialization and Urbanization

The connection between industrial development and accelerating urbanization has centered around three main themes. First, industrialization needs a large number of workers within a confined area

*This is the second part of the essay. The first one was presented in the last issue of this journal.

for the purpose of industrial production. Second, industrial goods need a concentrated market for consumption. Finally there are the other conditions-of-scale economies on which majority of industrial location theories have been based.(Mingione, 1986, 30)

Two major criticisms on the above arguments are twofold. First, in many peripheral societies, urbanization has not necessarily paralleled industrialization. Instead, the urban labor force is largely skewed towards the service sector. Second, "pre-industrial inheritance has not only had an impact on the transition to industrialization but has also contributed to shaping the attitude of the population towards the urban style of life."(Mingione, 1986, 28)

But all of these criticisms do not necessarily invalidate the close relationship between industrial development and the urbanization process. Without any doubt, industrial development can explain a large part of urbanization and the concomitant urban question of this age. Rather, these theoretical criticisms reveal that industrial development and the ensuing urbanization process have been different through time and space. What may be important in explaining the relationship between industrialization and urbanization is not the degree of industrialization per se, but the type of industrialization. Naturally the question to be answered then becomes why industrial development paths have been different from each other.

For the convenience of our discussion, we can make a simple but useful classificatory scheme about industrialization. The first criterion is who will be the ultimate consumer of industrial products? If the target of industrial production is the domestic consumption of previously imported goods, then industrial development will take the form of import substitution. By contrast, if the target of industrial production is the foreign market, industrial development will take the form of export promotion.

As a long-term development strategy, these two alternatives have certain contrasting characteristics.(Harris, 1986, chap. 5) Import substitution strategies are directed towards creating a national economy independent of the rest of the world. Growth is sustained by the growth of the domestic market. To be a self-sufficient economy, it must reproduce all the main sectors of modern economy including heavy-, intermediate-, and light industries. In a sense, it must be a "microcosm" of the world economy. By contrast, export promotion strategy is based on the notion of "comparative advantage." It rejects balanced growth strategy. Instead, this strategy seeks specialized role in the world economy.

A second criterion of industrialization is a distinction between labor-intensive and capital-intensive industrialization. This distinction is based on the notion of the "organic composition" of capital in industrialization. If a certain country focuses on labor-intensive industrialization (such as textile, assembly of electronic goods, and shipbuilding and so on), it implies expanding opportunities of

employment and lower rates of return on capital. By contrast, capital-intensive industrialization results in higher productivity and lower employment chances.

By using these two criteria, we can think of four kinds of industrialization: 1) capital-intensive / export promotion industrialization (from now on abbreviated as EPI), 2) capital-intensive / import substitution industrialization (from now on abbreviated as ISI), 3) labor-intensive / EPI, 4) capital-intensive / ISI. Most Latin American countries (especially bigger countries) and many developed countries including the United States and Soviet Union belongs to the case of capital-intensive-ISI. Japanese and British cases roughly belong to capital-intensive-EPI. Labor-intensive-ISI cases can be found in socialist countries such as China, Cuba, North Korea and so on. Labor-intensive-EPI are mostly found in East Asian countries including South Korea, Taiwan, Malaysia, and Singapore. In this article, due to its concentration on non-socialist peripheral societies, only two ideal types of labor-intensive-EPI and capital-intensive-ISI will be discussed in relation to urbanization.

A direct linkage between ISI and specific urbanization patterns can be found in a "convergence" thesis. According to Roberts (1978, chap. 3), the general characteristics of the populist alliance in Latin America (state, urban industrial bourgeoisie, and urban working class) that allowed ISI to emerge also produced a spatial representation of these forces in terms of concentrated urban industrialization.

Roberts argues that under the populist alliance (Peron in Argentina, Vargas in Brazil, for example) urban-based "industrial capital supports, directly or indirectly, populist regimes because such regimes solve the problems confronting capital at a particular stage of its development." And "the stage occurs at a time when industrial interests are becoming predominant in the economy, but when their power is not sufficiently consolidated to enable them either to incorporate other groups through economic benefits or to coerce them through control of the state apparatus." (Roberts, 1978, 68-9).

