

# The Cultural Circuit of Capital and the Evolution of Regional Development Policy in Korea: A New Form of Managerialist Governance in Action?\*

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## 자본의 문화적 순환과 한국 지역발전 정책의 진화: 새로운 관리주의 거버넌스 형태의 등장?\*

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**Abstract:** This article offers an account of how regional development policy in Korea has evolved under the influence of actor-networks comprising the cultural circuit of soft capitalism. In so doing, the roles played by transnational actor-networks forged between global consulting firms and national business media are emphasized. For this discussion, the waning of spatial Keynesianism in the country is contextualized in the first place, with particular attention to changing planning goals of key regional development policies including consultancies, influential policy gurus (e.g., Michael Porter and Richard Florida), and local business media outlet *Maekyong* are found to be key movers and shakers in the transition. These empirical findings call for striking a balance between dominant structuralist accounts and emerging actor-oriented approaches, and also help shed a new light on the dualistic conceptualization of managerialist and entrepreneurial governance in a way that the latter may be a new form of the former.

**Key Words :** regional development policy, spatial Keynesianism, managerialist governance, cultural circuit of capital, soft capitalism

**요약:** 이 논문의 목적은 한국 지역발전 정책의 진화에서 자본의 문화적 순환에 관계된 행위자-네트워크의 영향력을 검토하여 설명하는 것이다. 이를 위해, 2000년대 초반부터 2010년대 초반까지 벌어진 사건을 중심으로 글로벌 컨설팅 기업과 국내 경제언론 간에 맺어진 초국적 행위자-네트워크의 역할에 주목한다. 이 시기 동안 우리나라의 지역발전 정책은 지역 간 균형을 추구하는 공간적 케인스주의가 쇠퇴하며 지역 경쟁력에 집중하는 방향으로 선화했는데, 이는 국토종합(개발)계획, 수도권정비계획, 국가균형발전특별법의 변화를 통해서 확인했다. 이때 등장했던 혁신성 및 창의성 주도형 지역발전 정책의 형성 과정에서 자본의 문화적 순환에 관여하는 행위자-네트워크, 구체적으로 매일경제와 글로벌 컨설팅 기업이 공동 생산하여 확산시키는 처방적 경영지식과

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마이클 포터나 리처드 플로리다와 같은 지역정책 구루의 역할이 중요했다. 이러한 경험적 발견은 구조주의에 기반한 지배적인 설명 양식의 한계를 드러내고, 지역발전 정책 연구에서 행위자 중심적 접근의 적합성과 타당성을 적시한다. 아울러, 관리주의 거버넌스와 기업가주의 거버넌스 간 이분법적 개념화의 현실적 문제도 발견했다. 문화적 순환의 행위자들은 관리주의적 담론과 실천의 지식을 생산해 유포하는 경향이 현저했기 때문이다. 따라서 기업가주의 거버넌스가 관리주의의 새로운 형태는 아닌지에 대하여 보다 면밀히 점검할 필요가 있다고 판단된다.

**주요어:** 지역발전 정책, 공간적 케인스주의, 관리주의 거버넌스, 자본의 문화적 순환, 연성 자본주의

## 1. Introduction

Neil Brenner (2004a; 2004b; 2009) has found a generalizable tendency of the rise of ‘rescaled competition state regime (RCSR)’ regarding the emergence of urban and regional policy centered on innovation and creativity. His argument for such a form of spatial policy transition was made through a detailed geo-historical analysis of Western Europe. This can be characterized as a ‘scale-attuned theorization’ (Brenner, 2009) of current statehood restructuring, largely informed by Bob Jessop (2002) who refers to the state restructuring as the rise of Schumpeterian Workfare Postnational Regime (SWPR). Jessop (2002) proposed the concept in order to account the shifting logic of capital accumulation under knowledge-based capitalism, and to differentiate the contemporary innovation-centered state form from Keynesian Welfare Nation State (KWNS). As such, the rescaling process of urban and regional planning is theorized as a market-oriented, neoliberalized politico-institutional response to the crisis of Fordist-Keynesianism, and this theorization is in line with neo-Marxist, regulationist state theory that integrates scalar geometry into the periodization of evolving

capitalism (Peck and Tickell, 1994; Swyngedouw, 1997; Smith, 2004).

It needs to note that the idea of ‘state scalar selectivity’ is at the center of Brenner’s (2004a) theory on state structuring and regional policy. More specifically, he argues, urban and regional policy as a form of state’s political strategies, which are designed to promote capitalist accumulation and address systemic regulatory problems, has a historically specific scalar configuration. In this regulationist framework, Brenner (2004a) also suggests, scalar architecture of urban and regional planning has shifted in general away from ‘spatial Keynesianism’ that promoted nationally balanced territorial development with various redistributive orientations such as national government’s investment in economically distressed areas, and towards a rescaled competition regime which re-positions urban and regional economies within transnational circuits of capital accumulation. This perspective focused on scalar and territorial politics has been highly influential to the understanding of the evolving urban and regional policy in South Korea, with particular attention to ‘glocalizing’ and/or ‘scale-jumping’ dynamics of local policy governance (Lee, 2009; Park, 2008). In the meantime, how and to what extent non-scalar, non-territorial,

and ‘relational’ modes of explanation can be adequate to the understanding has been little considered.

