

REGIONAL DEVELOPMENT DIALOGUE

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REGIONAL DEVELOPMENT STRATEGIES FOR ECONOMIC DEVELOPMENT

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Tae Myung Kim iii

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EDITORIAL INTRODUCTION

Tae Myung Kim

Background of This Issue

In general terms, East Asian countries can be classified into four different generations of economic development. Japan belongs to the first generation of economic development, followed by the Republic of Korea (hereinafter, Korea) which is grouped into the second generation; then the Philippines and Thailand which are classified as third generation; and, finally, the People's Republic of China (hereinafter, China) and Viet Nam which belong to the fourth generation. As the above classification implies, East Asian countries have played important roles in global economic development for the last half century. Nevertheless, it is highly regrettable that very little efforts have been made at the macro level in the East Asian region to theoretically generalize and exchange lessons and experiences in urban and regional development.

It was against this background that the 1st Congress of Asian Association of Urban and Regional Studies (AAURS) was held in December 2007 on the theme, "Urban and Regional Development in East Asian Countries: Lessons and Experiences," in Daejeon Metropolitan City, Korea in commemoration of the establishment of AAURS. AAURS was launched for the purpose of exchanging lessons and experiences of regional development gained at varying levels of economic development in East Asian countries, first among Asian countries and then with other countries.

At this Congress, twenty papers were presented from seven countries including Australia, China, Japan, Korea, the Philippines, Thailand, and Viet Nam, of which seven were selected for this issue of *Regional Development Dialogue (RDD)* on the basis of their relevance to its theme, "Regional Development Strategies for Economic Development".

Review of Articles and Commentaries

The themes of the articles deal with a variety of issues pertaining to regional development and their corresponding strategies such as urbanization, industrialization, environmental pollution, urban planning, community development, regional disparity, and regional policy. Each article will be reviewed in alphabetical country order.

The first article by Shahed Khan is entitled, "Small Town Communities and Regional Planning: Regional Australia from a Small 'Wheatbelt' Town Perspective". In this article, Khan discusses Australian small rural towns which have been undergoing drastic changes such as economic restructuring, social transformation, and deteriorating environmental conditions in various aspects of society. In identifying the underlying reasons for these changes, Khan raises globalization and neoliberalization as being two major factors that

have led to the mechanization and amalgamation of farms, decline and aging of population, withdrawal of services from towns, and rising environmental concerns in regional Australia. In consideration of these circumstances, Khan expresses his concern that the very existence of Australian small rural towns is now being threatened.

In his article, Khan examines the crises facing small towns in the Western Australian wheatbelt, and reports on his findings from his study of Goomalling which is faced with the land-use planning dilemma of whether to pursue economic development or promote environmental protection. He focuses on the factors that shaped the views, perceptions, and concerns of the community and its leadership, and subsequently attempts to relate the local issues of small towns to the overall regional policy context of the Wheatbelt region.

As a consequence, Khan proposes two recommendations on the basis of his findings in the Goomalling town study. His first recommendation is that small towns with growth prospects receive government support in preparing strategic local development plans, which are required to conform to the regional development strategy at the state level, and be based on an audit of land-use and environmental conditions within each township and its surroundings. Khan's second recommendation is to enhance the technical capacity of council staff in order to significantly undertake strategic planning because it may not be feasible for small towns like Goomalling to appoint a planning officer. One alternative suggested was the establishment of a collaborative teaching/learning network between small towns and planning programmes of surrounding universities. In addition, the loaning of professionals from government agencies to small towns on short-term assignments, together with entrusting relevant tasks to government agencies with the necessary professional staff, are also recommended as other alternatives.

In his commentary to Khan's article, Ranjith Perera points out that the rural town issues being faced by Goomalling town in Western Australia are similar to those being experienced by some small urban centres in Asian developed countries. He explains that Goomalling's problems stem from the absence of a threshold population needed to ensure the survival of Goomalling's various socioeconomic functions.