Under this socio-political situation, an emulation of consumption patterns of core countries (for example, pursuit for capital-intensive goods such as cars, refrigerators etc.), and a concentration of these social forces with effective demand in several urban areas, forced capital-intensive urban-based ISI and the relative decline of intermediate-sized urban centers, thereby resulting in disparities between urban and rural areas and increasing urban primacy.

To a certain extent, urban consumption patterns and their concomitant industrialization have been a powerful force in determining the patterns of urbanization throughout many Third World cities. But from a comparative point of view, we should differentiate the circuits of consumption and production. Whether in Mexico City, Rio de Janeiro, Taipei, or in Seoul, we can perceive the broad convergence of consumption pattern towards luxury consumer goods. Especially in patterns of

primate city growth we can find many similarities not only between Latin America and Asia but also between core and periphery. These similarities are most evident in the patterns of transportation, built environment, and life style.

However, at the same time, it is also important to recognize that the changing pattern of the international political economy has had a profound impact on the pattern of urbanization, especially in the circuit of production. This has been most prominent in the case of Asian urbanization. Even with in Latin America, Armstrong and McGee find a diverging pattern of production and argue that "while the social and spatial diffusion of consumption patterns is occurring, we can question whether there is an equivalent trickle-down modern productive activity."(Armstrong and McGee, 1985. 85).

In this regard, a newly emerging pattern of international division of labor differentiates the importance of industrialization upon patterns of urbanization in the production circuit. One of the most distinctive characteristics in this new international division of labor(from now on, abbreviated as NIDL) is the transfer of manufacturing facilities from the core to the periphery. Globalization of production under NIDL was further extended to save production cost derived from increasing burden of welfare state in the core countries and economic rivalries among core countries. The significance of NIDL for our discussion is that, in most cases, the transfer of production facilities (globalization of production) into the periphery facilitated export promotion industrialization based on cheap labor.

Implications of uneven impact of capital on production circuit is most clearly demonstrated in the case of Free Export Zones through NIDL. Because the final destination of the goods produced in this area is not the urban-based domestic market as in the case of ISI, but foreign countries, the locations of these industrial parks are not necessarily limited to big cities. Rather, better locations for these industrial complexes are determined by the proximity to the foreign market or by the cost of transportation for export of produced goods and import of the raw material for the final goods.

II. Agrarian Transition and Urbanization

Generally, the role of agrarian sectors in connection with urbanization has been discussed in relation to the industrialization process. That is, the connection between changes in rural areas and changes in urbanization has been interpreted largely through the intervening variable of industrialization. The basic idea underlying these investigations is that with the rapid expansion of urban-based capitalist industrialization, rural areas were forced to become the supplier of the industrial

reserve army and of cheap food for the urban working class, and the source of economic surplus exploitation for industrial capital accumulation.

But in order to investigate the adaptability of this general model, we need to look into the diverse mechanisms of these relationships between industrialization and agrarian transition. Although the role of the agrarian sector in supporting and supplementing industrialization might be similar to each other with different pattern of industrialization, the underlying logic of making this relationship may possibly be different.

Good examples can be drawn by comparing the industrialization / agrarian change processes of Latin America and East Asia. In both cases, the agricultural sector was sacrificed for the purpose of further industrialization. (ISI in Latin America, EPI in East Asia). But the means and mechanisms of exploitation of agrarian sectors have been totally different in each region, and these differences are related to patterns of industrialization. We, therefore, need to pay more attention to diversified responses of rural areas under the general impact of capitalist penetration. The impact of agrarian transition upon urbanization can vary according to different historical experiences and concomitant social changes.

In Latin America, what de Janvry termed "functional dualism" (1981) characterizes agrarian transition. According to him, agricultural sectors in Latin America have been oriented toward export and small urban elite on the one hand, and the domestic market for basic foods have been consigned to the traditional peasant sector on the other. That is, simultaneous co-existence of a dichotomy between the capitalist agricultural production for export and luxury urban consumption and the more traditional peasant production for domestic consumption can be found in Latin America.

