

***Segyehwa*: The Globalization of Seoul**

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Introduction

Seoul has undergone globalization at a fast and furious rate. The Korean word *seggyehwa* does not only imply economic liberalization. The term is “far more comprehensive, embracing political, cultural, and social open-mindedness” (Kim, 2000). *Seggyehwa* was adopted as an official policy of the national government in 1993, and Korea institutionalized the process to guide its international trade policy. As the North Korean government embraced a policy of *Juche*, which resembles a xenophobic self reliance, the South Koreans (referred to as Korea) adopted a policy that understood the prosperity of the nation is inextricably attached to the vitality of the rest of the world.

Seoul’s rise from the ashes of the Korean War has been both a miracle and a curse. The country has experienced dizzying economic gain and failure in the past 50 years. The effects of the volatile economy reach every facet of Korean society. This paper will examine how the globalization schemes employed in the past 50 years have shaped the economic, social, and geographic makeup of the city. The trends and patterns of globalization will be supported by a literature review that will permeate throughout the paper. In a concluding section, the most distinctive features of modern Seoul will be highlighted.

A Brief History of the Globalization of Seoul

Seoul has functioned as the capital of Korea since 1494. Originally constructed as a fortress, the city rose to prominence as the cultural and political hub of the Korean people. The city retains this level of importance today. Of the 47 million Koreans living in South Korea, over 10 million of them live within the boundaries of Seoul city proper. If the burgeoning suburbs of the city are included in the calculation, it can be stated conservatively that one-third of the population of Korea lives in the Seoul region.

For centuries before its annexation by Japan in 1909, Korea was known as the Hermit Kingdom. Korea would not become fully independent for another 36 years. The economy during the inter-world war period was almost completely agrarian based. “In 1925, 10.7% of the labor force was non-agricultural, and 3.5% of the population was urban” (Mills and Song, 1979). In 75 years, the economic structure has changed from a rural, labour-intensive farming based economy to a matured post-industrial economy.

The Globalization of the Economy of Seoul

Seoul was destroyed during the three year long Korean war. The war pitted South Korean forces backed by the United Nations against the Chinese supported North Korean Stalinist regime. The current demarcation line along the 38th Parallel runs metres from the original dividing line established in 1945. Millions of Koreans were killed and displaced by the conflict and the country was in ruin. Twice North Korean forces overran Seoul and fierce battles left little remaining of the original city. The surviving Koreans immediately began to rebuild the city. Backed by the US military and the post World War 2 American economic machine, Seoul rebuilt dramatically. Democracy did not succeed in the Republic of Korea after the inter Korean conflict. The political climate accompanying the rise of Korea as a global economic force was characterized by iron-fisted military rule. The military leaders used 5-year plans to industrialize the country. Seoul became the manufacturing centre of the growing economy. “Between 1960 and 1966, the urban population increased by 40%” (Mills and Song, 1979). Along with a steady stream of migration into Seoul, “two characteristics that appear to be especially significant in Korea’s development were the active role of the government in economic affairs and the government’s heavy emphasis on export expansion” (Kuznuts, 1986).

The Chaebol- During the rapid economic growth of the 1960s, large corporations rose to prominence as domestic and international producers. “The *Chaebol* are family-owned and –managed business conglomerates, which have dominated the South Korean economy since the 1960s” (Kim, E.M., 2000). *Chaebol* are defined as the top 30 performing companies identified by the national government. “At the centre of the old economic model was a government-*chaebol* alliance, whereby organized labor was

strictly controlled and excluded by law from direct political activity or the funding of political parties” (Gills, B. and Gills, D., 2000). Dictatorial governments and business worked together to maintain a motivated workforce that was denied freedom of labor or political organization. The economic boom was justification for the restrictions placed upon the long suffering population.

Korea continued to export at high volumes yet remained virtually closed to foreign imports. Some multinational department stores had infiltrated the economy, most notably from Europe. Until the late eighties, however, Seoul remained almost exclusively the domain of Korean business and foreigners were still rarely seen on city streets. “One result of the rapid economic growth or development experienced was a tripling of the average person’s income in the twenty years before 1985, so that the typical Korean was better off than twenty years before” (Kuznets, 1986). This point is debatable; if “better off” only accounts for income than the lot of the average Korean may have improved, but the costs as measured by quality of life and political and social freedom were very high..

The Olympics- The Olympic games of 1988 opened the country as no event had previously. “Particular attention must be played to those East Asian cultural traditions-for example, mass campaigns and mass mobilization of a populace-that might help explain the extraordinary impetus the Olympics seemed to provide to the country’s overall economic growth”, (Larson and Park, 1993). Along with the economic catalyst to further propel the economy, the exposure provided by the Olympics placed pressure on the President of Korea to make a declaration calling for sweeping democratic reforms (Rogers in Larson and Park, 1993).

