

The Spatial Restructuring of Northeast Asia in the New Millennium*

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Abstract

Any evaluation of the proposal to develop Korea as a logistic platform for Northeast Asia and Seoul-Incheon as a multifaceted hub needs to be conscious of the primacy of developments in China and to assess the decentralization of political power and resources in the region since the 1990s. The governments of Japan, Korea and China have adopted varying degrees of decentralization as a means of resolving a range of common domestic and foreign policy problems. Each has produced grand plans for restructuring space to provide a base for decentralization through investments in transport and communications infrastructure. These 'hard' investments, linked with the decentralization of political power and other processes such as privatization, were designed to

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encourage the development of markets in local areas (*i.e.* marketization) and engender cross-border linkages. Apart from the Pearl River Delta and the Yangtze River Delta, these plans have been largely unrealized in Northeast Asia because of the pre-modern and modern legacy of over-centralization. Indeed, there are signs that recentralization has occurred during the second phase of modernization in the late 1990s, which has intensified pressures on the sustainability of coastal development. Suggestions have been made for an alternative approach to decentralization that combines globalization, regionalization and localization.

Key Words: Centralization, Decentralization, Globalization, Localization, Marketization, Over-centralization, Privatization, Recentralization, Regionalization

I. Introduction

Any evaluation of the proposal to develop the Korea as a logistics platform for Northeast Asia and Seoul-Incheon as a multifaceted hub in particular has to be conscious of broader trends in the spatial restructuring of the region in the new millennium. Of special importance is the need to assess the effectiveness of the decentralization of political power from central to local government since the 1990s. Before making this assessment it is essential to recognize the primacy of China in defining the area of study.

An examination of the restructuring of Chinese space in the new millennium has highlighted the development of four extended metropolitan regions (EMRs) following the adoption of China's open door policy in 1978 — the Pearl River delta, the lower Yangtze delta, the Bohai Rim and the Liaoning corridor.¹ An overriding concern was

1. P.J. Rimmer, "Overview: Restructuring Chinese Space in the New Millennium," Special Issue: On Restructuring Chinese Space in the New Millennium, *Asia Pacific*

whether these four EMRs, stemming from the state's closure of central cities to potential immigrants and the relaxation of controls over adjacent rural areas, would persist into the new millennium (Figure 1). Would they be joined by the Fuzhou-Xiamen and Shandong corridors following the industrialization of their hinterlands and rapid immigration sustained by associated economies of agglomeration? Or were these patterns simply a transitional phenomenon to be followed by the interlocking of EMRs as part of a more far-reaching decentralization of political power and control over resources to create a new spatial balance?

A preoccupation with China's space to address this question is problematical. Although all EMRs have become substantial manufacturing-based economies stemming from direct foreign investment and exports, there are marked disparities between them.² The overseas Chinese Diaspora stretching between peasants in southern China via Hong Kong and Taiwan to Manhattan and Silicon Valley — rather than state intervention — have given the Pearl River Delta and the Yangtze River Delta an edge over the other EMRs and need not be considered further.³ The fortunes of the Bohai Rim and the Liaoning corridor are linked inextricably to developments in Northeast Asia with Japan, Russia, Mongolia and the Koreas that are the focus of this study.

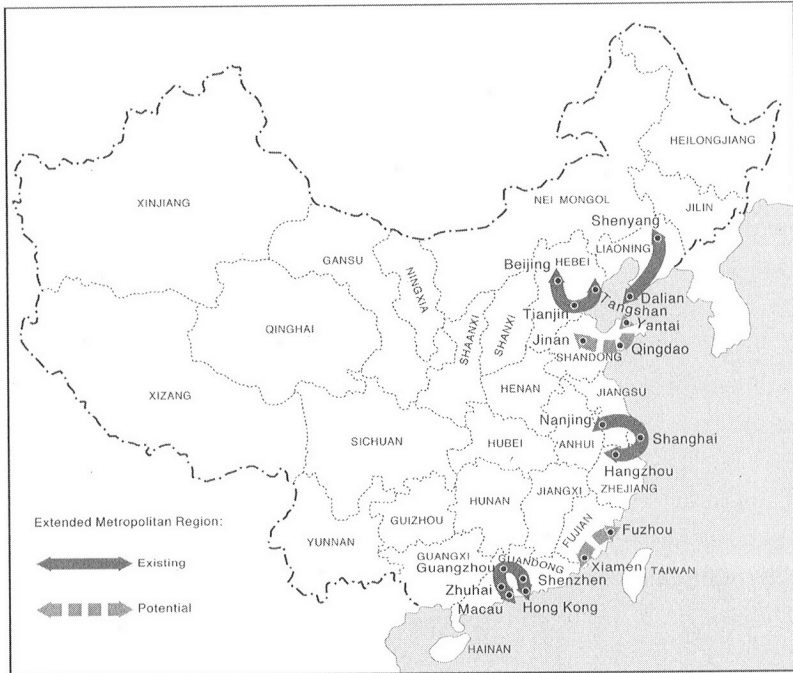
Since the early 1990s the World Bank (2000), the Asian Development Bank and other international lending organizations have encouraged the *decentralization* of central government power and control over resources as a positive force for change in northern China, Japan, the Koreas and Russia. This strategy has reflected the worldwide trend towards greater importance being afforded to the

Viewpoint, Vol. 43, No.1 (2002), pp. 1-8.