What is more important is the fact that these two sectors are inescapably interrelated with each other in the process of capitalist development. The peasant sector through the overexploitation of its own family labor provides "cheap" food products for the lower income domestic market, which is unprofitable for capitalist agricultural farming because of the small market size and state policies which favor industry and export-oriented commercial agriculture. At the same time, the peasant sector provides cheap wage laborers whose wage income is supplemented by its families subsistence food production. In short, along with foreign debt, export of commercial agricultural products provides a part of financial sources to import capital-intensive manufacturing facilities for ISI.

Spatial implication of this type of agrarian change can be found in the stagnation of urban growth in traditional agricultural areas and the growth of regional urban centers in commercial agricultural areas for agricultural products transactions and the supply and maintenance of agricultural machinery in capital-intensive farming areas.

When we compare the pattern of agrarian transition of Latin America and East Asia, de Janvry's

model of Latin American agrarian transition is unlikely to fit the cases of East Asian countries. In the East Asian countries of market economies (especially Taiwan and Korea), it is difficult to find the existence of export-oriented rural agrarian bourgeoisie or landlords. Also, a domestic-market-oriented medium size rural agrarian bourgeoisie is not visible. Instead, the predominant land-tenure system is based on independent small land-holders.

As in the case of Latin America, the agricultural sectors in East Asia had to be sacrificed for the purpose of rapid industrialization through the provision of cheap food and cheap labor. But the underlying logic and mechanisms of agrarian exploitation are different from Latin America. If we characterize Latin American agriculture (under the guiding concept of "functional dualism") as an increasing importance of capitalistic agricultural production at the cost of simple commodity production by the peasantry, then the story of East Asian agrarian transition can be characterized as the total control of independent small land-holders by the state for the purpose of rapid export-oriented industrialization.

The most important factor in explaining these differences between Latin America and East Asia can be found in the impact of land reform. Unlike the cases of incomplete land reform in Latin America, far-reaching land reform programs in the late 40s and early 50s in East Asia dramatically reduced the power of landlord class. The essential point is that after the land reform in this area it was no longer profitable or safe to invest in land, and there began a shift of capital from agriculture into commerce of industry. By 1965, owner-cultivator comprised 67 per cent of the agricultural population in Taiwan, and by 1974, 70 per cent in Korea (Hamilton, 1983, 50).

Under this historical background, not the capitalization of agriculture but the state, extracted agricultural surplus from the countryside for the purpose of industrial expansion. The state monopoly of grain purchases through its own agencies at prices below the market price, the selection of grain seeds for compulsory planting, the monopoly of fertilizers, and the heavy land taxes are some of the most important policy options employed by the government. In short, paradoxically enough, emancipation of the peasantry from the exploitation of the landlord class and Japanese colonialism opened the way for the super-exploitation by the state apparatuses for the purpose of rapid industrialization.

As we have seen already, spatial implication of this type of agrarian transition is the overall stagnation of regional urban centers in agricultural areas and the massive migration of the peasantry into the industrializing urban centers. In case of Korea, lack of rural industrialization (unlike the case of Taiwan) (Ho, 1982) even further expelled rural population into the two growth poles of Seoul and Pusan.

III. Development and Spatial Change in Korea

After the short experiment of primitive ISI during the 1950s, with capital obtained through US aid, Korea embarked upon the roads of EPI starting in the 1960's. It is a well known cliché that behind the success story of Korea there stands a policy of EPI. We should not place too much weight on this aspect of EPI, however, as the strategy of EPI in Korea can be regarded as a means to the end of independent national military and economic growth. Even during the high days of EPI, selective import substitution was pursued by a governments that officially adhered to the policy of EPI. In its extreme, the ultimate purpose of export was to earn enough capital to import necessary goods for internal self-independent industrialization.(Hamilton, 1986) In this sense, the strategy of EPI in Korea can be regarded as external market oriented only in the sense that economic growth has been led by the export sector. As Foster-Carter argues,

...South Korea's basic strategy should be seen as economic nationalism a la Fredrich List. National military strength was the goal; industrialization was the means; and export-orientation merely the 'means within the means', given that southern Korea lacked the raw material base for Pyungyang-style autarky."(1988, 13).

