

# The Role of Land Policies : Legitimacy, Accumulation, and the State\*

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## 1. Introduction

During the last few decades, Korean society and its political-economic structure have undergone a significant transformation. Korea has changed from an agrarian society to an industrial one. This industrialization has been accompanied with the most intensive and rapid urbanization in the world. During this process, urban land problems, including high land prices, land speculation and mal-distribution of land ownership, have emerged as a serious source of socio-economic conflicts. The Korean state has intervened in these conflicts.

One policy designed to redress land problems was the idle land policy, which compelled Korean business groups, known as the chaebol, to dispose of their inessential land. On May 7, 1990, President Roh Tae-woo declared war on corporate land speculation. Pursuant to the President's directives, the government ordered the forty-eight business groups to dispose of their land. This attempt by the

state to enforce the disposal of the chaebol's idle land was not its first. The first measure was taken by the Yushin regime of President Park Chung-hee. On May 29, 1974, the government issued the presidential special directives, which aimed to strengthen the business financial capability by requiring that they open ownership to the public through the stock market. One of the measures used to accomplish these directives' goals was to instruct the indebted business groups to sell their real estate. The second measure was enacted during Chum Doo-hwan's government. On September 27, 1980, the Standing Committee for Emergency National Security Measures announced "Measures for Strengthening the Business Structure," which included policy concerning idle land. The twenty-six highest ranked business groups had to dispose of the idle land held by both the firms and their large shareholders' families. Table 1 summarizes the goals and achievements of each policy.

This paper attempts to interpret policy concerning idle land issues, paying particular attention to the forces that drove the state to initiate the policy reform. Previous research on land policies in Korea has suffered from apolitical orientation and a lack of awareness of large societal forces on its policy issues (e.g., M.C. Hwang 1985, KRIHS 1984 and 1989, C.J. Yi 1988). Most research has focussed on the exogenous economic variables which are

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Table 1. The Targets and Achievements of the Idle Land Policy

Program	(unit : 000 pyong)		
	1974 <sup>a)</sup>	1980 <sup>b)</sup>	1990 <sup>c)</sup>
Total Chaebol's Land	N/A	442,912	206,349
Total Idle Land	30,263	85,335	67,797
Chaebol's Proposal to Sell	5,380	29,495	31,350
State's Decision to Sell	7,150	85,335	57,500
Chaebol's Sales	3,820	64,197	57,500

Note : The policy target for the 1974 program increased from 7,150,000 pyong in 1974 to 12,348,000 pyong in 1978. The Chaebol's sale amount also increased from 3,820,000 pyong in 1977 to 7,438,000 pyong in 1979. a) is for 1974~1977, b) for 1980~1982, and c) for 1990~1992.

Source : a) Choson ilbo, July 4, 1978. Korea Land Bank, 1979 : 71. National Assembly, October 27, 1978.

b) Seoul Economic News, October 17, 1980. National Assembly, October 28, 1982, and February 28, 1982. Korea Land Development corp, 1989.

c) Tonga ilbo, May 11, 1990. Office of National Taxation, 1990. Economic Planning Board, 1990. Ministry of Finance, May 1992.

supposed to work efficiently to obtain maximized equilibrium in the market place. The rationale of land policies is in its supplementary function of this invisible market mechanism. However, they have neglected the blend of motives moving the land market, including the role of both capitalists and state intervention. Even if land economists have displayed land theories based on the market mechanism, the land market, in fact, cannot be fully understood without understanding the logic of state policy, because state intervention is a vital factor in the process of production and distribution of resources in urban society. The debates concerning less state intervention for market efficiency vis-à-vis more state intervention for social justice are not enough in dealing with land issues, for the state decides whether the market mechanism should distribute land or whether the state should intervene in the process of distribution of land. This decision is dependent upon the nature of the state, its ideology, social objectives, and the status of power distribution within society (Gilbert 1984 : 226).