The political freedoms promised in the late 1980s were realized in 1993 with the election of the first popularly elected Korean head of state in 30 years, Kim Young Sam. Kim introduced *seguehwa* as the cornerstone of the new economic policy. Not only would Seoul be an exporting leader, but also the city would accept investment by foreign firms. Table 1 shows this rise in foreign direct investment.

TABLE 1: Foreign Direct Investment in Seoul, 1982-1996

	FDI flows (\$ million) ^a				National share, 1996 (%)
	1982	1987	1992	1996	
Manufacturing	133.3 (22.7)	291.7 (19.0)	512.8 (17.5)	666.7 (13.4)	8.0
Services	451.8 (76.9)	1,245.8 (90.9)	2,421.4 (82.5)	4,310.3 (86.6)	69.0
Hotels	212.1	872.9	1,186.8	1,245.8	53.9
Finance	146.6	216.8	605.4	1,122.1	81.3
Commerce and trade	0.4	11.5	178.6	558.1	86.8
Retail and wholesale	0.5	16.6	61.0	283.5	50.4
Insurance	3.0	4.4	181.9	237.4	99.8
Total	587.4 (100.0)	1,539.2 (100.0)	2,934.9 (100.0)	4,977.7 (100.0)	33.9

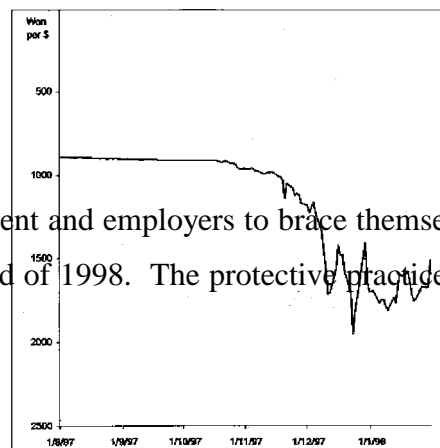
^a Outstanding as of the end of each year.
Source: International Economic Policy Bureau, Ministry of Finance and Economy, Korea (1996)

The future appeared bright for the city. American and European cars were now seen on Seoul's streets, and Seoulers could eat in a myriad of restaurants found elsewhere around the world.

The IMF Crisis- The Asian economic crisis overwhelmed Seoul like a tidal wave in 1997. "After a series of major corporate bankruptcies in South Korea and currency crisis in Southeast Asia, South Korea entered a full scale financial crisis, revealing deep structural problems in the banking and corporate sectors" (Gills, B. and Gills, D., 2000). The government *seggyehwa* policy was unable to counter the domino effect of economic failure spreading across Asia.

"Korea was especially hard hit because of the government's inability to manage the crisis and because the *Chaebols*' "beyond Asia investments in Africa, East European countries and Russia proved the companies' truly 'global' reach. Indeed, this surge of overseas investment over the years prior to the IMF bailout had resulted in the 'liquidity crisis' that was a crucial factor in the recent Korean financial troubles" (Short and Kim, 1999).

The Korean currency, the Won, went through a depreciation freefall, as shown below.

Figure 1: Depreciation of the Korean Won

Koreans were implored by the government and employers to brace themselves for hard times and try to make it through to the end of 1998. The protective practices of the

government and the overextension of *Chaebol* credit lines paralyzed the country. The IMF rode to the rescue of Seoul with a 58 billion dollar bailout package. “The IMF strongly requested the government to follow ‘free market principles’, which negate much of Seoul’s own way of relating politics with corporations and banks” (Short and Kim, 1999). In other words, in exchange for the money, the lucrative Korean market was now wide open to foreign investors at the IMF’s ‘request’. This was particularly attractive to American car manufacturers who were now free to challenge the government imposed dominance of domestic cars in the Korean market. “In early 1998, Korea opened its capital market and real-estate markets to foreign investment, and allowed mergers and even hostile takeovers by foreign firms, including the financial sector” (Gills, B. and Gills, D., 2000).

The Economic Implications of Globalization

The inability of the overextended and organizationally overgrown *Chaebol* to streamline operations in the face of the Asian economic crisis has left the traditional Korean economic structure in disarray. Many *Chaebol* once perceived as impervious to damage are now bankrupt. Korean companies have learned to sink or swim in the new global economy. Trade shows featuring international products are all the rage in the recently constructed Korea Exchange complex in Seoul. Seoul remains a manufacturing centre but Korean businesses have expanded into information technology development. It is impossible to go anywhere in the city without hearing the ring of a portable phone or see a sign advertising a PC gaming room. Seoul has not wavered as the economic centre of Korea during any stage in its globalization. Other cities perform functions that drive the engine of the Korean economy. Pusan and Inchon are port cities, Kyungju is the centre for traditional culture, but Seoul will not be supplanted as the preeminent city in the country, or as a major player in the East Asian region.