Although this is not the proper place to discussed the highly complicated internal post-War political history of Korea, for a better understanding of the above statement, we need to pay attention to the internal post-liberation history of the Korean peninsular. In its essence, what is important for our discussion is the recognition that from its liberation in 1945, Korean politics became a never-ending competitions between communist North and capitalist South to gain political and military hegemony in Korean peninsular.

However, after the 1960s, the situation changed. From this time on, competition between the South and the North became a typical case of the closed-market autarky system of the North versus open-market dependent development system of the South. This however, did not necessarily mean change in the essence of competition. It was a change in style only. Underneath the changes in the style of competition, there still remained the essence of competition for political hegemony in Korean peninsula through economic and military strength.

Under this broad historical background, internal and external structural conditions made the success story of Korea possible. As briefly discussed earlier, external structural conditions were satisfied by the changing international political economic system. As argued by many scholars(

Frobel et. al., 1981; Barnett and Muller, 1974), by the beginning of the sixties economic hegemony of "Pax-Americana" began to be challenged by the other capitalist core countries such as West Germany and Japan. In order to meet the internal challenges (derived from the outcome of the New Deal policy typified by the establishment of welfare state) as well as external challenges (competition from the inter-core rivalry), US business circles (especially international capital whose political bases are closely connected to Democratic Party) began to shift their strategy into that of the "globalization of production" in pursuit of cheap labor.

Globalization of production (or what others call "globalization of Fordism") also shift the traditional forms of Ricardian international division of labor into the so-called "New International Division of Labor". Without any doubt, these changes in international economy provided chances for the periphery to industrialize, albeit in primitive form.

Under the Cold War, the US highly valued Korea's strategic importance and aided Korea with military supplies and agricultural products under PL 480. Whatever the purposes of US aid, its significance cannot be underestimated at the initial stage of economic growth, especially when we think of the size of the Korean economy at the beginning of industrialization in 1960.

Also under the Cold War situation, for the purpose of consolidating the bulwark against the possible communist takeover, United States pushed Korea to normalize diplomatic ties with Japan which had been severed after the liberation. Normalization of relationship with Japan provided Korea not only with some badly needed capital (under the guise of reparation for atrocities done by Japanese in Korea during colonial days) but also, more importantly, with opportunities for opening the Korean market to Japan, thereby resulting in the massive influx of Japanese capital.

If the external conditions for rapid capital accumulation were met by NIDL and the East-West confrontation of the Cold War situation, what were the internal political prerequisites of rapid capital accumulation? This question must be answered against the backdrop of social structural changes in Korean society during the last three decades. It is largely a question of the relationship between the power of the state and the societal forces in formulating and executing economic policies and in distributing the fruits of economic growth.

In the case of Korea, due to its different historical background and its position within the world capitalist system, the role of the state in relation to the forces of capitalists and the working class has been different. In Korea, the capitalist class and the working class have never been equal partners in major policy decisions. Despite the growing influences of some gigantic enterprises called Chaebol upon economic, social, and political affairs, private capital is still a junior partner. Without strong governmental assistance, private capital in Korea would be in jeopardy in terms of financial resources and its ability to control the working class. Contemporary history of private capital in

Korea that can be exemplified by the rise and fall of numerous gigantic private capital at the whims of the state managers lends strong support to the argument that Chaebol have never been an co-equal partner but a subordinate partner in performing economic policies in Korea.

If the capitalist class can be regarded as a subordinate partner in formulating economic policies, then the working class and the state are logically and practically in a contradictory relationship. The legitimacy of the military regime depends on rapid economic growth, and this aggravated the possibility of gaining political legitimacy from the working class because rapid economic growth of Korea depended upon low-wage of the working class.