The purpose of this paper is to examine the role of state intervention in the disputes of urban land by examining the issue of idle land in 1974, 1980 and 1990.

By describing and interpreting the motivations for this regulatory policy formation, the paper demonstrates how the state has sought to use land to obtain a legitimate and neutral political image from the general public, promote long-term interests of the dominant capitalists, and legitimize its political regime created by an undemocratic process. In pursuing the basic objective of investigating the idle land policy, the major avenue taken will be to explore the critical dimension of the Korean political economy on urban land, for the land question has become the central policy issue in Korea.

## 2. Outside Initiative Explanation : Demand from the Populace and the Legitimacy of the State

The initiation of idle land policy has been closely related to the cyclical land booms of 1968~69, 1977~78, and 1988~1989. Since land prices increased much faster than other economic indicators, land was generally perceived as the most profitable investment alternative whenever surplus funds were available. The cyclical occurrence and negative consequences of these speculative land booms attracted the attentions of contending

groups (e.g., tenants) and advocacy groups (e.g., real estate experts and media reporters). Though spontaneous rather than organized, residents' movements occurred during the process of urban renewal and large-scale land development. A prominent example was the urban riot at the Kwangju Site in Kyonggi Province (now renamed Songnam City) on August 10, 1971. Other incidents included the residents' movements at Mok-tong in Seoul in October 1984, and at Sanggye-dong in Seoul in April 1987.

These residents' movements caught the attention of some intellectual groups. The first activities for the urban poor were started by the religiously-affiliated organizations, which were backed by the Institute of Urban Studies and Development at Yonsei University in 1968 (M. Kim 1992 : 192). Major activists from this institute were arrested for anti-government activities against President Park, and it was closed in 1979. Yet in the late 1980s, two organizations, based on this institute, were created : the Catholic Association for the Urban Poor, and the Protestant Missionary Association for the Urban Poor. Another intellectual group was the Citizen's Association for Practicing Economic Justice, organized in 1989 when the third land boom came and when the state announced its Land and Public Welfare Program. Composed of scholars, religious leaders and lawyers, this Citizen's Association 'goal was to mobilize citizens' power to increase social and economic justice, particularly in the area of land and housing issues. The last advocacy groups were real estate experts and media reporters, who publicized the negative impacts of land booms in news papers, journals and magazines. The influence of these groups was not minor, although they were not social activists. They continuously warned about the seriousness of land problems, and raised the issues of unfair distribution

of costs and benefits from land and associated social injustices. Unlike other advocacy groups, these real estate experts and mass media groups have continued their activities from the 1960s to the 1990s.

These contending and advocacy groups expressed their antagonism against speculative investors and complained about state land policy. To put their criticism simply, "Who led land speculation? Among speculators who had available surplus funds, the chaebol were the key leaders of land booms." These advocacy groups demanded that the government take action to redress land problems and the chaebol's speculation. A survey of experts' papers (Jung 1993a : 246-47) shows that the number of papers demanding for government intervention into the land market were concentrated during the peak periods of land booms, i.e., 1976~1978, 1983~1985, and 1988~1990.

These concerns also resonated with the general public, because many families, including the middle class, could not buy homes due to high housing prices, which were linked to high land prices. Several source surveying the public's attitudes towards land policies show the strength of the demands from the public. In 1979, ninety-four percent of the population called for the state to intervene in the chaebol's land situation, while only two percent of the population opposed state intervention (KRIHS 1979 : 67-70). In 1985, 91.3 percent responded "yes" to state intervention, while 8.3 percent said "no" (KRIHS 1985 : 88-93). Even 75.6 percent of the landowners who held idle land responded "yes" to state regulation, while only 15.9 percent opposed it (KRIHS 1985 : 93).

These public demands fostered the condition for the state to act against the chaebol. As O'Connor (1973) and Hamilton (1982) argued, the state cannot ignore the demands of the general populace,

though the fundamental interest of the capitalist state is to encourage capital accumulation. President Park, Chun and Roh realized that the political image and credibility of the government would be severely damaged if it did not take some action to respond to people's demands. Consequently, the state implemented the idle land policies of 1974, 1980 and 1990.

