

Social Polarization and Its Spatial Characteristics: The Case of Seoul, South Korea

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사회적 양극화와 공간적 특성 : 서울의 사례

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국문요약 : 1997년 IMF 경제위기 이후 한국사회의 뚜렷한 변화의 하나는 빈부격차의 확대와 함께 사회계층의 양극화가 진행되고 있다는 점이다. 이 논문의 목적은 사회적 양극화의 주요 원인은 무엇이며, 사회적 양극화가 공간적으로는 어떻게 나타나는가를 서울을 사례로 하여 규명하는 데 있다. 서구 선진자본주의 국가에서 사회적 양극화에 대한 논의는 이미 1990년대 초 세계화 또는 세계도시가 주요한 연구주제로 등장하면서 시작되었다. 1980년대 이후 선진자본주의 국가를 중심으로 한계에 도달한 포드주의 축적체계가 포스트 포드주의로 급속히 전환되면서 사회적 양극화가 자본의 유연화 및 세계화 전략과 맞물리는 현상으로 인식되었기 때문이다.

이런 점에서 최근 전개되고 있는 한국의 사회적 양극화는 서구 선진국과 유사하다. 1997년 경제위기 이후 세계화가 급속히 진행되는 가운데 지식기반경제의 대두로 고소득 전문직이 등장하는 반면, 중산층의 몰락과 더불어 임시직 고용이 확대되고 실업이 만성화되는 등 자본의 세계화와 유연화 과정에서 나타나는 양극화 양상이 보이기 때문이다. 이와 같은 맥락에서 한국의 사회적 양극화는 이미 1990년대 초부터 진행되어 왔으며, IMF 경제위기는 단지 그러한 사회적 양극화를 급속히 진행시키는 방아쇠 역할을 하였다고 할 수 있다. 그러나 한국의 사회적 양극화는 직업구조와 임금소득의 격차만으로 설명하기 어려운 또 다른 특성을 갖는다. 왜곡된 시장구조에서 무엇보다도 부동산과 같은 자산소득의 격차가 큰 역할을 하기 때문이다.

서울은 이와 같은 한국의 사회적 양극화가 한 도시 내에서 전형적으로 전개되는 곳이라고 할 수 있다. 한국 내 어떤 도시보다도 세계화되어 있고 전문지식을 기반으로 하는 산업이 발달하고 있기 때문이다. 서울의 사회적 양극화는 공간적으로도 나타난다. 일반적으로 서울은 크게 주거지로서는 공동화되고 있는 중구·종로구·용산구 등 사대문안의 구도심지역, 강남구·서초구·송파구 등을 중심으로 한 1970년대 이후 계획적으로 개발된 이른바 강남의 신혼주택 및 신산업 지역, 영등포구·구로구·금천구·성동구·동대문구 등 제조업 중심의 구산업 및 저소득층 주거지역, 그리고 그 나머지 강북·강서·강동 등의 전형적인 주거지역 등 4개 유형으로 지역이 구분된다. 그러나 IMF 경제위기 이후에 강남구·서초구·송파구를 중심으로 하는 고소득층의 주거지와 그 나머지 주거지로 공간적 양극화가 이루어지고 있다. 사회적 양극화의 이와 같은 공간화 과정에는 자산소득의 격차를 확대하는 강남구·서초구·송파구의 높은 지가 및 아파트 가격이 중요한 역할을 하고 있다. 높은 부동산 가격이 이 지역에 대한 일종의 진입장벽을 쌓음으로써 고소득층에 의한 공간독점을 가능하게 하기 때문이다. 공간적 양극화를 촉진하는 데는 지하철 및 문화복지시설의 집중 등 불균형적인 공공투자자와 강북에서 이전한 명문고등학교를 중심으로 형성된 8학군 등 양호한 교육환경 또한 중요한 역할을 하고 있다.

서울의 사례에서 확인할 수 있듯이, 한국에서의 사회적 양극화는 직업구조와 임금소득이라는 일반적인 요인 외에도 부동산 가격 및 소득 그리고 생활인프라의 격차를 통해 공간적 양극화를 야기하고 있다. 이러한 현상이 한국내 다른 도시에서도 전개되고 있는지, 공간적 양극화로 인한 도시문제는 무엇이고 대처방안은 무엇인지 등에 대해서 후속연구가 요구된다.