In this context of epistemological gap, this article aims to reinterpret and refigure the evolution of regional development policy in Korea from a relational viewpoint. For a more balanced understanding than above-noted existing studies such as Lee (2009) and Park (2008), particular explanatory weight is to be given to the role of what Thrift (2005) calls the ‘cultural circuit’ of capitalism. The idea of cultural circuit places emphasis on the discursive and performative power of managerial knowledge, especially prescriptive ones constructed and disseminated by business schools, management consultants, management gurus, and business media. Thrift (2005) has proposed the actor-oriented approach as an alternative to structuralist perspectives of such as Brenner (2004a) and Jessop (2002), whose undue and excessive emphasis on money, finance, and regulation failed to explain “what is [actually] new about contemporary capitalism” (Thrift, 2005). In contrast,

“the rise of this cultural circuit is ... the latest permutation of a knowledge economy ... arising out of the conglomeration of a vast array of social networks which conveyed not just ... propositional knowledge but also all manner of ... prescriptive knowledge. ... What the cultural circuit represents is the latest phase of [knowledge revolution], the dissemination of ... high-flying management theories on a mass scale in the guise of all manner of small-scale ‘how to’ practices. ... A good proportion of these management theories were directly or indirectly concerned with creativity

and innovation, and one way of looking at the knowledge revolution inspired by the cultural circuit of capital is the routinization of innovation, or even the bureaucratization of innovation.” (Thrift, 2005, 6-7)

Thrift (2015) also argues that the cultural circuit has become a “permanent feature of capitalism”, underscoring the fact that the “discursive apparatus” composed of such actors of business schools, management consultancies, and business media continuously producing and circulating both propositional and prescriptive knowledge has given rise to what he calls “soft capitalism”, which is different from harder form of capitalism founded upon physical and financial investment. Soft capitalism is deemed to be “more knowledgeable” in a sense that “it is increasingly impinging on what were once regarded as traditional academic preserves” (Thrift, 2015).

In this regard, the remaining of this article describes how regional development policy in Korea has evolved under the influence of actor-networks comprising the cultural circuit of soft capitalism. In so doing, the roles played by transnational actor-networks forged between global consulting firms, knowledgeable gurus, and national business media in the evolution are to be emphasized. For this discussion, following Section 2 contextualizes the waning of spatial Keynesianism in the country, with particular attention to changing planning goals of key regional development policies including Comprehensive National Territory Development Plan, Capital Region Rearrangement Plan, and Special Act for Balanced National Development.

Then, Section 3 delineates how the regional development policy transition took place between the early 2000s and the early 2010s, in association with the cultural circuit's growing influences on the shaping of innovation- and creativity-centered regional policymaking. Anything else, transnational consulting firms, local business media outlet *Maekyong*, knowledgeable gurus such as Michael Porter and Richard Florida are found to be key movers and shakers of the transition. Finally, these findings are summarized in concluding Section 4, which also offers a discussion on what theoretical implications the research has on the understanding of regional policy. Crucially, it sheds a new light on the dualistic conceptualization of managerialist and entrepreneurial governance and suggests that the latter could be a new form of the former, while calling for postcolonialist interventions in further studies.

## 2. Waning spatial Keynesianism

Neil Brenner's argument for the rise of rescaled competition state regime (RCSR) partly appropriate to the understanding of changes in urban and regional planning in Korea. From the early 2000s to early 2010s, the goals of urban and regional planning in the country have moved away from spatial equalization within national territory, and towards regional competitiveness and territorial integration into the global economy at the same time (Table 1). For example, redistributing development potentials and population dispersion comprise key planning goals in the 1980s, but they disappeared in the 2000s. Instead, responding to globalization and enhancing regional competitiveness have emerged to be new buzzwords for the country's spatial policy goals.

Table 1. Evolving urban and regional planning environment and goals in Korea, 1960s~2000s

Period	Planning environments	Planning goals
1960s	<ul style="list-style-type: none"> <li>• Social instability</li> </ul>	<ul style="list-style-type: none"> <li>• Modernizing industrial structure</li> </ul>
1970s	<ul style="list-style-type: none"> <li>• Economic growth</li> <li>• Inequality</li> </ul>	<ul style="list-style-type: none"> <li>• Rational use of national territory</li> <li>• Environment conservation</li> <li>• Limiting population growth in major cities</li> </ul>
1980s	<ul style="list-style-type: none"> <li>• Rapid economic growth</li> <li>• Continued population growth in major cities</li> <li>• Disorganized urban growth</li> <li>• Excessive real-estate speculation</li> </ul>	<ul style="list-style-type: none"> <li>• Spatially redistributing development potentials</li> <li>• Population dispersion from Seoul and the Capital Region</li> <li>• Environmental conservation</li> </ul>
1990s	<ul style="list-style-type: none"> <li>• Exacerbating uneven territorial development</li> <li>• Land price hike</li> <li>• Environmental contaminations</li> <li>• Deteriorating infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Capital Region's growth control</li> <li>• Inter-regional disparity reduction</li> <li>• Environmental conservation</li> <li>• Enhancing national competitiveness</li> <li>• Infrastructure expansion</li> </ul>
2000s	<ul style="list-style-type: none"> <li>• An era of diversity</li> <li>• An era of knowledge capitalism</li> <li>• Intensifying global competition</li> <li>• Progress in local autonomy</li> <li>• Global warming and energy crisis</li> </ul>	<ul style="list-style-type: none"> <li>• Responding to globalization and the growth of Northeast Asia</li> <li>• Integrated territorial development to prepare national unification</li> <li>• Regional competitiveness</li> <li>• Promoting information technology and knowledge-based economy</li> <li>• Sustainable development</li> </ul>