In short, internal structural prerequisites for rapid economic growth via EPI under NIDL was met by the presence of strong state in Korea. A well structured and tightly organized bureaucratic system from the Japanese colonial rule and a highly independent and powerful military organization backed by the United States under the Cold War logic was the alpha and omega of the so-called Korean "miracle." With the massive militarization of the civil society, indigeneous forces(including the emerging working class and the peasantry) were harshly repressed until the late seventies.

Labor unions existed in name only, the local capitalists were strongly controlled by the state's financial policies, and the landlord class was eradicated by the early sweeping landreform. Internal autonomy of the Korean state was also matched by its astute foreign economic policies, thereby escaping from the grips of foreign capital. In the formation of what Evans(1979)has called the triple alliance of the state, local capital, and multinational corporations, Korean state could exercise more influence(although still limited) in decision-making by not relying on the direct investment from foreign capital but on commercial loans from international banks, because the state, not the local capital, was the senior partner in Korea. For example, of all foreign capital that came into Korea as of 1983, less than 5% was direct investment: the rest was in the form of public and commercial loans. By contrast, in Mexico direct foreign investment in 1983 accounted for more than 13% of total external liabilities of the country.(Paik, 1986, 31; World Bank, 1985, 126)

Thus far, we have discussed the internal and external political and economic prerequisites of the so-called "Korean success story". Having identified the broad political economic aspects of social change that accompanied a specific type of industrialization and agrarian change, it is time to interpret specific type of spatial change within these broad social changes.

The first question to be answered is why industrial urban growth has been largely concentrated on the two areas of Seoul / Kyunggi and Pusan / Kyungsang area. First and foremost, locational aspects of this industrial and urban concentration should be interpreted under the broad settings of international political economy that can be typified as the NIDL.

Rapid economic growth in Korea as a process of nationalistic capital accumulation faced serious

obstacles to rapid economic growth upon which political legitimacy of the military regime depended. With the initial accumulation derived from US aid and the normalization of economic ties with Japan, the Korean state had to rely on other methods of capital accumulation, two of which were borrowing from international sources and the promotion of EPI.

Geographically, the Pusan / Kyungsang region is closer to external markets for imports and exports. Coincidentally, this region has developed well-established port facilities due to its past colonial history. Once the foundations of the EPI were laid around Pusan, the development of the surrounding areas of this port city escalated, thereby forming massive industrial complexes in this part of the Korean peninsula. Also Seoul has the port city of Inchon for the facilitation of EPI and the colonial legacy did play some part in the massive industrialization in this area.

We must acknowledge, however, that this explanation for the rapid growth of intermediate-sized industrial cities in these two regions solely based on EPI / NIDL must be accompanied by another dimension of Korean economy. In other words, the above explanation is only half-complete in the sense that although the insertion of the Korean economy into the world capitalist system under NIDL explains the growth of intermediate-sized cities in two regions, it does not explain why the other parts (especially southeastern agricultural Cholla province) of the peninsula failed to develop.

A simple argument which places emphasis on one part of the region (in this case, two growth areas of Seoul / Kyunggi and Pusan / Kyungsang) naturally leads to the relative abandonment of the other region (in this case agricultural areas) is nothing but another version of the orthodox equilibrium explanation which, I have argued, is ineffective in explaining peripheral urbanization. For example, from a modernization perspective Mills and Song argue that:

...since the late 1960s, the south western coastal region has unquestionably emerged as the country's major growth area. In many ways it is natural that this area should develop as Korea industrializes. It is that part of the country closest to sources of raw materials, most of which are imported, and to Japan and other foreign buyers of exports. (1979, 53) (underline is mine)

Here, even without any significant theoretical attachment to NIDL, Mills and Song explain the growth of southwestern industrial cities as a "natural" outcome of EPI pattern of economic growth in Korea. Full acceptance of this reasoning would inevitably lead to the argument that if the major partner of Korean EPI were not Japan but China, (instead of southeastern regions), the southwestern agricultural province would have developed massive intermediate-sized industrial urban centers due to its geographical proximity to China.