주요어 : 사회계층, 사회적 양극화, 공간적 양극화, 세계화, 소득격차, 거주지 분화

1. Introduction

In recent years, Korean society has obviously trended toward polarization since the 1997 financial crisis. Mass-unemployment, decrease of

real income and accumulation of income inequality by the financial crisis and the following economic reform has collapsed the economic base of middle class. At present, such collapse of middle class results in the rapid

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growth of social polarization in Korea. Particularly, the social polarization and the spatial phenomena related to it appear more definitely in Seoul, which is the largest metropolis as the capital city.

In this context, this study focuses on how social polarization is related to spatial polarization. It could be said, social polarization is not just occupation or income matters but is more comprehensive matters, including lifestyle, recognition and attitude of regional difference, public service and investment, educational environment and so on. This paper is broadly divided into two sections. The first section depicts the general economic situation after the financial crisis in South Korea. Second, spatial characteristics of social polarization in Seoul are examined.

2. Social Polarization and the 1997 Economic Crisis in South Korea

1) Deepening income disparity and social polarization

Korean economy experienced the worst crisis due to the shortage of foreign currency in the end of 1997. Economic growth rate recorded -5.8% in 1998 with the rapid contraction of domestic demand. Minus record of economic growth rate is the first one after 1980. Especially, decreasing rate is the largest amount since the 1960s, which Korean economy started high growth in virtue of rapid industrialization. Thus, mass-unemployment happened and household income decreased significantly. Real income in 1998 diminished by -3.2%, comparing to a year ago. Now, Korean economy is almost completely recovering from the crisis. Real income also is recovering nearly the level before the crisis. Korea's GDP per capita recovered to \$9,770 in 2000.

However, despite of such economic recovery, the disparity of real income between social classes is been expanded more and more. The serious economic crisis brought the decrease of income and the reduction of consumption, but the effect of the economic crisis is uneven by social class and it concentrate on a specific class. Almost all income groups experienced decreasing in income during the economic crisis. However, the lower income level is, the more income decreases.

Moreover, as Table 1 shows, while the bottom 80% of the income group experienced a decline of income, the income of the top 20% increased during the same period. Accordingly, the income share rate of the top 20% got higher, on the contrary the income share rate of the bottom 80% sharply went down(see Table 2). Especially, it is noted that the income share rate of the middle class declined more than one of the low class did. In particular, it is said that the weight of middle and low strata among the middle class was reduced significantly

It can be identified through the trend of consumption that Korean society has been seriously polarized since the 1997 financial crisis. First of all, consumption on luxury goods is rising. This means that the shift of wealth is reflected in the consumption pattern. During the year even 1998 in the deepest swamp of the financial crisis the spending by the lowest 20 percentile group declined by 9.8%, while for the top 20 percentile group the rate of decline was far less with only 0.6%. Thus, consumption spending by the top 20 percentile group increased greatly as soon as Korean economy began to recover from the financial crisis. Especially, the growth of consumption on luxury goods such as golf instruments, furs, jewelry, etc. has been remarkable. For instance, spending

Table 1. Income Variation Index by Income Group (Unit: the year of 1996 = 100)

Income group	1997	1998	1999	Change		
				1996-1997	1997-1998	1998-1999
Top 20%	120.9	127.7	132.4	20.9	5.6	3.7
20~40%	126.6	122.4	120.8	26.6	-3.3	-1.3
40~60%	104.5	100.8	98.4	4.5	-3.6	-2.3
60~80%	90.1	84.3	81.3	-9.9	-6.4	-3.6
Bottom 20%	91.8	82.3	75.4	-8.2	-10.3	-8.4

Source : Hong, S. M. and Min, J. H., 1999, *Shrinkage and Rebuilding of Middle Class in the Age of IMF*, Hyundai Research Institute.

on golf instruments in 1999 increased by 357.6% over last year(Oh, 1999).

over-dependence of foreign technology (Kang, 1993). Korean government and the capital pushed

Table 2. Income Share Rate by Class (Unit: %)

	1991~1997	1999~2001	variation
High class(top 20%)	37.6	40.2	2.6
Middle class(medium 60%)	53.9	52.3	-1.6
Low class(bottom 20%)	8.4	7.5	-0.9

Song, T. J., 2002, Growing gap between income and consumption for the middle class, *Weekly Economy*, 676, 6. (<http://www.lgeri.com/project/lgeri003/view001>)

2) The solidification of social polarization is temporary or not?