Social Implications of the Globalization of Seoul

Until the late 1980s, globalization in Seoul was a one-way process. Seoul was an emerging economic power and the social hegemony remained rooted in the agrarian past. Seoul experienced rapid industrialization without the social strife that accompanied

industrialization in the west. Students and workers rallied in other regions of the country but Seoul remained rigidly traditional and socially stable in the midst of dramatic economic change. The staging of the Olympics changed the city forever. Seoul became a destination for foreigners who, for the first time in its history, were not interested in taking over the country. Suddenly, hundreds of different cultures descended on the city. A US military presence was long established in Korea since 1950, but the Americans and Koreans lived in an uneasy status quo. The Olympic experience allowed a large amount of visitors and television viewers to learn about a previously isolated place.

The 1990s have seen social changes occurring as rapidly as economic change occurred in the 1960s. The social spin-offs of rapid industrialization became manifest in Korean society. Koreans were increasingly exposed to western culture in the form of cinema, music, television, literature, sport and fashion. Korea was a textile power and many of the fashions produced for export were sold cheaply in the streets of Seoul. Whole marketplaces became devoted to the sale of excess goods prepared for export but sold domestically.

The social institutions of filial piety, arranged marriage and gender roles entrenched in Korean life for millennia began to unravel. Exposure to other ways of life has resulted in a dizzying cultural revolution taking place in Seoul. The meeting of western culture and ancient social practice creates tremendous cultural change every few years. Cultural change that took decades to unfold in the west now occurs on a yearly basis in Seoul. Traditional Korean practice dictates it is immoral to show affection to others of the opposite sex in public, yet the influence of international media has shown younger Koreans that expressions of affection are acceptable. The ancient Confucian rules still exert great social influence, but the social practices of other cultures, most notably from the US, are picked up by younger people very quickly. It is common to see elderly Seoulers strolling along the streets of Seoul in traditional Korean garb pass a group of skateboard gangsters.

International cultural ideals now mix with Korean social practice to form unique hybrids endemic of Korea. Koreans flock to see American movies but the taste in movies differs from the American audience. Baseball and basketball are immensely popular in Seoul, yet the events are more like rock concerts than sporting events, complete with

cheerleaders and constant music. Use of English is popular, yet the resultant changes to the language have resulted in the creation of a new lexicon, Konglish, which incorporates English phrases directly into Korean. Accompanying exposure to global products of the mass media glorify pathologies most widely associated with American cities, including vandalism, crime, firearm violence, and premarital sexual activity amongst the young. Seoul was once perceived as one of Asia's safest cities, but that perception is changing as the problems associated with large international cities rise.

The IMF economic crisis brought with it a new series of social changes. For the first time in generations, many Koreans were now without a guaranteed job. The *Chaebol* were forced to layoff massive amounts of employees in order to become financially solvent. The absence of a government managed welfare system resulted in once wealthy management employees selling anything they could from a push cart in order to make a meager wage to as many as one former employee a day committing suicide during the height of the crisis. As table 2 shows, unemployment became a serious issue in post-IMF Korea.

	1994	1995	1996	1997	1998
Jobless rate (%)	2.2	1.8	1.8	2.2	7.6
Thousands of jobless	445	338	387	476	1,651

Source: *Dong-A Ilbo*, 27 August 1998.

TABLE 2: Trend of Unemployment Rates, July 1994- July 1998

The opening of Korea resulted in an influx of workers from across Asia. “There were an estimated 370 000 migrant workers in Korea in February 1998. Their legal status and civil rights as foreigners and workers have been hotly debated in Korea, and their presence in general has raised questions about what constitutes the Korean workforce and nation and who is Korean” (Moon, 2000). Workers from China, Bangladesh, the Philippines and Indonesia are highly visible in Seoul. A new wave of young professionals from North America and Europe live in Seoul as instructors and businesspeople. These foreigners bring different tastes and cultural ideals to a society that was virtually unchanged until 1988. As the economic effects of globalization

completely reshaped Seoul in the 1960s, the social effects of globalization will continue to transform Seoul in the coming decade.

Spatial Implications of Globalization

With the country focusing on industrialization, Seoul has seemed to forego its agrarian village life. The city is extremely crowded and plagued by a host of environmental problems, including smog and heavy pollution. Western style planning was ignored in the 1960s in favour of unchecked and rapid industrial expansion. The practice of planning existed, but it was conducted as it would have been in a socialist state of the same era. Planning is still a top down process, with the state deciding where major housing developments will locate and the vast majority of people live in housing tenements in Seoul. Industrial, commercial, and residential land-uses converge in a seemingly unplanned organic mix in the city. Several zones of the city are dedicated to specific land uses, but most neighbourhoods contain a jumble of high-density uses.