Though the government's policy worked against short-term capital accumulation, it was consistent with both short- and long-term political concerns. If land problems became so severe that people's complaints increased, political security would be jeopardized and the antagonism toward the ruling class would increase. This situation could endanger existing capitalists and the political system itself.

The senior economic assistant to president Roh, Mr. Hi-gap Mun, identified the main point of the purpose of this policy reform. At an interview, he stated :

As we concentrated our energy on economic growth, various contradictions have grown, for instance, economic concentration within a few hands and growing disparity between regional and income groups... If we do not redress these problems, We cannot keep our system... We should not postpone the economic reform. The high income groups should not fall into a trap. If they do not yields small things right now, they will lose everything in the future.

Unearned income [generated from land] should not be permitted anymore... If we fail to implement economic reform right now, I believe, the existing system will be destroyed by radical forces. If the democratic system collapses, who will lose the most? They will be the have-groups who oppose yielding in small matters now... We need cooperation from policy target groups, i.e., the privileged groups. This reform is not revolution, but is necessary to prevent revolution (Han'guk ilbo, July 30, 1989).

The history of idle land policy dates

back to the early 1970s. On April 5, 1970, the National Taxation Office recommended that the chaebol dispose of their "speculative" land (Institute of Administration Research 1989 : 13). Nothing happened. In the fall of 1970, the Ministry of Finance announced that the government would collect debts from business group, who delayed their repayment of bank loans and whose loans surpassed one billion Won (\$3.3million). The business groups pledged to repay their loans by December 20 1970, by off-setting their deposits with bank loans or by selling their idle land.

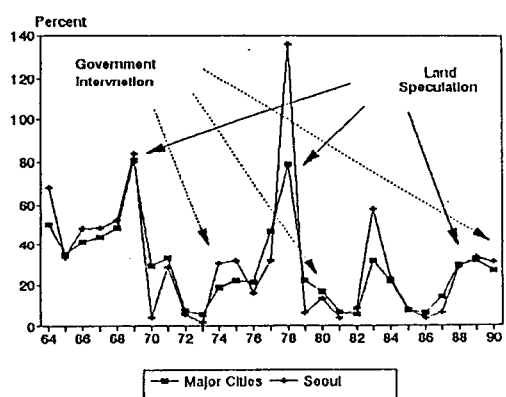
The Minister of Finance, Tog-u Nam, addressed the purpose of this policy at the National Assembly.

By November 30, 1970, 8.3billion Won were collected, among which 2.1billion won (\$6.9million) were redeemed by selling their land... We all are anti-communists. We oppose communism. The shield which will prevent communism is to achieve distributional justice. The idea of the anti-speculation law is to achieve this purpose... Therefore, we have to prevent speculation... The anti-speculation law does not propose to increase taxation at all, but it is to prevent further speculation (National Assembly, December 17, 1970).

If land problems were not redressed, feelings of relative alienation would increase among the general populace, endangering the survival of the system itself. Even if the state was concerned with the accumulation issue, it also had to pay attention to preserving the existing political and economic system. Thus, the state initiated the idle land policy to maintain and prevent threats to its political viability. These concerns have recurred whenever land conflicts reached their peak.

There is one more issue worth mentioning. If the state had adopted this policy in answer to demands from the general populace, the timing of the policy formulation

should have been in the years 1969, 1978 and 1989 when land speculation peaked, rather than the years 1974, 1980 and 1990 when the land markets were somewhat stable (figure 1). What accounts for these time gaps? Although people's demands were a necessary stimulus for the state to initiate this policy reform, they were not sufficient in themselves to affect state action. To fully understand these time lags, other explanations for the policy formation must be explored. These are discussed below.



source : Land prices for 1963~1974, Korea Appraisal Board, 1974. Land prices for 1975~1990, Ministry of Construction, 1991a.