Therefore, to remedy Goomalling's issues, Perera recommends a number of measures using not only the micro-, but also macro-approach. In light of the former approach, he emphasizes the need for Goomalling to make a more concerted effort to revitalize its socioeconomic system. In regards to the latter approach, Perera insists that the crisis confronted by Goomalling may be more appropriately counteracted through the sustainable urban development approach which rests on four principles, *viz.*, futurity, environment, equity, and participation. Perera, however, questions whether the effects of remedies prescribed by Khan such as sustainable development limitedly applied at the local level, the participatory strategic planning approach and informed decision making, improvement of the technical capacity of the town council, and strengthening of the links between the town council and the surrounding universities are sufficient for addressing broader survival issues such as economy of scale in order to be competitive with higher-order urban centres.

In his commentary, Young-Woong Kim presents four suggestions and comments as to how Khan could have better achieved the purpose of his article; namely, the purpose of the article should have been more clearly defined; the triple bottom line (TBL) decision-making process should have been further elaborated on; reorganization of the article would

have made it easier to identify its main focus and argument; and the conclusions and recommendations should have been justified through reliable research analysis and findings. In consideration of the aforementioned two commentaries, it is recommended that the article be further elaborated on in its entirety.

The second article by Xue Ling *et al.* is entitled, "A Simulation and Evaluation of Urbanization and Industrialization in China". The authors initiated this research from the observation that China's level of urbanization is considered to be lagging in terms of its industrialization process, particularly when compared to the urbanization levels of many other developing countries. Therefore, this article aims to evaluate China's urbanization level in order to confirm whether or not it is at a level appropriate to its industrialization. To this end, this article discusses the relationship between urbanization and industrialization by employing an agent-based model.

The article concludes that an appropriate level of urbanization has been achieved in China when compared to its industrialization relying on simulation results that reveal the correlation of urbanization and industrialization to be statistically significant. In addition, the article identifies the lag of the services industry as being the main obstacle to China's urbanization.

In Qi Jihong's commentary, Xue Ling *et al.*'s article is evaluated as having reported on a realistic and important topic, and receives recognition for its contribution to the computation of China's urbanization and industrialization processes using two indicators. Nevertheless, Qui points out that improvements can be made to the article by providing a general explanation on the main ideas of the model; making the logical development of the article more consistent between sections; and basing the conclusion on more sufficient evidence. In addition to Qi's commentary, Noman Ahmed also makes a similar comment stating that the article appears to be incomplete as it does not encompass many vital parameters pertinent to China's socioeconomic complexities. Ahmed also voices his concern about the absence of effective regional planning at the holistic level. It is furthermore pointed out that industrial operations and the consumerist lifestyle of the Chinese people will lead to greater ecological issues and that population concentration into the more prosperous and attractive coastal and eastern locations will generate a strong demand for goods and services for the new settlers.

Xue *et al.*'s article is optimistic to the point of closing with the conclusion that urbanization will lead to China's development given the many industrial opportunities. However, what is neglected by this article is identification of urban problems caused by rapid urbanization and industrialization such as housing shortage, traffic congestion, noise and environmental pollution, and so on as found in many developing countries. Given this backdrop, the fruits of Chinese development will depend on how successfully the Chinese government can satisfy ever-increasing demands while minimizing the negative effects of urbanization and industrialization.

The third article by Tae Myung Kim discusses the trajectory of the regional disparity curve formed in the process of Korean economic development. The author is especially interested in Amos's curve, which is a further developed inequality curve made after the model of Williamson's inverted U-shape curve. This led him to conduct empirical research to trace the trajectory of the interregional inequality curve, focusing on the case of Korea. Based on his analysis of long time-series data for the period 1968-2005 employing a static of the coefficient of variation (CV), Kim identifies another type of interregional

disparity curve, which is a further developed curve of Amos's curve. He concludes that the regional disparity curve in Korea traces "a cyclically converging inverted U-shape curve".