As a result, the recent statistics informs us that wealth is concentrating on a specific class and poverty is generalizing with contraction of the middle class in South Korea. There are two approaches to the recent such expansion of social polarization. One is that it is due to the financial crisis, and then it is temporary(Sohn, 1999). The other is that it is caused by the structural factors, and then it is not temporary, on the contrary it would be deepened in the future. In fact, it is not easy to predict the future situation exactly. However, a certain fact is that the middle class was already contracted with the change of industrial structure from the early 1990s.

In the early 1990s, Korean economy faced a serious crisis in the process of globalization due to the limit of domestic technology and the

industrial restructuring in order to overcome it, and the industrial restructuring of the 1990s centered round technological innovation. Thereby, Korean economy has gradually transformed toward flexible accumulation system. However, on the other hand, this industrial restructuring brought the increase of unemployment and unstable part-time job. As a result, income distribution has been continuously deteriorated since the early 1990s. Accordingly the contraction of middle class and social polarization already progressed at least from the middle 1990s.

Industrial restructuring toward flexible accumulation system and globalization is being accelerated after the 1997 financial crisis. Thus, the 1997 financial crisis can be viewed as an immediate cause of social polarization in South Korea. That is partly true. However, strictly speaking, social polarization after the 1997 crisis is on the extension of social polarization which

started from the early 1990s. The 1997 financial crisis was a just trigger for strengthening the trend of social polarization. In this context, the recent social polarization in South Korea is a structural matter which results from increasing flexibility of capital and globalization of accumulation system. Social polarization in Seoul, which is a global city of South Korea, can be also explained in the same way.

3) Occupation is not an unique cause of social polarization

So far social polarization has been mainly approached in relation to occupational structure. Its basic logic is that occupational distribution among the population results in income inequality, and income inequality results in social polarization. There is an approach that social polarization is seen as a process bound up with the emergence of the so-called global city(Baun, 1997; Doring, *et al.*, 1996). That is to say, the occupational structure of major growth industries in global cities has created and contributed to the growth of a high-income stratum and a low-income stratum of workers. Ultimately, 'global city' arguments focus on polarization within occupational hierarchy. Hamnett(1994, 1996) criticised this 'global city' thesis, but his argument of 'professionalization' is also related to occupational structure.

Recent social polarization in South Korea is certainly connected with occupational structure including unemployment. Employments are

separated into a small number of high-income professional jobs a large number of low-income job by the flexible strategies of the capital, and there is a significant increase in long-term unemployment and part-time job in the process of economic reform.

However, there is a limit to explaining social polarization in South Korea only with 'global city' thesis or occupational structure. Polarization of occupation is one of causes for income inequality. But asset inequality should be considered more problematic in Korean society, because it is a major culprit in deepening of income inequality. Inequality in asset ownership invites a vicious cycle between the rich and the poor. According to a report by Lee(2000), the Gini coefficient of wage income recorded an average of 0.286 after the currency crisis, while the Gini coefficient of asset income was a high 0.535 on average(see Table 3).

That is, inequality in wage income is lower than that in total income. In contrast, the degree of asset income inequality is quite higher than that in total income. In addition, considering the fact that urban workers do not possess much, even if Korean economy has more or less an equalized wage income distribution, it is difficult that income inequality is totally solved.

Especially, the inequality is the highest in real estate property such land, building and house. In that inequality in land ownership is estimated using 1998 land tax data, the Gini coefficient is

Table 3. The Gini Coefficient of income

	1997	1999
Wage income	0.283	0.286
Asset income	0.507	0.535

Source : Lee, S. W., 2000, *Asset Distribution & Rise in Income Inequality*, LG Economic Research Institute. (<http://english.lgeri.co.kr/project/lgeri003.nsf/economy/>)

0.875, which is close to perfect inequality. The top 1% of Korean population 41% of land and the top 8.5% of the population owns 76% of total land in the country. On the contrary, 54.5% of adult population doesn't own land at all.