Figure 1. Land Boom and the Idle Land Policy

### 3. Inside Initiative Explanation : Economic Crisis and Further Capital Accumulation

While the outside-initiative explanation basically linked policy output with political legitimacy, the inside-initiative model explains policy motivation from the accumulation perspective ; the fundamental concern of state managers was to further accumulation of capital, and thus land problems were recognized within this accumulation paradigm.

Though state managers have had consistent concerns about land problems, they

paid more attention to the development of the whole economy, especially rapid economic growth, which has been the fundamental goal of the government under Presidents Park, Chun and Roh. Land problems were thus handled within this context of growth-oriented policy goals. Policy managers calculated the losses and gains from land booms within the balance statements for the whole economy. The landowner-capitalists received significant amounts of profits from their land holdings because of the rapid increase of land prices. However, this continuous increase in land prices also negatively affected the needed accumulation of capital for the production sectors.

First, high land prices caused higher living costs for the labor force. The share of housing costs as a portion of laborers' total living costs increased from 15.2 percent in 1978 to 29.2 percent in 1988 (Institute for Nationality and Democracy Movements 1990 : 51). Workers requested higher wages to compensate for increasing rent. Rapid increase in land prices also lowered labor productivity. In order to purchase a twenty pyong (66m<sup>2</sup>) house, a laborer who graduated from a four-year university would have to spend 26-36 years saving twenty percent of his total income (C.H. Kim 1991 : 5-8). As laborers have seen their dream for their own home disappear due to the rapid increase in land prices, the work ethic, i.e., the famous Korean spirit of hard-work, has eroded.

Faced with the working classes' wage struggles, capitalists had to raise wages, thus increasing their production costs and prices for consumer and other goods. These factors, in turn, caused a decrease in current and potential consumption in the domestic market and a loss of competitiveness in international markets. Consequently, capitalists' profits from the production sector decreased, preventing capital accumulation from the production sec-

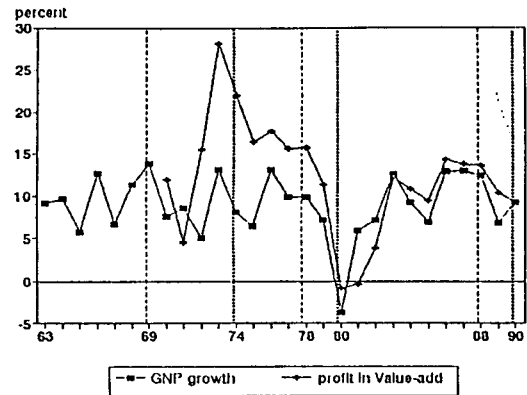
tor even when they obtained increased profits from land speculation.

Finally, as land prices increased, the state also found it difficult to fund the infrastructure necessary for the capitalists' accumulation. For instance, in 1977, the state paid 4,800 Won (\$10) per pyong in compensation for land used for infrastructure. Compensation increased to 9,800 Won (\$15) in 1980, 27,400 Won (\$31) in 1985, and 96,500 Won (\$135) in 1990 (konsolbu 1991b : 72).

The state strived to prevent these situations and instead produce the preferential conditions for economic development and rapid capital formation. since rapid growth for the general economy depended on rapid accumulation in the private sector, the state has monitored the trends of capitalists' profits and accumulation. When the private sector was not able to maintain some level of profits, the state regulated economic and social behavior.

Figure 2 shows the composition of the value-added amounts for all manufacturing and the growth rate of the GNP during 1963~1990. The growth rate of the GNP has always declined after the land booms. Along with the decline in the GNP growth rate, the percentage share of profits out of total value added also has declined after land booms. This negative relationship between the profits in manufacturing and the land boom may be explained either by the theory of Henry George, that land speculation causes economic recession (J.S. Lee 1990), or by the argument of David Harvey, that the economic recession or over-accumulation in the production sector precipitates land speculation (S.H. Chang 1990c). Although it is not clear which comes first, or what causes the other, there seems to be clear correlations between economic recession and land booms.