In A. T. M. Nurul Amin's commentary on Kim's article, he states his appreciation of the significance of the article from two aspects: one is the investigation of the policy role to reverse any increasing trend beyond the inverted-U relation; and the other is the demonstration that the inverted U-relation in the instance of the advanced stage of development is one of convergence unlike Amos's study. Amin further supports Kim's research findings maintaining that the result is intuitively credible because it is more in consonance with the historically observed business cycles of the advanced capitalist economies. Therefore, Amin concludes his commentary as follows:

Kim's article thus, on the one hand, (a) restores the original message of the inverted-U relation — a worsening income inequality is not a permanent state in the process of development and beyond, and on the other (b) suggests that such an optimistic outcome occurs because of public policy and actions, not due to any inherent characteristic of a capitalistic market economy to equilibrate or stabilize automatically.

Another commentary by Meliton B. Juanico gives validity to Kim's research results stating that Kim employed the proper statistics to draw conclusions in his data analysis, and that his data necessary for this kind of study was considered to be satisfactorily complete. In this context, Juanico evaluates the data as having allowed Kim to establish a longer convergence-divergence curve beyond that posited by the Amos-Williamson curve.

In spite of Kim's contribution to the literature as mentioned above, Juanico raised five critiques seeking clarification, i.e., whether the Korean case reflects the spatial equilibrium or spatial disequilibrium school of thought; whether President Rho's public regional policies are in favour of Hirshman's "trickling-down" or Myrdal's "spread" process; pertaining to the socioeconomic factors that contributed to the reduction of regional inequality, Juanico felt an explanation should have been provided for the high- and low-cyclical variations amidst the general decline in regional inequality beyond the major inverted U-shape curve; and, finally, caveats should have clearly indicated the necessity for more studies to be conducted in other countries to see if there is a universal pattern, and whether a country's geographical size influences the degree of regional inequality. It is therefore recommended that further studies be conducted to address these critiques.

Next, the fourth article by Taeho Kwon and Kwang-Hee Weon deals with Korean regional development plans and policies especially geared to backward regions, and thus provides insights into the issues of balanced regional development in Korea.

As it is generally known, Korea has been suffering from regional disparities resulting from the process of economic development of more than half a century. Patterns of regional disparity have changed from urban-rural disparity to interregional disparity, then to intraregional disparity, and later capital-noncapital regional disparity. In recent years, much attention has been given to problems arising from the disparity between the Capital Region (CR) and the non-capital region. It was under these circumstances that President Rho's government implemented highly balanced regional development policies such as the New Administrative City, Innovation City, and Enterprise City.

In light of this, Kwon's and Weon's article critically reviews development plans and projects for backward regions and then draws some policy implications that may be helpful to other developing countries in Asia. The authors discuss issues related to over-concentration in the CR, review regional policies including those of President Rho which have been implemented since the 1960s, and assess development plans and projects for backward regions.

Kwon's and Weon's study identified four obstacles to the successful implementation of various projects. They include lack of cooperation and networking among related agencies, excessive hardware-oriented projects and uncertain income generation from the projects concerned, failure to devise unique projects, and government-led project implementation without sufficient people's participation. To deal with such situations, Kwon and Weon made four policy recommendations as follows. Firstly, local resources should be utilized to ensure differentiated plan-making and to prevent the overlapping of investment. Secondly, autonomous involvement of the local community should be encouraged to promote the bottom-up approach and local capacity-building must be strengthened to develop locale-based policies and programmes. Thirdly, a system of cooperation ought to be established among stakeholders to discourage departmentalism, and flexibility should also be encouraged for smooth networking through partnerships. Fourthly, development plans have to be more flexible in order to maximize their value-added and to ensure the creation of substantial income opportunities.

In his commentary to Kwon's and Weon's article, Lim Hyung Baek argues that it is necessary to provide an explanation of the Korean people's economic behaviour in order to understand the issue of the CR's over-concentration. He explains that this is important because educational achievement is one of the major factors influencing the level of people's social status as well as income. Thus, rural people migrate into the CR to receive a better quality of education. Lim is also in agreement with Kwon and Weon regarding the problems resulting from the involvement of multiple departments and agencies in various plans and projects, which naturally lead to inefficiency and overlapping. As a whole, Lim evaluates Kwon's and Weon's article as having been relatively successful in generating momentum for further empirical research, including case studies. He, however, expressed regret that the issue of sustainability in backward regions should have been delved into more deeply in order to enhance the quality of the article.