Source: MOLIT (2013)

To use Brenner's (2004a) terms, urban and regional policy in Korea has shifted from stylized spatial Keynesianism to a regime of competitive urbanism and regionalism. This shift can be seen in more detail through the evolution of the Comprehensive National Territory Development Plan (CNTDP), a long-term (ten to twenty years) national plan which has guided nation-wide urban and regional planning, and the Capital Region Rearrangement Plan (CRRP), a fifteen-year plan for the Capital Region including Seoul, Incheon, and Gyeonggi Province. The national government, more specifically Ministry of Land, Infrastructure, and Transportation (MOLIT), is responsible for the design and implementation of both Plans.

From the 1960s to the 1990s, relieving 'inter-regional disparity' was a sustained urban and regional planning goal. It maintained during the period with aim to address the issues of the primacy of Seoul and surrounding Capital Region in terms of population concentration and economic growth, and to spatially redistribute growth potentials and population in the long run. Despite disappointing achievement (Kim and Lim, 2005; MOLIT, 2013; Park, 2008), the goal was widely pursued in CNTDP such that an economist at Korea Development Institute (KDI) describes - "Korean regional policy ... virtually means balanced regional development policy. That is, regional development policy in Korea usually refers to a policy aimed at reducing inequality among regions. ... [T]he framework of 'capital vs. non-capital area' seems to capture people's perception of regional policy" (Kim, 2008). This statement suggests, the ideal of

balanced development had acted as an urban and regional planning legacy in Korea.

For the purpose, during the period of the First CNTDP (1972~1981), new 'growth poles' focused on heavy and chemical industries, including steel manufacturing, automobile assembly, and oil refinery, were built along the Southeast coastal area of the country. These 'spatially selective', to use Brenner's (2004a) term, industrial upgrading projects engendered a new form of inter-regional disparity. For they facilitated the rise of Seoul-Busan industrial corridor, which Richard Florida (2008) once referred to as 'Seoul-San' mega-region, and the underdevelopment of other regions on the other side. To address the issue, subsequent Second CNTDP (1982~1991) and Third CNTDP (1992~2001) were focused on nurturing growth potentials beyond the Seoul-Busan corridor through new industrial site development and transportation infrastructure construction (MOLIT, 2013).

Alongside the CNTDP, the national government started to implement CRRP from 1982 with aim to restrain population and industrial concentration in Seoul and surrounding Capital Region and induce a more balanced territorial development (Kim and Lim, 2005; MOLIT, 2013). This was a centralized and formalized planning scheme that replaced sporadically exercised pre-existing measures at multiple state agencies (Table 2). The Ministry of Construction, currently MOLIT, has been responsible for the CRRP. In the First CRRP (1982~1996), Seoul was designated as 'relocation promotion area', in which large factories and other facilities potential to increasing population, such as universities,

Table 2. Measures to restrict population and industrial growth in Seoul, 1964~1982

Year	Law/policy (Government organization in charge)
1964	Measures for the Restriction of Population Growth in the Capital Region (Ministry of Construction)
1969	Measures for the Management of Population and Facilities in Large Cities (Special Minister)
1970	Basic Guidelines for Restricting Overpopulation in the Capital Region (Ministry of Construction)
1972	Measures for Dispersing the Population (President Office)
1973	Measures for Dispersing the Population (Economic Planning Board)
1975	Population Dispersion Plan for Seoul (Seoul Metropolitan Government)
1977	Basic Plan for Relocating the Capital Region's Population (Special Minister)
1982	Plan for Restricting the Construction of Public Offices and Large Factories in the Capital Region (Ministry of Construction)

Source: Kim and Lim (2005, 28)

government offices, and corporate buildings, were encouraged to relocate outside the city. The state government also offered a variety of incentives while strictly regulating new construction projects of such facilities. Growth control in Seoul continued in the Second CRRP (1997~2011). To that end, new regulations including 'tax for inducing over-crowdedness' and 'regional factory quota' were also introduced.

However, the planning ideal of balanced territorial development has become relatively less significant since the early 2000s (Table 1). In that regard, two changes are noteworthy. First, the national government terminated the implementation of the Second CRRP in 2006 earlier than it was originally scheduled to implement, and also revamped the Plan, which was previously centered on 'growth restriction' in the Capital Region (MOLIT, 2013). Then, a new growth-oriented Third CRRP (2006~2020) was proposed as an alternative. In the new Plan, 'co-prosperity' with provincial regions has replaced the previous planning goals of growth control and restriction, and more importantly 'competition' and 'competitiveness' have emerged

as new planning slogan. This revision was intended to catch up more advanced cities and regions around the world. More specifically, the Third CRRP pursued such goals as: (1) improving quality of life to a level of advanced countries; (2) establishing a management base of sustainable growth; (3) developing the Capital Region together with peripheral regions; and, (4) enhancing the Capital Region's competitiveness as an economic center of Northeast Asia (MOLIT, 2013).