Therefore, the state's initiation of policies to control idle land has to be understood within this context, i.e., state man-



Source : Bank of Korea, Financial Statements Analysis, 1973~1991. Financial Statements Analysis, 1970, 1980, 1991.

Figure 2. Trends in the GNP and Business Profits in Value Added, 1963~90

agers' fundamental concerns about the aggregated interests of the economy as a whole. When the economy was depressed, the state initiated idle land policies in order to revitalize the economy by encouraging the chaebol to expand their investments in the industrial sector and by discouraging excessive investment in land. Given fixed surplus value, investment in land and investment in industrial facilities are zero-sum relations; the increase in one sector must lead to the decrease of the other sector. Furthermore, by compelling the chaebol to dispose of their idle land, the state tried to transfer idle capital invested in land into industrial capital.

However, this does not mean that the state violated the fundamental interests of the landowner-capitalists. Rather, the state's actions were designed to reinforce the capitalists' long-term confidence in the production sector. Capital gains from land are not created values, but simply the transformation of surplus values from one to another recipient; there should be some surplus values created in the production sector. Investment in land without significant investment in the production sector will result in a collapse of the econ-

omy. By forcing the chaebol to increase their investment in industrial equipment by disposal of their idle land, the state set, as its priority, the long-term stability of the nation's Economic structure, to which individual capitalists usually paid little attention.

Using this interpretation, the purpose of the idle land policy was to secure the long-term interests of capitalists, contrary to the general perception that the policy was initiated to punish them. The timing of the government's introducing this policy supports this interpretation, as it always coincided with situations where capitalists were suffering from burdensome financial expenses. Their difficulties arose from their heavy dependence on financial credit. During times of economic prosperity, capitalists could manage their debt; however, during times of economic depression, they struggled under heavy debt loads.

When the idle land policies were adopted in 1974, 1980 and 1990, the domestic economy was depressed, largely because of international difficulties, such as the collapse of the Bretton Wood system in August 1971, the oil crises in 1973 and 1979, and emerging neo-protectionism in the late 1980s. The Korean state, as a peripheral country, has had few alternatives for improving capitalists' financial structure, but has modified monetary and financial policies according to the changing situations.

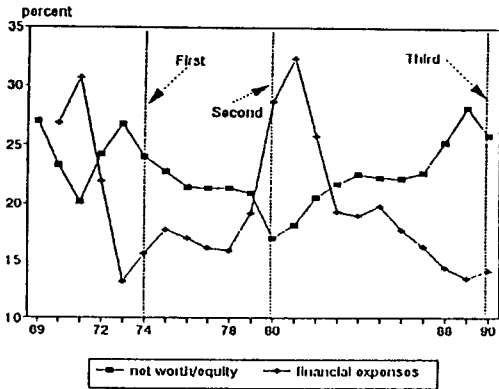
For this purpose, the so-called August 3 Measures in 1972, "the Presidential Emergency Decree for Economic Stability and Growth," was proposed to improve capitalists' financial position by freeing them from the heavy burdens of their borrowing from the curb market. Because of the August 3 Measures, capitalists, mostly the chaebol, were able to save a total of 102.8 billion Won (\$137million) in financial expenses (S.H. Yi 1985 : 272). Figures 3-4 show the impacts of these measures on all manufacturing. Financial costs were sud-

denly reduced and business profits then suddenly increased. The chaebol's financial statements showed even greater improvements.

The idle land policy was adopted under similar conditions. Around the time when businesses' financial structures weakened, i.e., their debt and financial expense ratio increased, or their net profit and net worth ratio decreased significantly, the state adopted the idle land policy. This policy helped business enterprises to significantly improve their financial structures. Along with this improvement, the general economy also prospered after the implementation of idle land policy (Jung 1993b).