Another commentator, Bhishna Bajracharya, evaluates the article by Kwon and Weon as having provided good insight into the challenges of spatial equity and development of backward regions in Korea, and agrees with the authors that there is an urgent need to give special focus to backward regions for spatial equity. Bajracharya includes comments for the qualitative improvement of the article. He felt it could be enhanced by giving readers more detailed information on the socioeconomic status of backward regions such as their growth patterns, type of families and their income level, types of economic bases, and physical infrastructure of each area. He suggests further improvement of the article by addressing questions such as what type of backward regions is declining in population and what type of backward regions has stable or growing populations, and why, and what the underlying factors are for regions to be recognized as being backward. Bajracharya adds that further consideration should be given to people-based, rather than locality-based, policies. Bajracharya asserts that the nature of linkages between backward and developed regions must be included in the area analysis to examine if any complementarities exist

between them. He concludes that without proper devolution of power and resources at the local level, there is limited potential for addressing the spatial inequity between the central and backward regions.

We now move on to the fifth article entitled, "Environmental Management and Urban Planning Issues in Metro Manila, The Philippines: Some Geographic Perspectives," written by Doracie B. Zoleta-Nantes, Ma. Simeona M. Martinez, and Lou Angeli A. Ocampo. The authors express their strong concern over the rapid urbanization and spatial development patterns of Metro Manila, the Philippines over the past one hundred years, which have contributed to the deterioration of environmental conditions of many urban centres. They argue that the change of land-use patterns in Metro Manila is not a product of well-thought out planning imperatives and spatial development programmes, but rather a product of almost three centuries of continued over-concentration of socioeconomic activities in the metropolis. The unprecedented influx of people and rapid urbanization are attributed to the unplanned and unregulated spatial development of Metro Manila and the lack of land-use zoning for areas outside the central business district.

With this background, the article recommends a number of spatial development approaches and policy measures which can contribute to making Metro Manila a healthier place to live for its residents. Taking note of the fact that the uneven development and sprawl of Metro Manila are predominantly the result of the pursuit of economic interests mainly initiated by private enterprises, Zoleta-Nantes, Martinez, and Ocampo assert that the responsibility of designing the pattern of settlement development and other spatial expansion cannot be relegated solely to private corporations and organizations. It is thus recommended that there be active participation and guidance from local and national government institutions. Although government actions have been taken to cope with these problems, the authors emphasize the need for these public actions to be modified and supplemented. For instance, the *Physical Framework Development Plan for Metropolitan Manila 1996-2016*, which aims to maximize the benefits to the people as land and other resources are utilized for development purposes, needs to anchor the spatial development plans of the metropolis to the diverse needs of its different development zones and their constituents. In addition, preservation and control-oriented activities are proposed for other built-up areas in order to avoid straining existing infrastructure-support facilities and amenities or the carrying capacity of the environment. Furthermore, the article suggests creating an agropolitan environment to realize urban sustainability, infrastructure-building outside the metropolis, and new town development as alternative urban centres for making Metro Manila a healthier living space.

Commenting on their article, Eggarin Anukulyudhathon also shares the authors' concern about the rapid urbanization of Manila, which makes the city residents more vulnerable to life-threatening risks resulting from contamination and overdrawing of underground water resources, and the conversion of agricultural land to urban use. Moreover, he points out that the improved transportation infrastructure and network with surrounding areas such as the Metro Manila-Central Luzon Highway is one of the major factors further aggravating traffic conditions in Metro Manila.

Anukulyudhathon's overall evaluation of the article is that it provides a good example of the weaknesses of a developing country that continues to follow the path taken by industrialized countries. He argues that it is time to think about green development which is suitable for Asian countries where a land bank for food still exists. Furthermore, he

suggests Asian countries learn how Bhutan is able to survive without jeopardizing its own culture and tradition while its people easily attain the maximum level of Gross National Happiness (GNH) in the world. In line with this, Anukulyudhathon recommends that the city control its size and observe a spatial limit in order to maintain a balance between carrying capacity and use by its residents without developing urban sprawl.