Second, CNTDP has also experienced similar changes to CRRP, but in a different trajectory. The third CNTDP underwent an early termination in 1999, and instead a longer-term twenty-year plan was proposed in 2000. In the original Fourth CNTDP (2000~2020), the idea of 'regional competitiveness' was introduced for the first time, and 'national territory's openness' was also emphasized in order to express the national government's will to deepen its involvement in globalization and prepare for national unification with North Korea, with a weakened emphasis of balanced national territory. The Fourth CNTDP afterwards underwent two revisions in 2006 and 2011. The pursuit of

Table 3. Comparison of original and revised Special Act for Balanced National Development

	Original Special Act (2004)	Revised Special Act (2009)
Article 1 (Objective)	'To build an equitable national territory by <i>alleviating inter-regional disparity</i> and promoting regional innovation and self-sustaining regionalization'	'To achieve balanced regional development by enhancing regional competitiveness and improving quality of life'
Article 2 (Definitions)	'Balanced National Development means enhancing <i>equal opportunity for development among regions...</i> '	(Definition of balanced national development is expurgated)
Article 4 (Five-Year Plan)	'The Government... ought to formulate Five-Year Balanced National Development Plan'	'The Government... ought to formulate Five-Year Regional Development Plan'
Article 22 (Presidential Committee)	'The Presidential Committee on Balanced National Development ought to be established to efficiently formulate and enforce balanced national development policies'	'The Presidential Committee on Regional Development ought to be established to efficiently formulate and enforce regional development policies'

Source: National Law Information Center at <http://www.law.go.kr>

balanced national territory strengthened again in the 2006 revision to reflect former President Moo-Hyun Roh's (2003~2008) presidential election pledge. In the line, the Roh Administration established Presidential Committee on Balanced National Development (PCBND) in order to coordinate inter-ministry and inter-regional communication for balanced territorial development, and also introduced Special Act for Balanced National Development in 2004 to recognize the regional policy goal more formally. The Act, for example, requires the national government to formulate and implement Five-Year Balanced National Development Plan.

However, these institutionalization efforts of reinforcing the balanced territorial development ideal were largely abandoned under Mr. Roh's successor President Myung-Bak Lee (2008~2013). Mr. Lee censured the regional policy goal as a form of 'reverse discrimination' excluding Seoul and the Capital Region and 'populist redistribution policy' while serving as Seoul Mayor from 2002 to 2006. In the line, Mr. Lee's Administration revamped the Special Act for Balanced National Development in 2009, and expurgating the goal

of balanced national territory was at the center of the revision.

As Table 3 shows, the 2009 Special Act still stipulates the goal "to achieve balanced regional development", but the term 'balanced' has become ambiguous as a result of disassociating it with "alleviating inter-regional disparity" in Article 1, expurgating its legal definition in Article 2, and its replacement with 'regional development' in all Articles (for example, see Article 4 and Article 22). In other words, the term appears only once in the revised Special Act with no legal definition. In the same way, PCBND was renamed to Presidential Committee on Regional Development (PCRD) in 2009, and the goal of balanced development was also erased in the Fourth CNTDP through a revision in 2011. Instead, five new, and excessively tautological and flowerily embellished, urban and regional planning goals appeared in the Fourth CNTDP including: 'global green national territory', 'sustainable, eco-friendly national territory', 'competitively integrated national territory', 'open territory to the world', and 'attractive national territory of world class' (MOLIT, 2013).

In a nutshell, urban and regional planning in Korea has shifted to the direction of what Brenner (2004a) calls ‘rescaled competition state regime’, given that planning goals at the national government are increasingly aligned to local competitiveness in global economy. As the early CNTDPs and CRRPs illustrate, urban and regional policy in Korea until 1990s can also be characterized as spatial Keynesianism. For similar to Western Europe between early 1960s and 1970s “national state initiatives were ... designed to spread growth into underdeveloped regions and rural peripheries across the national territory” (Brenner, 2004b).

However, unlike Western Europe, global economy was also an important constituent element of spatial Keynesianism in Korea from its inception. Balanced territorial development projects in the country, such as heavy and chemical industry districts in Southeast coast, were designed to promote ‘export-oriented industrialization’ (Amsden, 1989; Wade, 1990), or more critical scholars call ‘peripheral Fordism’ (Lipietz, 1987; Harvey, 1989) to note the exploitative nature of such regional development dependent upon transnational corporations. Therefore, global capitalism *per se* hardly demarcates the epoch between spatial Keynesianism and competitive development regime in Korea.

Nor does local planning governance, or what Brenner calls downwards rescaling process, appear to be a form of capitalist crisis management in Korea. Rather, it was national authoritarianism’s crisis that enabled local planning governance in the first place. Citizens’

movements reflecting what Barnett (2005) may call ‘populist ethos’ drove military authoritarian ruling out of the national government in the early 1990s after securing a complete ‘representative’ democracy in the late 1980s, and then pushed national politicians to enforce Local Autonomy Act in 1994. In this process, the Korean developmental state has undergone a qualitative transformation, and as a ramification more localized planning governance has emerged as we will see in the next section. While doing so, innovation and creativity rose to be key concepts for regional policy. This regional policy shift that sustained from the early 2000s to the early 2010s was driven by what Thrift (2005) calls the cultural circuit of capital, which played a critical role in shaping leadership vision at both national and local governments.