But if we follow this logic of reasoning, it leads to the conclusion that agricultural sectors in Korea have played no important role in Korean economic growth which, we have argued, is incorrect. In

this sense, it is doubtful whether the southwestern agricultural regions might have been turned into massive industrial regions even if the major trading partner was not Japan but China. The probable consequences of urbanization pattern under the EPI with its major market in China would be the massive industrialization of Seoul / Kyunggi and without any significant industrial growth in the agricultural Cholla province.

Such discussions do not necessarily lead to the conclusion that in the future the southwestern agricultural regions will not develop into industrial centers. Quite the contrary, with the change of the world capitalist system (including increasing competition from East Asian EPI-style capital accumulation regimes, and the comparative decline of US markets and so on), Korea as a semi-periphery will need the cheap labor from peripheral regions such as China and the Philippines to compete in the world market. This would result in the prosperity of the southwestern agricultural regions which are largely focused on capital-intensive industrialization, thereby increasing the possibility of exploiting cheap labor in other peripheral countries. Furthermore, with the sizable amount of capital accumulation and technology at hand, Korea will be able to import the necessary amount of grain from foreign countries to feed the urban working class.

In short, with its successful experiment with EPI, Korea does not have to rely on agriculture to accumulate capital. Rather than being a source of capital accumulation, excessive investment on agriculture would be regarded as being wasteful from comparative point of view. As a consequence, urban growth in the southwestern agricultural regions (with the opening of Chinese market) would have a totally different logic of reasoning from what modernization theorists as well as crude versions of world-system perspective can provide. But in predicting future urban / regional development upon these theoretical perspectives, we need to be careful not to be deterministic because there are still too many unpredictable internal and external variables related to the role of the core countries and the changing international relations surrounding the Korean peninsula.

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〈國文抄錄〉

空間과 發展

姜 明 求

한국에 있어 도시화의 일반적 표출 양태를 요약정리한 1편에 이어 본 연구논문 제2편에서는 한국의 도시화를 설명해주는 설명틀의 소개에 주력하였다. 즉, 산업화와 농촌변화 및 도시화로 표현되는 공간변화 3자간의 관계가 정치 경제학적 분석틀을 원용하여 한국의 케이스에 적용되었는바, 한국적 케이스의 독특성을 부각시키기 위해서 남미의 경우와 비교하는 방법도 간략히 도입되었다.

즉, 1960년대 이후 급격한 한국의 도시화 및 도시화의 지역적 편중 현상은 먼저 한국이 세계 자본주의 경제체제에 편입된 형태(신 국제 분업질서)와 밀접히 연관되어 있다고 주장되었다. 신 국제 분업 질서 체제하에서 한국은 노동집약적, 수출주도형 산업화를 지향할 수 밖에 없었고 이는 원자재의 수입과 가공된 완제품의 수출을 용이하게 해줄 수 있던 한반도의 동남해안 지역을 산업화 시키는 공간변화 현상을 초래하였다.

아울러 호남지역을 비롯한 농촌지역은 도시 근로자의 저임금을 가능케하는 낮은 가격으로 미곡을 생산함과 동시에 농촌지역의 피폐로 인한 대량의 인구 방출로 싸고 풍부한 양질의 노동력을 산업화된 지역에 공급하는 이중 기능을 담당한 것으로 주장되었다. 따라서 농촌 지역에서의 도시화는 극도로 억제되었다.

이러한 도시화를 가능케 해주었던 정치 경제적 요인의 요체는 결국 냉전체제하에서 남북대치로 대표되는 한국적 상황 이었는바, 남미의 경우와는 달리, 한국의 국가는 강력한 중앙 집권적 개발독재 체제하에서 사회 제 세력의 욕구분출을 억제하고 남북대결에서 우위를 점하려는 자본축적의 길을 가능한 모든 수단을 동원하여 추구하게 되었다. 이러한 정치 경제적 요인이 결국 세계 체제로의 원활한 편입과 이에 상응하는 자본 축적의 구조를 창출하였으며 이러한 상황의 공간적 표현이 한국적 도시화 및 지역 개발의 주 원인으로 작용되었다.