Yang Ho Park was of the opinion that this article provides useful information on the history of urbanization and the spatial development process of Metro Manila, one of the major cities of Southeast Asia. He also gave high evaluation to the authors for strongly emphasizing the importance of appropriate urban planning and government policies to control and deal with urban environmental deterioration on the basis of understanding urban issues such as urban sprawl, land speculation, and continued migration into the metropolitan core, which are common phenomena in the process of rapid urbanization that can be alleviated by suitable and effective policy measures. One drawback of the article, pointed out by Park, is that it does not provide sufficient explanation for the reason behind the failure of government initiatives for dealing with urban issues in Metro Manila.

As the world economy becomes increasingly globalized, economic cooperation and integration among countries at the regional level becomes highly important for enhancing international competitiveness. In consideration of this trend, the “Greater Mekong Subregional (GMS) Program” was designed in 1992 in order to increase regional competitiveness through economic cooperation among the six countries of Cambodia, China, Lao People’s Democratic Republic (hereinafter, Lao PDR), Myanmar, Thailand, and Viet Nam.

Under the GMS Program, the ambitious “East-West Economic Corridor (EWEC) Project” was initiated in order to achieve economic growth in this region by organizing the six countries concerned so that they could coordinate with one another in utilizing geographical factors and space surrounding the region in moving and transferring cargo and passengers. This corridor was originally designed to connect two ports, starting from Mawlamyin Port in Myanmar and ending at Danang Port in Viet Nam, passing through Thailand and the two special economic zones of the Savanakheth area in Lao PDR and the Lao Bou area in Viet Nam. However, Ranong Port ultimately became the new west end of the corridor due to Myanmar’s political and economic conditions. The corridor as a land bridge is expected to play an important role in reducing transportation cost and increasing comparative advantages in the world market.

With this background, the article by Rahuth Rodjanapradied focuses on how the urban planning of Ranong Port should be carried out so that it can perform its given function as a “new port town”. He provides guidelines on how to plan Ranong Port City as a new port as well as a new town by referring to the association between new port planning and urban planning. The guidelines include such comprehensive planning elements as public participation, urban structure, land-use pattern, transportation pattern, social services, and city-centre patterns, which are crucial to the development of the new port and subsequent development of GMS.

However, in his commentary, Byung Su Kang suggests the inclusion of specific action programmes and strategies to develop the new port city because he feels the article to be much too inclusive and not sufficient in detail for implementation by planning practitioners and policymakers. Kang proposes beginning the article with a comprehensive review of relevant literature and those that examine other countries’ cases which are vital for developing more specific action plans.

In addition to Kang's comments, Changki Kwon emphasizes that effective governance and coordination of development projects among public authorities, the private sector, and local community are prerequisites for the successful implementation of this project. Kwon agrees with the author regarding giving top priority to infrastructure and the transportation sector among various development agendas since Ranong new port city will increase in importance as the multinodal transportation hub of the GMS. It is therefore concluded that the success of the EWEC Project is dependent upon whether or not Ranong new port city successfully plays its role as a multinodal transportation hub in the GMS.

Now my discussion will focus on the seventh article by Nguyen To Lang entitled, "Regional Development Policy of Viet Nam: Opportunities and Challenges". Viet Nam is counted among the newly developing countries which have been enjoying high economic growth for the past two decades. Its development has been accelerated by the central government's general development policies under which each of the provincial policies are specified.

With this background, Nguyen explains that the role of the region is not very clearly defined in Viet Nam despite it being divided into various regions depending upon different regional classification criteria. For instance, they are five climate regions, seven geographic regions, six economic regions, eight ecological regions, ten urban regions, and so forth.