### 3. The Cultural Circuit in Action

Typical governance practices of the so-called ‘developmental state’ have been influential to urban and regional planning in Korea (Hill and Kim, 2000; Park, 2003).<sup>1)</sup> In the era of spatial Keynesianism that began in the 1960s and lasted until the 1990s, economic growth was the top priority of two authoritarian presidents who seized the power through military coup: i.e., former President Chung-Hee Park (1961~1979) and his successor Doo-Hwan Chun (1980~1988). Their visions of development and industrial upgrading were implemented for example through Five-Year Economic Development Plans (Chang,



1993). Under the authoritarian leaders' full support, bureaucrats at Economic Planning Board (EPB) were able to exercise influences on every aspect of economic development policy including the Five-Year Plans' design and execution, budget allocation, and business financing (Evans, 1995), and the above-noted CNTDPs in Section 2 were implemented to reflect the Five-Year Plans.

Owing to the national government's capacity to influence financial market through its control of the central bank, the Bank of Korea, and ownership of major commercial banks, EPB officials could persuade large conglomerates '*chaebol*' to build selected industries and expand exports (Chang, 1993; Evans, 1995). This state-business relation was mutually beneficial for both parties. For sustained economic growth, expansion of job opportunities, and consistent improvement in citizenry economic well-being helped the authoritarian regime build up legitimacy at the same time that the business could accumulate capital (Hill and Kim, 2003; Woo-Comings, 1999).

Their reciprocal relationship also had an important regional effect, as the state was able to influence the locational decision of export industries. More specifically, as Park (2003) notes, a strong hometown-based social tie among elite bureaucrats and military junta at the central government enabled spatially selective regional development, which prioritized Southeast coast areas to other regions. As such, urban and regional development in the era of spatial Keynesianism was a relational effect of authoritarian leaders and central government

bureaucrats, who were able to "pull ... the levers of power" (Allen, 2004) to induce corporate locational decisions with their capacity to influence business financing.

The gradual weakening of such national level authoritarianism since the 1990s did not mean the end of developmentalist urban and regional policymaking, but the developmentalist legacy appears to be in the process of redefining and re-instituting. Inflows of western knowledge, more specifically 'new' economic geography and business discourse, are found to play a key role in the evolution of urban and regional policymaking. For this discussion, it is important to note in the first place that civilian presidents keep proposing their own growth visions at the national level since ordinary Koreans were allowed to elect their president in 1987: Young-Sam Kim's 'globalization', Dae-Jung Kim's 'knowledge-based economy', Moo-Hyun Roh's 'innovation', Myung-Bak Lee's 'green growth', and Geun-Hye Park's 'creative economy'.

As Table 3 shows, there was a little association between Y.S. Kim's globalization vision (also known as "*seggyehwa*") and regional policy, but the presidential visions have been influential to the designing of urban and regional competitiveness policy since the late 1990s. D.J. Kim Administration supported the growth of sectoral clusters of information technology and cultural industry and the development of research hubs with aim to facilitate the country's transition to a knowledge-based economy and nurture regional competitiveness (Kong *et al.*, 2006). As such, regional competitiveness policy

Table 4. Civilian Presidents' leadership visions in Korea since 1993

President	Term	Leadership vision	Actualization project examples
Young-Sam Kim	1993~1998	Globalization	<ul style="list-style-type: none"> <li>• OECD membership</li> <li>• Privatization</li> <li>• Liberalization of domestic market</li> </ul>
Dae-Jung Kim	1998~2003	Knowledge economy	<ul style="list-style-type: none"> <li>• Knowledge-based clusters</li> <li>• Cultural economics</li> <li>• Research universities</li> </ul>
Moo-Hyun Roh	2003~2008	Innovation, balanced territorial development, global competitiveness	<ul style="list-style-type: none"> <li>• Hubs of Northeast Asia</li> <li>• Free Economic Zones</li> <li>• National government office relocation</li> <li>• Innovation/entrepreneurial cities</li> </ul>
Myung-Bak Lee	2008~2013	Green growth	<ul style="list-style-type: none"> <li>• Four Major Rivers Project</li> <li>• Creative regional development</li> </ul>
Geun-Hye Park	2013~2018	Creative economy and national happiness	<ul style="list-style-type: none"> <li>• Creative economy innovation centers</li> </ul>

Source: Author's compilation

was primarily associated with sectoral upgrading in the beginning. It was also national government's response to East Asian Financial Crisis in the late 1990s, which was assessed to reveal the limit of manufacturing-based national economy. However, crisis management was only a part of the story.

As briefly mentioned above, intellectual influence of so called 'new economic geography' was also crucial. Informed by the new regionalism literature in economic geography, as well as management guru Michael Porter's cluster theory and Paul Krugman's 'geographical economics' (Martin and Sunley, 1996), Korean economic geographers successfully urged the national government to adopt innovation-centered regional competitiveness policy regimen (such as the idea of 'regional innovation system') from the late 1990s. Their advocacy of such regional policy discourse as a piece of prescriptive knowledge continued during Roh's Administration, which pursued regional planning goals of global competitiveness and balanced territorial development at the same time

(Lee, 2009). In the line, Industry Cluster Research Association was organized in 2006, and the Association played an important role as a policymaking partner to Presidential Committee on Balanced National Development in the period.