The generalization about these policy impacts may be too arbitrary, since many other factors helped achieve economic growth and improvement. Nonetheless, these policies encouraged capitalists to improve their financial standing, a necessary condition which helped them increase their accumulation of capital. While the idle land policy might be detrimental to their short-term interests, it seems that it was very beneficial for capitalists in the long-term.

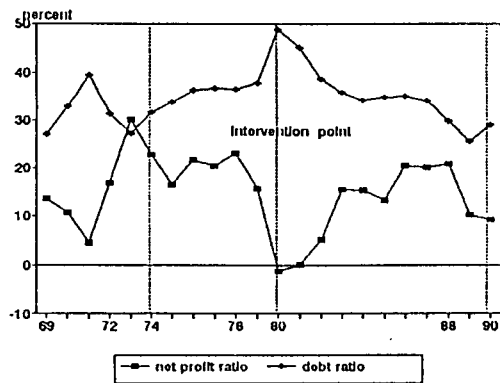
In summary, in addition to the strong demands from the populace, the Korean state adopted idle land policy measures when its economy was depressed. In dealing with idle land, the state acted to promote long-term economic development and accumulation, rather than to protect the short-term interests of the chaebol. Because state managers depend on a healthy economy for their security in office, the state was careful not to jeopardize the businessmen's fundamental confidence in government or transform the market system as a whole. The state first allowed the chaebol to sell their idle land, and only if they were unable to do this did the state step in with its institutions, such as the Korea Land Bank, the Korea Land Development Corporation, and the Korea Auction Corporation, to buy these lands.



Notes : Financial expenses ratio=financial expenses/total value added. Net worth ratio =net worth/the gross assets.

Source : Bank of Korea, Financial Statement, 1973~91.

Figure 3. Net Worth and Financial Cost Shares in all Manufacturing, 1969~1990



Note : Net profit ratio(%)=net profit/net worth. Debt ratio(10%)=(current+fixed liability)/net worth.

Source : Ibid, 1973~1991.

Figure 4. Net Profit and Debt Ratio in All Manufacturing, 1969~90

#### 4. Political Incidence Explanation : Discontinuity of the Constitutional Order and Political Symbolism

In addition to the legitimacy and accumulation explanations discussed, the idle

land policy can be analyzed within the context of Korean politics. As Henderson correctly stated (1968), Korean politics has been the "Politics of vortex." During the relatively short period since 1945, many political upheavals have occurred, and each regime succumbed either to military coups or citizens' revolutions. These "abnormal" transitions of political power have occurred in a more-or-less "regular" cycle. Whenever political leaders thought their political position was threatened, they manipulated existing political structures and revised the constitution.

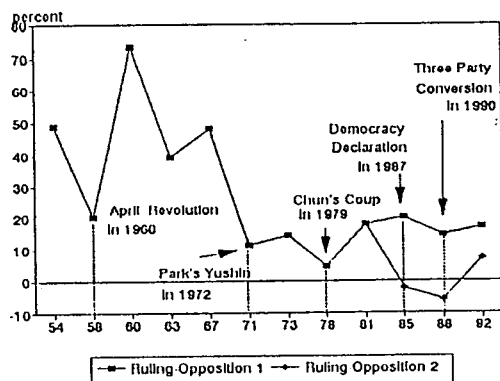
Throughout Korea's constitutional history, revision of the constitution could occur only with the approval of more than two-thirds of the national Assembly. Thus, Korean political analysts have called this two-thirds majority the Security Line for the ruling party, and the one-third minority the Constitution-Protection Line for the opposition party (P.M. An 1989 : 160). Whatever the ruling party, it has always attempted to control two-thirds of the National Assembly, while the opposition parties have tried to retain at least one-third of the National Assembly seats. If opposition parties won more than the one-third of the seats needed to protect the constitution, then ruling political leaders suspended the constitution, and used physical force to maintain their control and rule the country.

Figure 5 shows the differences in the vote to the ruling and the main opposition party, and figure 6 shows the differences in the number of National Assembly seats. In the assembly elections of 1958, 1971, 1978, 1985 and 1988, these differences were much lower than in other elections. While the 1958 and 1985 election led to a more democratic political system, the 1971, 1978 and 1988 elections resulted in more authoritarian governments.