This article introduces the specific characteristics of each region categorized by different criteria. Nguyen believes that this kind of regional classification can well serve specific purposes to be achieved at a specific time, and as a basis for plans and policies to be developed by each region of the country. In order to achieve successful urban regional development, Nguyen introduces four opportunities and six challenges. The four opportunities include maximum use of specific conditions, reasonable utilization of living conditions and environmental protection, distribution of functions and activities for each locality based on their regional classification, and balanced arrangement of cities according to their sizes. Six challenges facing Vietnamese regions are introduced as follows: (a) insufficient and incomprehensive perception of regional planning; (b) lack of scientific basis and regional planning methodology; (c) lack of strategic guidelines for comprehensive national and economic regional development; (d) limitations in directing and carrying out regional plan preparation and approval; (e) lack of an institutional system for the implementation of approved regional plans; and (f) lack of training programmes for regional planning specialists.

In his commentary on Nguyen's article, So Jin Kwang proposes that in order for these challenges to change to opportunities in Viet Nam's future, the latent mechanism existing in Vietnamese society should be explained and common values to realize 'social justice' should be established among its people by accumulating social capital. In addition to this, So emphasizes that provinces are expected to play their roles in harmonizing the top-down and bottom-up approaches because the leveling of varieties among regions will limit people's choices. Another commentator, Awais Piracha, states that although Viet Nam has a strong central government, its regional-level administration is not fully capable of both preserving the natural environment and promoting economic development. Awais expresses concern over Vietnamese regions not being well defined because increasing environmental damage and widening socioeconomic disparities among regions can be best tackled at the regional level. Under these circumstances, he suggests the need to have a

single demarcation of regions to cover all issues from socioeconomic characteristics to physical aspects in order to achieve regional parity and environmentally sustainable development in Viet Nam.

REGIONAL DEVELOPMENT ISSUES AND STRATEGIES IN ECONOMIC DEVELOPMENT AND THEIR POLICY IMPLICATIONS

Regional Development Issues and Strategies in East Asian Countries

Regional development issues and strategies depend on the level of economic development. Different levels of economic development are characterized by different types of regional development issues and strategies. As such, it has been confirmed by reviewing papers presented at the AAURS Congress that East Asian countries are employing different types of regional development strategies according to their levels of economic development.

As discussed earlier, East Asian countries are classified into four generations of economic development. Japan as a developed country is classified into the first generation of economic development while Korea, Taiwan Province of China, and Singapore are relegated to the second generation of economic development. The Philippines and Thailand belong to the third generation while China and Viet Nam to the lowest fourth generation of economic development. Therefore, regional development issues and strategies in Asian countries differ from each other depending on their levels of economic development.

As is often the case with developing countries, China as a newly emerging developing country is focusing on industrialization as a strategy for regional development. At the same time, Viet Nam which is also a newly developing country is interested in delineating the country into regions for more systematic regional development. These two countries with a strong central government have been implementing industrialization strategies as a means of rapid economic development, those which are generally employed at the beginning of economic development. As a result, they have been able to enjoy high economic growth thus far.

On the other hand, however, China and Viet Nam which have until now enjoyed high economic growth are now being faced with problems arising from industrialization such as those common to large cities, including housing shortage, pollution, and regional disparity. It is viewed that these two countries will follow the development path taken by developed countries in the process of economic development. In this context, the lessons and experiences of developed countries in East Asia are expected to be of great value to China and Viet Nam.

Coming next to the Philippines and Thailand, it is noted that their regional development issues and strategies differ from those of China and Viet Nam. The Philippines is suffering from capital city-related problems resulting from the over-concentration of socioeconomic activities in Metro Manila, as generally experienced by Asian countries in the process of rapid industrialization for economic development. As a result, the Philippines is showing greater concern towards undertaking a more systematic management of Metro Manila. To address these issues, it is recommended that spatial development plans be devised specifically for a metropolis in the context of Metro Manila. Here the Filipino case gives the policy implication that preparation of a well-planned metropolitan manage-

ment strategy is a task that should be dealt with from the first stages of industrialization. The case of Thailand provides another policy implication for reviewing and preparing urban and development plans from the viewpoint of regional competitiveness at the global level. In the era of globalization, it is the consensus that regional development is dependent upon the global competitiveness of a region. The GMS Program is a good example reflecting this trend. Transcending country borders, the six countries of Cambodia, China, Lao PDR, Myanmar, Thailand, and Viet Nam, which share the Mekong River, work in cooperation in achieving regional development under the umbrella of GMS by increasing regional competitiveness. This is appreciated as being a new approach in regional development strategies, which aims to achieve regional development through borderless country-networking cooperation among countries neighbouring each other along the Mekong River.