In a similar vein, creativity emerged as a key regional development vision since the late 2000s. For example, Myung-Bak Lee's Administration introduced the idea of creative regional development. In so doing, Presidential Committee on Regional Development published *Creative Region Guidebook* (PCRD, 2010) by reviewing the works of influential gurus in the business of creative city/industry (such as Richard Florida and Charles Landry) and benchmarking best practices in and outside the country. In addition, a new creative region grant program was also proposed and implemented to support "regions seeking to create cultural, social, and economic values from creativity-based regional potential and identity" (PCRD, 2010) on a competition basis, and 47 local governments received a total

of 24.7 million dollar creative region grants from 2011 to 2014 (PCRD, 2014). Competition in the program has been reported to be very high, such that only 13 or 5% of 270 proposals received creative region grants in 2011 (Park, 2011). The acceptance rate markedly improved to 25% (27 out of 107) in 2014 (PCRD, 2014), but the program did not benefit all wannabe creative localities. In other words, the PCRD's creative region program promoted inter-regional and inter-city competition for limited national funds among local governments, and this characteristic suggests the policy's close association with competitive regional policy lacking redistribution concerns (Brenner, 2004a; Peck 2005).<sup>2)</sup>

Whilst keeping such a form of creative regional policy, Geun-Hye Park Administration proposed and implemented another policy in line with the president's creative economy vision. It was the establishment of 17 Creative Economy Innovation Centers (CEIC), and this program's sectoral focus was not limited to cultural sectors. Instead, creative economy was broadly defined in the policy in order to include information technology, biotechnology, manufacturing such as electronics, carbon fiber, shipbuilding, and machinery, energy, construction, logistics, and tourism. The Centers were planned as "regional hubs which identify talented people, nurture entrepreneurship among them, and support their adventure to become global companies" (MOSIFP 2014). In other words, business incubating was the Centers' primary function.

As two creative region development programs as well as innovative industry cluster promotion policy of the early 2000s demonstrate, presidential

vision and central planning still matter in the design and the implementation of regional policy in Korea. However, unlike the era of spatial Keynesianism, these visions are rarely dependent on bureaucrats' 'embedded autonomy' (Evans, 1995), which was relatively independent from business, politics, and civil society. As discussed above, prescriptive and performative western policy discourses produced and disseminated by knowledgeable gurus such as Michael Porter and Richard Florida tends to lay an important intellectual foundation for regional policymaking.

At the same time, business management knowledge and discourse, which are produced and disseminated by the cultural circuit, also exercise significant influences on the presidential leadership vision making. One of most noticeable actors is the annual Vision Korea Forum Report of *Maekyoung*, which holds the largest circulation record (about 500,000) among Korean business newspapers and the fourth if all newspapers are considered.

*Maekyoung* launched the Vision Korea Forum in 1997 with aim to "propose a blueprint to remake Korea into a strong brain country in the 21st century" (Sohn, 1997). *Maekyoung's* proposal of 'action plans' has been made in partnership with transnational consultancies, as well as Korean research institutes and think-thanks. Its past consulting partners include, Arthur Andersen, Arthur D. Little, ATKearney, Bain & Company, Booz Allen Hamilton, Boston Consulting Group, IBM Business Consulting Service, McKinsey, Mercer, and Monitor Company (*Maekyoung*, 2013).<sup>3)</sup> The action plans are influential at the government and the business, given that about

400 invitees including high government officials (such as prime minister, ministers, officials at President Office, metropolitan mayors, and provincial governors), politicians, and business leaders from major corporations and financial institutions were reported to be present, and for example former President Geun-Hye Park addressed a videotaped celebratory speech at the meeting on March 19, 2015 (Park, 2015). In 2012 presidential election, two major candidates (president Park and her opponent Jae-In Moon) are reported to adopt 14 of that year's 35 action plans in the making of their presidential visions (*Maekyoung*, 2013). In this sense, *Maekyoung's* Vision Korea Forum can be seen as a 'mooring' (Sheller and Urry, 2006) that orchestrates the inflows of transnational management knowledge and discourse (or, the cultural circuit of capital) and disseminates it to not only to businesspeople, but also to government bureaucrats, who in turn perform it at workplace in their policymaking.

In that regard, the Forum's inauguration report's effects are noteworthy. In the Forum's inaugurating meeting on October 31, 1997, Booz Allen Hamilton made a proposal of abolishing Economic Planning Board (EPB) in its *Korea Report*, indicating "government-led growth reached its limit" (*Maekyoung*, 2013) in the context of the Asian Economic Crisis of the late 1990s. It also recommended the country to focus more on knowledge economy. This proposal appeared to receive a sensational response, given that: "*Financial Times* in the United Kingdom cited the report. Domestic media all agreed the proposal... researchers, scholars, government officials, as well as people in the business, asked

a copy of the report. ... Some government employee participants in the Forum appreciated [*Maekyoung*] for doing government's job on behalf of them" (Sohn, 1997).