Changes in the less democratic government have always led to the enactment of new policy for idle land. when President



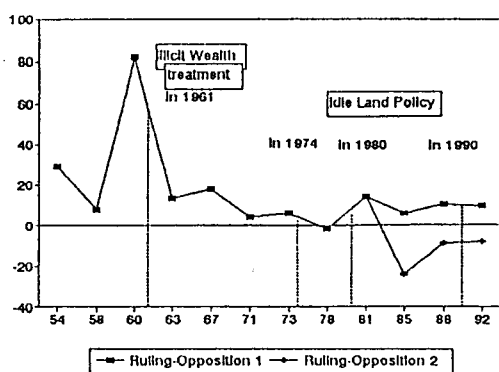
Park was challenged in the 1971 election, he carried out the Yushin Revolution in 1972. Two Years later he implemented the first idle land policy. while the Yushin system collapsed after the 1978 election,



Note : Opposition 1=the main opposition party.  
Opposition 2=the main plus second opposition parties.

Source : Central Election Management Committee, 1973, 1981[a], 1981[b], 1985, 1988, 1992.

Figure 5. Differences in the Vote to the Ruling and Opposition Parties and Political Upheaval, 1954~92



Source : Central Election Management Committee, 1973, 1981[a], 1981[b], 1985, 1988, 1992.

Figure 6. Differences in the Number of Assembly Seats to the Ruling and Opposition Parties and Idle Land Policy, 1954~92

General Chun replaced President Park in 1980. The second set of idle land policy measures was announced four weeks after his inauguration. As a reaction to the 1988 election, the ruling party merged with the two Kim's opposition parties in 1990. Two months after this merger, the third set of idle land policy measures was pronounced.

These changes in the political system, especially towards more authoritarian rule, were not welcomed by the people, and raised concerns about the government's legitimacy. Korea's rulers needed some symbolic issue to legitimize their political dominance. President Park's slogan was "Total solidarity." The bureaucracy, the military and a tightly fettered media were mobilized to propagandize this ideology to the whole society. Government's regulations on the chaebol's idle land were part of this symbolic measure. Park announced the purpose of the idle land policy on May 29.

We have requested that the chaebol improve their managerial efficiency and carry out their social responsibility of being people's enterprises. Furthermore, in constructing an advanced industrial society via developing heavy and chemical industries, businesses have to become large-scale firms to be able to compete at an international level. In order to achieve these aims, it is important to create a new economic climate in which all people can participate positively in business activities, the process of capital accumulation can achieve social harmony, and capital and labor can cooperate with each other (Seoul Economic News, May 30, 1974).

President Chun's slogan was "Democracy and the Welfare Society (*Minju pokchisahoe*)," though his regime was never democratic. The objectives of idle land policy measures, as indicated by Chun on September 27, were to solve the then current economic crisis and to reinforce the

chaebol's competitiveness, thus bringing about a democratic welfare society. Chun announced :

Speculative inefficiency and irrationality has to be eliminated in order to allow the rationality of capitalism to take root in our country. The chaebol have to cope with their difficulties with strong beliefs, and dedicate themselves to participate in productive activities [but not speculative activities] and to improve business health. Since these are the ways to show their love of the country, the chaebol have to bear these things in mind, and participate actively in constructing the welfare society (Seoul Economic News, September 29, 1980).

In addition, President Chun told the representatives of the chaebol that the purpose of these measures was to "show the people" that the chaebol themselves were trying to improve their financial structures (Seoul Economic News, October 1, 1980).

President Roh used the slogan of "The Era of Normal People." He declared the creation of the era of normal people, not of authoritarian and privileged groups. However, the process and the purpose of merging the ruling with the two main opposition parties were not consistent with his slogan. Idle land policy measures were introduced to legitimize the integration of the three parties. President Roh recognized this in a statement on May 7, 1990.