Korea, as an industrialized country, has passed through various stages of industrialization starting from labour-intensive light industries, on to capital-intensive heavy industries, and now technology-intensive industries. Korea is currently placing emphasis on the development of high-tech industries such as information technology (IT), biotechnology (BT), and nanotechnology (NT) as future growth-accelerating industries to ensure ever-increasing economic growth. High-tech industries prefer locating in large, rather than small, cities in order to enjoy well-developed socioeconomic locational advantages and agglomeration economies.

Reflecting this situation, Korean high-tech industries prefer Seoul to any other city for their location. This Seoul-preferred locational trend has subsequently led to the over-concentration of socioeconomic activities in Seoul which, in turn, has resulted in creating a large regional gap between the CR and the rest of the country. As a consequence, Korea is now suffering from the growing problem of capital-to-local inequality. Almost half of the population lives in the CR, and more than 80 per cent of public institutions as well as more than 90 per cent of company headquarters are concentrated there, as of the end of 2007.

This overly excessive concentration of major economic facilities in the CR of Seoul has led the Korean Government to implement strong regional policies using two approaches. One is to put strong deconcentration policies into effect such as the construction of a new administrative capital at the centre of the country, and building of ten innovation cities and six enterprise cities from the Seoul metropolitan region to local cities. The other is implementation of regional policies directly geared to the development of backward areas such as the new vitalization project, small town development project, and village development project. Korean regional development policies are now centred on dealing with regional problems resulting from the over-concentration in the CR as well as from the rapid decline of local areas, which are attributed to a strongly industrialization-driven policy and its resultant urbanization to achieve balanced national development (BND).

Rural problems are now being reviewed and assessed in terms of globalization and neoliberalization. The Australian small rural town is facing a threatening crisis due to the mechanization and amalgamation of farms, decline and aging of population, withdrawal of services from towns, and increasing environmental concerns. It is true that all regions, whether rural or urban, are being influenced by such globalization trends. However, the impact of globalization is too great to be adequately dealt with by small local towns. It is therefore recommended that the capacity for strategic planning and risk management of

local towns be improved upon with government support of expert training and education programmes.

Regional development policies of Asian countries are focused on resolving issues and problems arising from the level of industrialization achieved in the process of each country's economic development. In the age of globalization, Asian countries irrespective of their level of industrialization are being confronted with the new planning task of solving their regional problems from the viewpoint of globalization. In this respect, it is suggested that more systematic research be conducted focusing on the regional impact of globalization in order to draw up appropriate regional policies in the context of the respective countries concerned.

REGIONAL INEQUALITY THEORIES AND THEIR POLICY IMPLICATIONS

Theories on regional inequality have long been one of the major concerns of regional planners and policymakers. Hence, much of the literature is found to have been devoted to the issues and problems of interregional inequality. Review of the literature concerned reveals that there are mainly two different schools of thought on spatial inequality of economic growth such as the 'spatial equilibrium school' and the 'spatial disequilibrium school,' depending on the observation of final spatial results caused by the process of economic growth. In the following section, these two schools will be discussed in more detail. It is hoped that discussion of these two schools of inequality theories will provide some valuable regional policy implications to each of the Asian countries.