In the meantime, the Report's action plans were also highly performative. To reflect the Report's policy recommendation, the era of EPB and its Five-Year Plans ended in 1998, and Dae-Jung Kim Administration initiated various projects for knowledge-based economies including higher education investment (known as 'Brain Korea') and innovative high-tech cluster development. Thereafter, the Vision Korea Forum has exercised sustained influences on the policy circles, such that, according to *Maekyoung* (2013), the national government has accepted 266 action plans while the Forum hosted 24 annual meetings and 27 reports until 2015.<sup>4)</sup> To name a few, they include action plans for brain powerhouse, new talent, knowledge management, learning revolution, world-class universities, business friendliness, global top ten, creativity, and smart nation.

There are two noticeable consistencies in the Forum's reports with respect to the role of government. First, narratives of developmentalism keep appearing in varied styles: e.g., 'catching-up' advanced countries, making a 'top-ten' global country, and growing gross national income (GNI) per capita to 20,000 dollars. When GNI per capita exceeded 20,000 dollars in 2007, it is said in the 2008 report of Bain & Company that: "20,000 dollar GNI per capita is no longer an indicator of advanced country ... Korea's growth rate is lower than the world average, and the gap with advanced countries is widening. Thus,

Korea is in danger of being a permanent middle-income country” (*Maekyoung*, 2013). This push is hardly a new one, but such a performance centered goal setting has existed persistently from the era of authoritarian developmental state. Thus, global consulting offers little difference to national goal setting, and simply lets the country keep developmental.

However, second, the Forum reports make a consistent claim about how to achieve the developmental goal, by challenging the system of government and bureaucracy. Like the way of asking EPB’s dissolution in 1997, several reorganization proposals of government ministries were made, with a claim that “top ten government can make top ten businesses [in the world] on the way to be a G10 country” (*Maekyoung* 2013). In addition, business discourses of competition, innovation, and creativity are employed to ask the cultivation of new government subjects. For example, ATKearney’s 2005 report entitled *Creative Korea* asked government bureaucrats to be ‘sponsors’ rather than guides to generate a condition for creative revolution in the country, and Mercer’s 2006 report about core talents recommend Ministry of Education to respect ‘the principle of market’ (*Maekyoung*, 2013). In this way, the managerialist discourses of ‘soft capitalism’ (Thrift, 2005) have been utilized to discipline bureaucrats, and autonomous bureaucracy has become a story of the past in Korea.<sup>5)</sup> The rise of soft capitalism has an effect on how urban and regional policy is made and implemented at the local level. To illustrate, how a creative city policy project in Seoul was made and (unsuccessfully) implemented between

late 2000s and early 2010s is briefly reviewed.

To do so, it is important to note in the first place that Local Autonomy Act allowing elected mayor in Seoul from 1995 provides an important planning environment. Most importantly, Seoul is no longer a simple executor of national and regional plans.<sup>6)</sup> Under the institutional context, Seoul mayors have proposed their own vision and designed related city policy and programs: for example, Myung-Bak Lee’s ‘cultural city’, Se-Hoon Oh’s ‘creative city’, and Won-Soon Park’s ‘sharing city’.<sup>7)</sup> These mayoral leadership visions are also relatively autonomous from the national government. For example, Mr. Lee’s sole focus on Seoul’s competitiveness was in tension with Roh Administration’s adherence to the ideal of balanced national territory.<sup>8)</sup>

In addition, local autonomy has also created an institutional condition for non-government actors’ involvement in the writing of strategic plans in Seoul and opened a possibility of the cultural circuit’s involvement. Their composition varies depending on leadership vision and networks, and this tendency was markedly found in, for example, the proposal of a (failed) opera house plan at Nodeulseom on the Han River Bridge. The Nodeulseom opera house was planned under the leadership of former mayors Lee and Oh, both of whom pursued the urban planning goal of developing Seoul to a globally competitive cultural/creative city. Mr. Lee’s city administration, more specifically Cultural Bureau, led the opera house construction project in partnership with high-culture organization leaders.

Then, Mr. Lee’s successor Mayor Oh turned to

the business community in his effort to continue and justify the plan. More specifically, he asked local retail giant Homeplus (formerly, Samsung-Tesco) president Seung-Han Lee to organize a temporary policy consulting group named 100-Days Taskforce for Creative Seoul right after his election in June 2006. In turn, the Taskforce legitimized the opera house project with business ideas of branding and marketing, while it was consulting Mr. Oh city administration's strategic plan *Four-Year Management Plan: Seoul, A Clean and Attractive Global City* (SMG, 2006). Mr. Oh later admitted in an interview with *Maekyoung* that "the Taskforce for Creative Seoul was inspired by the 2005 Vision Korea Forum's call for creativity" (Yoon, 2006). In that year's Forum report entitled *Creative Revolution Report*, ATKearney "argued that cultivating creativity DNA and making a creative country must be a short cut to the achievement of 20,000 dollar and even 30,000 dollar GNI per capita, [which is an indicator for] a full-fledged advanced country" (*Maekyoung*, 2013).

#### 4. Conclusion: Summary and Discussion

To summarize empirical findings, spatial Keynesianism in the Korean urban and regional development policy was in the process of waning during the early 2010s and instead place-based competitiveness became a new normal in the designing of regional policy. While doing so, innovation- and creativity-centered regional development strategies were adopted at both

national and local governments. These changes are partly resonant to Brenner's (2004a) argument for the rise of rescaled competition state regime and Jessop's discussion on the normalization of Schumpeterian workfare postnational regime, but such structuralist accounts run the risk of ascribing the transition to a faceless process driven by the logic of 'hard' capital such as financial investment, profit-making, and accumulation. Evidence drawn from the early 2000s to the early 2010s suggests actor-networks associated with the 'cultural circuit' of capital are crucial to the evolution of Korean regional policymaking. In particular, prescriptive management knowledge constructed and circulated through the actor-networks of global consultancies, business media (i.e., *Maekyoung*), businesspeople, political leaders, bureaucrats, new economic geographers are observed to matter. In short, urban and regional policymaking in Korea has become a business of performing prescriptive management knowledge, which has given rise to knowledge-based soft capitalism.