By integrating three parties, a base for political stability was achieved. However, the process has disappointed the people. The government has failed to meet the people's belief about its policy consistency. The people do not believe the government's desire for stability. Because of rocketed land prices, many people are frustrated by losing the dream of their home.

I feel blame as president... The business enterprises which have received the most benefits from economic development have to dispose of their idle land

voluntarily in order to solve land problems and conflicts (Tonga ilbo, May 7, 1990).

In summary introducing idle land policy measures in 1974, 1980 and 1990 was closely related to changes to a less democratic political power structure. Political leaders needed to legitimize their suspension of the constitution. Faced with problems of legitimacy, they utilized the economic leaders' irregular activities, i.e., the chaebol's land speculation, as a vehicle.

The state's activities against the interests of the economic ruling groups were to demonstrate that its restructuring of the political power structure was more for the people's welfare than for the promotion of the chaebol's privileges ; suspension of normal democratic constitutional rule was needed to achieve these purposes. In addition, by implementing an idle land policy, the state attempted to reshape its relations with the economically dominant class, the chaebol, which kept good relations with the preceding regimes. The state used idle land policy to exert its dominance over the business community, and implemented measures that the business community had to respond to (Jones & Sakong 1980 : 285)

## 5. Conclusion and Future Implication

Despite close affiliation with the chaebol throughout the past four decades, the Korean state adopted idle land policy measures, which worked against the short-term interests of the economically dominant class. This paper has analyzed the conditions which led the state to initiate this policy reform. Even if limited in scope, some causal regularities in policy adoption were found.

First, strong demands from the populace prompted the initiation of idle land

poicy. Land booms triggered conflicts in the process of distributing the gains generated from land. During the peak of land booms, the general populace as well as contending and advocacy groups called for state intervention in land markets. Since the fundamental role of the capitalist state includes its continuance, the state had to respond to the people's demands, when they were deemed strong enough to threaten the existing political system.

Second, when the economy faced accumulation crises, and Korean business groups suffered from burdensome financial expenses, the state initiated an idle land policy. To policy elite, investment in land and investment in industry were zero-sum relations, given fixed available funds. The increase of investment in one sector must lead to the decrease of the share in the other sector. By compelling the chaebol to dispose of their idle land and repay financial loans by using the proceeds of their land sales, the state attempted to transfer idle capital invested in land into industrial capital, thus solving accumulation crises. This necessity of strengthening the chaebol's financial standings was rediscovered in the transitory stage for restructuring the industrial structure from light to heavy and chemical industries in 1973~1974, the articulation of heavy industries and the introduction of the high technology industries in 1979~1980, and the re-emphasis of technology intensive industries in the late 1980s.

These policies did not ignore the fundamental interests of capitalists, however. Regulative policy was strictly applied only to idle land. Although the state regulated idle land used by capitalists to search for their capital gains, it promoted capitalists' ownership of industrial land. This increased their productive capacity and profits while avoiding class conflicts with non-capitalist landowners.

Finally, the initiation of idle policy was

closely related to the discontinuance of constitutional order. The state used idle land issue, when political leaders had to legitimize their undemocratic takeovers of political power. This policy was also used by state leaders to reshaper their relations with the country's economic leaders, who had good relationships with the preceding regimes. All of these factors put the idle land issue on the policy agenda. In conclusion, the idle land policy demonstrated that policy evolved along with changes in the interaction of policy makers and the constraints placed on them by political, economical and social environments, and by the influence of global factors. Because of the dynamics of capitalist development, the idle land issue may rise again. There will not be a single future of idle land issues, however, because the issues will reflect the changes in contexts of both economic and political situations, and of domestic and international settings. State response to land issues will also be contingent upon the changes in the internal and external relationships within the capitalist system. Thus, policy analyses on urban land issues also have to be made in a way that emphasizes the historical and international-local contingencies beyond the arguments for/against either the market or government failures.

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