Spatial Equilibrium School

The spatial equilibrium school is concerned with the finally converging aspects of spatial inequality occurring in the path of economic development. This school of thought which adopts the neoclassical economic model attempts to explain the converging process of spatial inequality on the path of economic growth. Thus, this school of thought follows Hirschman's view that interregional economic gaps will ultimately be reduced through the mechanism of polarization and trickling-down effects. They regard regional inequality to be an inevitable process in the course of economic development. In the initial stages of development, increasing regional inequality is believed to inevitably result from such polarization effects as major public intervention in selected fast-growing industrial regions, subsequent selective migration, capital concentration, and a lack of interregional linkages. But, in the later stages, it is viewed that equalizing forces are a result of trickling-down effects such as less selective migration, opposite migration, remedial public policies, and a high level of linkages among regions.

It is argued that primacy, over-urbanization, and gigantism are not diseases but only growing pains. For this school, therefore, regional inequality is a temporary problem and an issue to be resolved over a matter of time, i.e., requiring patience. Hence, it holds the optimistic view that an eventual turning point will be reached as developing countries mature and that regional convergence through trickling-down effects will replace polarization tendencies.

Accordingly, in line with this equilibrium school of thought, it is essential to accelerate and sustain economic growth in order to reduce interregional inequalities. In this regard, sustaining a high economic growth rate is regarded to be a necessary condition for diminishing regional disparities. In 1980, Alonso emphasized the spatial equilibrium mechanism of the eventual trickling-down effects as forces to come at the end of his presidential address presented at the Regional Science Association on 'Five Bell Shapes in Development'.

Spatial Disequilibrium School

This school of thought is specifically concerned about the failure of equilibrating market forces in the geographic space, which is one of the limitations of the neoclassical model. Myrdal elaborated this aspect in his well-known model of "circular and cumulative causation," according to which changes in demand for products in a certain area induce other variables in the system to change in such a way that these secondary changes reinforce the first change, with tertiary effects of the same nature as previous ones, which therefore give rise to a new impulse to the variable which was altered first, and so on. In this way, the market tends to allow an economic system to perpetuate and amplify its internal disequilibria in the course of development.

Under these circumstances, they have stronger faith in the backwash effects rather than the spread effects of Myrdal's model. Friedmann, who is representative of this school, argued that in his "centre-periphery" model the centre strengthens its dominance over the periphery by six principal feedback effects such as the dominance effect, information effect, psychological effect, modernization effect, linkage effect, and production effect. Lo and Salih expressed doubts about the self-equilibrating forces in developing countries by rebutting that developing countries lack objective conditions such as economy-wide full employment, agglomeration diseconomies, and interregional linkages necessary for spontaneous polarization reversal.

In general, this line of thought argues that market forces are not equilibrating and that regional convergence is not an automatic process. For these reasons, they maintain that there should be a more radical public intervention in order to achieve greater equalization sooner.

Necessity for Cooperation among East Asian Countries to Enhance People's Quality of Life through Balanced Regional Development

It is the aim of regional development to achieve balanced regional development and, finally, to enhance people's quality of life in the region concerned through regional development. It would be meaningless if national economic development did not improve people's quality of life on an equal basis irrespective of where they lived in any given country.

East Asian countries, excluding a few, are classified as developing countries which place greatest importance on economic development. In order to achieve economic development, Asian developing countries rely on industrialization. Industrialization is adopted and practiced by Asian countries with the belief that it will lead to economic development according to plan. In fact, it has been proven throughout history that industrialization is one of the most effective and efficient policy measures, as we have observed in many European countries and selected Asian countries.

In order to achieve economic growth by way of industrialization, it is vital that we be prepared for the onset of a variety of problems that arise during the process of industrialization. They include various urban and environmental problems that will incur much cost. Under these circumstances, it is necessary for us to seek appropriate policy measures that will enable us to maximize the benefits of industrialization on one hand, and minimize the negative effects of industrialization on the other.

To this end, East Asian countries must cooperate with one other so that they will be able to devise valuable country-specific policies based on their lessons and experiences acquired on the path of industrialization. Those of us in East Asia are indeed very fortunate because it is a region consisting of various countries at different levels of economic development, from highly industrialized to lowly industrialized, that can help one another. If economic development can be achieved in this way by each country, the people's quality of life can be improved more than ever before as a result of balanced regional development, without having to repeatedly suffer from the socioeconomic cost and pain experienced previously by economically advanced countries.

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