3. Spatial Processes of Social Polarization in Seoul

1) Impacts of the 1997 economic crisis on Seoul

Seoul is the capital and the largest metropolis in South Korea(see Figure 1). Though the geographical area of Seoul covers only 0.6% of South Korea, Seoul contains about a quarter of its population. Seoul is a true hub of the national economy, playing a key role in the free flow of national resources and capital. This is attested by the fact that Seoul accounts for 48.3% of the nation's bank deposits and 50% of bank loans. Naturally, the vast majority of head and branch

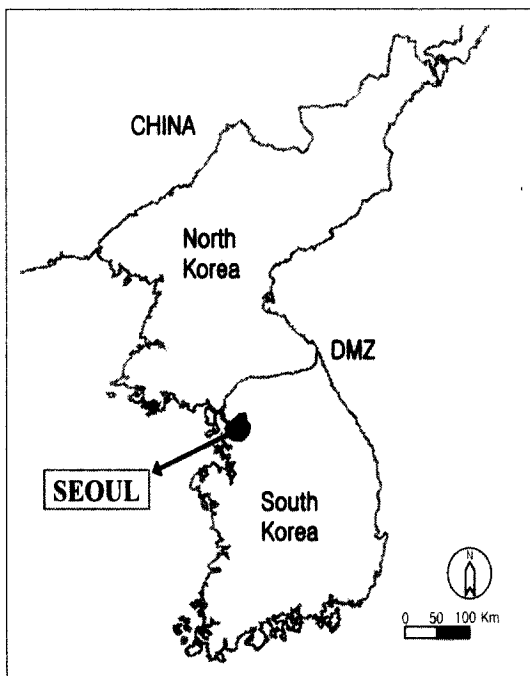


Figure 1. Study Area : Seoul

offices of banks, stock and insurance companies are all concentrated in Seoul.

Seoul's economy was seriously damaged by the 1997 economic crisis. The employment in Seoul continued to decline throughout 1998. The largest decrease in employment occurred in the manufacturing sector. However, Seoul's economy could quickly recovered from the crisis, relative to other metropolises of South Korea. Because Seoul has not only stronger economic fundamental than other regions, but also since the early 1990s its economy has been already restructured toward flexible accumulation system, which centers round high-tech industry and producer service industry such as FIRE. At the same time, globalization of economic activities has been showed up rapidly in Seoul(Kang, 1993; Kwon, 1993).

However, Seoul is a metropolis that the gap between the rich and the poor is biggest in Korea. Because a number of unemployed people, immigrants from countryside and other cities pour into Seoul in order to get their better opportunities or jobs, there are more people of the under or low class in Seoul than in any other cities of South Korea. It is natural that social polarization is conspicuous in Seoul. The 1997 economic crisis made this character of Seoul more prominent. Foreign direct investment has concentrated on Seoul, and IT industries such as computer software and internet business has developed rapidly. As a result, Seoul's economy has been more globalized and its industrial structure has become more flexible.

However, as above mention, social polarization in Seoul can not be sufficiently explained just with industrial restructuring and/or globalization. In the society whose real estate market is abnormal like South Korea, capital gain from real asset is more effective in raising income inequality. Capital gain of several billion dollars

Table 4. Distribution of Employment by Occupation in Seoul (Unit: thousand)

	2000	2001
Representative, high executive and official	154	177
Professional	416	462
Semi-professional and technician	735	683
Office employee	627	642
Worker in services	639	622
Worker in whole sale and retail	626	632
Worker in agriculture, forestry and fishing	9	7
Worker in assembling and operating machine	690	677
Skilled labourer	278	282
Non-skilled labourer	384	403
Total	4,559	4,587

Source : KNSO, Seoul Local Office, 2001, *Principal Statistics in Seoul*. (<http://www.nso.go.kr:7001/local/seoul/stat/stat3-5.cfm>)

Note : Names of 25 Gus in Seoul

1. Jongno, 2. Jung, 3. Yongsan, 4. Seongdong, 5. Gwangjin, 6. Dongdaemun, 7. Jungnang, 8. Seongbuk, 9. Gangbuk, 10. Dobong, 11. Nowon, 12. Eunpyeong, 13. Seodaemun, 14. Mapo, 15. Yangcheon, 16. Gangseo, 17. Guro, 18. Geumcheon, 19. Yeongdeungpo, 20. Dongjak, 21. Gwanak, 22. Seocho, 23. Gangnam, 24. Songpa, 25. Gangdong

Figure 2. Types of Functional Configuration of Space in Seoul

a year is produced only from the market for new apartment sale. Seoul has the biggest such market for new apartment sale. It doesn't mean that industrial restructuring or globalization is not important. It means only that social polarization can not be properly explained without understanding asset income inequality.