The high population density values continue to grow with the construction of new high-rise housing estates. The utilitarian designed apartment complexes dominate the cityscape. With the exception of three business centres in the city, the urban form is composed of apartment blocks intermixed with a wide range of uses. The city is supported by an efficient and well-used public transport system of busses, trains and subways. However, the freeway network in Seoul rivals that of a North American city. In lieu of a private residence, the car has become the symbol of a Seoulers affluence. Being seen in the right car is the mark of any well-to-do Souler, even if they are locked in a three hour traffic jam. Housing choice is limited. Since most Seoulers will live in an apartment, either of the high-rise or 5 storey walk up variety, the most important factor in choosing a home is not what kind of residence you have but where it is located. In a city where most housing is identical, location is everything. Seoulers will spend thousands of dollars US to secure a home in one of Seoul's trendier districts, or to live beside the Han River. Like other densely populated centers, the affluent and poor can live close to one another yet in completely different worlds.

Environmentally, Seoul has paid a terrible cost for its industrial emergence. The Han River is filled with the pollutants of industrial waste. The lack of regard for the

sensitivity of the environment in the 1960s is only now being addressed. It has been a problem to rectify the establishment of natural areas when millions of Seoulers are living in inadequate housing tenements. Urban pollution and congestion has led to explosive growth in the suburbs. Suburban life mirrors that of Seoul; the densities remain high and the linkages to Seoul remain intact but the mountains are more accessible. The ring of suburbs now contains 4 million people looking for a better life. Instead, many suburbanites concede they have merely exchanged problems of pollution and crowding for a lengthy commute. As affluence grows and exposure to international ways of life increases via personal contact and the unchecked growth of internet access, Seoulers will demand changes to the city that allow for people to pursue healthier lifestyles. The city must rectify the growing demands of a population increasingly knowledgeable about alternate urban lifestyles and the need to provide the growing population with adequate housing.

What makes Seoul special and unique?

Several distinctive features create Seoul's unique urban identity. Without any doubt, Seoul is THE place to be in Korea. From the Olympics to the upcoming World Cup of Soccer in 2002, Seoul continues to gain exposure by playing host to major international events. Most Koreans wish to live in Seoul, if not for the city's economic strength and opportunity but for its pace of life and cosmopolitan feel. Seoul is the venue of any international project entering into Korea. There is an attitude that anything can be done anywhere at anytime in Seoul. In this regard, Seoul has become a truly global city.

Even in the face of rampant globalization, Seoul remains fiercely Korean. The history of the Korean people is full of foreign domination and suffering, and the gains made by the Korean over the past 50 years will only grudgingly be traded for international prosperity. Like other global cities, Seoul has transformed the products of international corporations to suit its own tastes. You can buy a Big Mac anywhere, but it is doubtful you can buy a side order of squid in an American McDonalds. The symbols of a global city are everywhere, from the signs of multinational corporations to the recent inclusion of foreign players in the Korean Baseball Organization. New culture is assimilated into the culture to create something Korean. Korean hip-hop is the most

popular form of music among the young in Korea. Merging American rap and some traditional Korean folk music produces a sound unique to Korea that provides a voice for the socially and technically astute younger generation.

Modern Seoul continues to function via the strong underlying Confucian moral obligations of duty and order. With the erosion of these traditional beliefs, the social and physical structure of Seoul is suffering. The prior generations understood that the economic growth of the nation was of paramount importance. Now, with a growing segment of the population driven by new political freedoms and international exposure, the order within the city is being undermined. Over the past 50 years, there has been a sense of a fast paced life in Seoul, but areas of the city are now a place of danger. The era of suppression of individual demands for the betterment of the fatherland is over; Seoulers want the good life for themselves and their families.

No discussion of the globalization of Seoul can be concluded without discussion of North Korea. Just 40 km north of Seoul lies the most heavily protected military border in the world. Where Seoul has accepted the good and bad of globalization, North Korea remains one of the world's few pockets untouched by globalization. International pressure, from the US, Japan, and China, has reinvigorated southern strategies to reconcile the conflict on the Korean peninsula. In August 2000, the leaders of the two Koreas met for the first time ever. There is a growing yet cautious optimism about the possibility of Korean unification. Undoubtedly, Seoul will play the major role in this process. Already, the number one highway symbolically links Seoul with the north, even if the roadway effectively ends at the Demilitarized Zone. The process of globalization in Seoul will provide many lessons if, and when the North is opened to a global world.

Conclusion

The process of globalization has changed Korea from an agricultural-based society to a post-industrial power in 70 years. Seoul, once an agricultural fortress outpost, is now a bustling global city harbouring every possible economic activity. It is the resilience of the Korean people that has allowed the city to recreate itself after the calamity of the Korean War. A new battle is being fought today in Seoul, a battle

between the diffusion of global lifestyles and the entrenched values of Korean culture. Time will tell how Seoul will emerge from the onslaught of this new invasion.

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