Meanwhile, this research, despite limited evidential arising from its exclusive reliance on textual resources, is able to shine new lights on urban and regional policy governance change in two ways. One is related to a dominant knowledge about the transition in urban and economic geography, and the other is concerned with this particular case study in question. First, a more nuanced understanding of the transition from 'managerialist' to 'entrepreneurial' regional policy governance might be necessary, considering that the cultural circuit reconstructs and even reinforces, rather than expurgating, prescriptive

managerialist discourses and practices. It means that the contemporary entrepreneurial governance is not without managerialist contents and procedures and thus rarely antithetical to the managerialist approach. Instead, entrepreneurial governance could be characterized as a new form of managerialist endeavor, driven little by the sole governmental rationality of bureaucrat circles but more by managerial knowledge producers and circulators such as management consultancies and business media, which in turn comprise the cultural circuit of capital. Second, with respect to the case study in question, the directionality of transnational management knowledge flows attributable to regional policy change matters. For most noticeably such knowledge is produced in the west, and consumed and adopted in a non-western context. This finding suggests that postcolonialist intervention should be necessary in further studies regarding the cultural circuit and the evolution of regional development policy in Korea.

## Notes

- 1) Four key characteristics of the developmental states include (Fritz and Menocal, 2007; Johnson, 1982; Routley, 2012): (1) political leadership vision committed economic development; (2) relatively autonomous system of elite bureaucracy; (3) national level interventions in economic development and upgrading; and, (4) symbiotic relationship between government agencies and signature national corporations. The vast majority of studies on the developmental state are focused on deriving institutional 'tricks' from economic growth stories from East Asian late industrialized countries such as Japan, Korea, and Taiwan (Amsden, 1989; Evans, 1995; Johnson, 1982; Wade, 1990; World Bank, 1994). These studies emphasizing invariably non-market mechanisms of economic coordination are critical to the normative discourse of market liberalism, but they run the risk of ignoring unjust government practices such as suppression of democracy and corruptions. In other words, every political means appears to be legitimized as long as economic growth was achieved. If this vigilance is maintained, these studies still provide important insights about the nature of East Asian developmental states.
- 2) This association can also be seen with the nature of recipient creative region projects. In terms of thematic composition, tourism promotion focused on tourist attraction development, place-marking, and branding is found to be consistently predominant in creative region projects (PCRD, 2013, 252), and this finding indicates that planners tend to understand and perform their projects as a means to attract mobile cultural consumers for economic gains, rather than satisfying cultural needs among local people. In existing studies, this policy orientation targeting at mobile people has been critiqued as an emerging form of place-based entrepreneurial strategy, which is different from earlier one centered on footloose corporate investment (Catungal *et al.*, 2009; Peck, 2005).
- 3) Global consulting was dominant only until 2009, and then *Maekyoung* wrote the annual report by itself or in partnership with domestic research institutes.
- 4) This information is drawn from Vision Korea Forum's official website at [www.wkforum.org](http://www.wkforum.org).
- 5) As a result, fast adaptability has become a more important capability of government employees, and it is also influenced by a single-term system for the presidency, which produces visionary national leaders every five years unlike the 19-years rule of Chung-Hee Park.
- 6) Similar to the spatial Keynesian era when Korea President appointed Seoul Mayor, Mayors Soon Cho (1995~1997) and Gun Ko (1998~2002) were managerial, rather than visionary, leaders in early years of local autonomy. Mr. Cho's city administration's serious attention to infrastructure maintenance and safety was a response to the 1990s' symbolic urban disasters

such as the collapse of the Seongsu Bridge on the Han River in October 1994. Under Mayor Ko, SMG prioritized the implementation of national projects such as subway line expansion, 2002 FIFA World Cup, and anti-corruption campaign.

- 7) Owing to local autonomy, the city is also able to negotiate and even contest the central government's planning authority. The cancellation of relocating national capital to Sejong is most illustrative. When Moo-Hyun Roh Administration was preparing for relocating national capital to the city for a balanced national development in early 2000s, Seoul under the leadership of former Mayor Myung-Bak Lee waged an oppositional political campaign against the plan, and successfully defended its capital city status by the Constitutional Court's decision in October 2004. This campaign helped Mr. Lee to rally his supporters in Seoul and become Roh's successor of President Office in 2008.
- 8) Seoul's relatively autonomous position is partly owing to a high level of its fiscal independence. In 2013, Seoul's financial independence rate was reported to be 84.5%, which is the highest in the country and well above the second 61.9% of Ulsan (Woo, 2014). In this context, Kim and Han (2012, 150) have recently "observed that the making of a basic urban plan [in Seoul] is gradually moving away from [long-term] comprehensive planning to strategic planning", which is usually reformulated after every mayor election to reflect new leadership vision.

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