2) Residential differentiation by social stratum

Spatial processes of social polarization primarily depends on residential differentiation. Residential differentiation in Seoul is based on the changes of urban character and occupational structure, and functional differentiation of space in response to that changes. Functional configu-

ration of space in Seoul broadly has four types(see Figure 2).

First type is a new industrial district such as Gangnam-gu and Seocho-gu, on which high-tech industries, producer services etc. are concentrated. Seocho-gu, Gangnam-gu and Songpa-gu are developed according to plan (Surh, J. H., *et al.*, 1992), and high income class concentrates also in these areas. Seocho-gu, Gangnam-gu and Songpa-gu are the most segregated areas for professional, administrative and managerial workers(Han, 1989; Lee, 1997). This area, the so called GANGNAM is recognized as residential spaces of the rich in Seoul(Kim, 2000). Second type is an old center

Table 5. The Level of Land Prices by District in Seoul

(Unit: thousand won/m²)

	1998	2002
Seoul	870	900
Jongno	920	940
Jung	1,100	1150
Yongsan	970	1,010
Seongdong	900	900
Gwangjin	980	1,020
Dondaemun	950	980
Jungnang	830	840
Seongbuk	860	900
Gangbuk	780	820
Dobong	850	870
Nowon	800	850
Eunpyeong	770	810
Seodaemun	830	860
Mapo	920	1,000
Yangcheon	820	830
Gangseo	780	790
Guro	840	830
Geumcheon	900	910
Yeongdeungpo	870	890
Dongjak	790	820
Gwanak	880	810
Seocho	1,230	1,300
Gangnam	1,450	1,550
Songpa	930	990
Gangdong	940	970

Source : Korean Association of Property Appraiser, Land Prices Database. (<http://member.kapanet.co.kr/index.asp>)

of Seoul such as Jongno-gu, Jung-gu and Yongsan-gu. The number of residents in these areas is decreasing. Third type is traditional centers of manufacturing. Areas adjacent to the productive space of third type became the residential space for the low income class. Fourth type is typical residential areas which developed relatively a long time ago, and they include the north districts of the Han river and some south districts of the Han river.

Real estate prices is practically one of the most important factors which raise this residential differentiation. Prices of land and apartments in GANGNAM are much higher than those in other areas. Averagely, the former is about 1.5 times than the latter(see Table 5 and Figure 3). Such high prices make the barrier which prevents low income class from an

approach to the areas. The barrier results in a sort of spatial monopoly which transfer social polarization to spatial polarization. However, it is not just because of dwelling cost. High prices of real estate can bring also more capital gain from it. This is one of the important reasons why the high income class concentrate in GANGNAM.

3) Unfair urban structure of Seoul

An unfair urban structure of Seoul also contributes to the transfer of social polarization to a present spatial polarization. In fact, public investment into GANGNAM, the most segregated areas for the high income class, is larger than that into any other areas of Seoul. The construction of subway is a typical example. The early construction of subway was concentrated

Source : Internal Data of REAL ESTATE 114 INC.

Figure 3. Average Price of Apartment in Seoul(2002)

on GANGNAM. During the first stage of construction all lines of subway were designed to pass the area of GANGNAM. As a result, there are about 30% stations of total in number 2 line and number 3 line from 1978 to 1994. In the beginning stage of spatial polarization, this construction of subway was an important inductive factor which brought the concentration of the high and middle class in GANGNAM through improving residential environment.

In this context, first of all, the educational environment is the most important factor of spatial polarization in response to social polarization. It is very important matter for most Korean people who have strong desire for the better education. So-called 8th school district, which includes Gangnam-gu and Seocho-gu, is broadly known as a primary school district in Seoul, because Seoul metropolis government purposely transferred noble high schools from the north area of the Han river to GANGNAM.

Inequality in public and private investment over culture and performance facilities can be also an example of unfair urban structure which brought the spatial polarization. There are so various culture and performance facilities such as movie theater, museum, gallery, multi-performance hall, etc. in Gangnam-gu and Seocho-gu.

4. Concluding Comments

Polarization of Korean society has become more conspicuous since the 1997 economic crisis. It can be seen as a result of industrial restructuring and globalization. However, there are aspects which are difficult to explain just with the change of occupational structure and the inequality of wage income. In Korean situation, the inequality of asset income, especially real estate, should be considered

sufficiently. This matter is more important for the spatial polarization in response to social polarization. In addition, the educational environment and the public investment over transportation and culture & welfare facilities are notable in the practical spatial processes of social polarization.

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