2. DFAT, *China Embraces the Market: Achievements, Constraints and Opportunities* (Canberra: East Asia Analytical Unit, Department of Foreign Affairs and Trade, 1997).

3. G.C.S. Lin, "Changing Discourses in China's Geography: A Narrative Evaluation," *Environment and Planning A*, Vol. 34, No. 9 (2002a), p. 1823.

Figure 1. Extended Metropolitan Regions in China



* Source: Rimmer (2000), p. 3.

demands of non-government organizations (NGOs) and greater involvement of the private sector in matters previously handled by the central government. Indeed, decentralization is regarded as the key to comprehending the restructuring of space in the emerging Northeast Asia region. More efficient delivery of government services was promised, together with grassroots participation and improved living standards for the poor, through the adoption of smaller government, the primacy of market forces and the spread of information technologies (Table 1). Many of these arguments were accepted uncritically by governments in the early 1990s buoyed by the popular enthusiasm for regionalism in Northeast Asia and eagerness of the multilateral lending organizations for privatization.

Table 1. The Rationale for Decentralization

Decentralization is usually understood to refer to the expansion of local autonomy through the transfer of powers and responsibilities away from national bodies ... The case for decentralization includes the following:

- local or regional government is more effective than central government in providing opportunities for citizens to participate in the political life of the community, thus creating a better-educated and more informed citizenry;
- peripheral institutions are usually 'closer' to the people and are more sensitive to their needs;
- decision made at the local level are more likely to be seen as intelligible and therefore legitimate, whereas central government may appear to be remote, both geographically and politically;
- decentralization protects freedom by dispersing government power and creating a network of checks and balances; peripheral bodies check central government as well as each other.

* Source: Heywood (2000), pp. 237-238.

A review of progress on decentralization by the turn of the millennium in Northeast Asia suggests that the anticipated benefits from the application of this strategy have not been realized.⁴ Many reforms were not implemented. There were inefficiencies and corruption in local government.⁵ Market competition was restricted by moves towards privatization. Apart from those between China and the Koreans, cross-border relations have remained tense. Russo-Japanese relations are strained over the disputed territories; Sino-Japanese relations are disturbed by their respective great power identities; and the unification of the Koreans is still stalled. There has been little evidence of multilateral cooperation. Sino-Russian cross-border trade generated

4. G. Rozman, "Restarting Regionalism in North East Asia," *North Pacific Policy Papers 1* (Vancouver: Institute of Asian Research, University of British Columbia, 2000a); idem, "Decentralization in East Asia: A Reassessment of Its Background and Potential," *Development and Society*, Vol. 31, No. 1 (2002a), pp. 1-22.

5. B.F.D. Barrett, "Decentralization in Japan: Negotiating the Transfer of Authority," *Journal of Japanese Studies*, Vol. 20, No.1 (2000), pp. 33-48.

by the shift of power from Moscow and Beijing to local governments has been terminated (though Chinese traders have gained a strong foothold in the Russian Far East). These observations prompt the need to address a series of issues regarding decentralization:

- How was the decentralization of political power and resources conceived in the 1990s?
- Why has the decentralization thrust apparently faded over the past decade? and
- How can a realistic process of decentralization be reinvigorated over the first decade of the new millennium?

In addressing these decentralization approaches there is an opportunity to contrast two divergent approaches.

One is the *demand-driven approach* espoused by Gilbert Rozman⁶ and others. A sociologist from Princeton University, Rozman stresses the importance of being sensitive to demands derived from human and social flows generated by travelers, tourists and migrants. Rozman's⁷ cultural perspective stems from tracing urbanization and the development of city networks in Northeast Asia before 1800, through the process of modernization in the region's heartland comprising China, Japan and Korea, to efforts to restart regionalism in Northeast Asia. A prolific commentator on shifting international relationships between the 'great powers' of China, Japan, Russia and the United States, Rozman is conscious of the impact of these relationships on changing national identities.

Spatial planners, including the author, champion the alternative *supply-driven approach*.⁸ This approach envisages the network infra-

6. G. Rozman (2002a), *op. cit.*

7. G. Rozman, *Urban Networks in Ch'ing China and Tokugawa Japan* (Princeton: Princeton University Press, 1973); idem (ed.), *The Modernization of China* (New York and London: The Free Press and Collier Macmillan, 1981); idem (2000a), *op. cit.*

8. Won-bae Kim and Young-bong Kim, *Industrial Cooperation and Regional Development in Northeast Asia: Towards a Cooperative Development Strategy*, Research

structure required for ten or twenty years hence. Much emphasis is placed on mapping the likely development of the network to shape demand over future time periods. By supplying infrastructure to shape demand the emphasis is on how the region *should be* rather than how it is now.

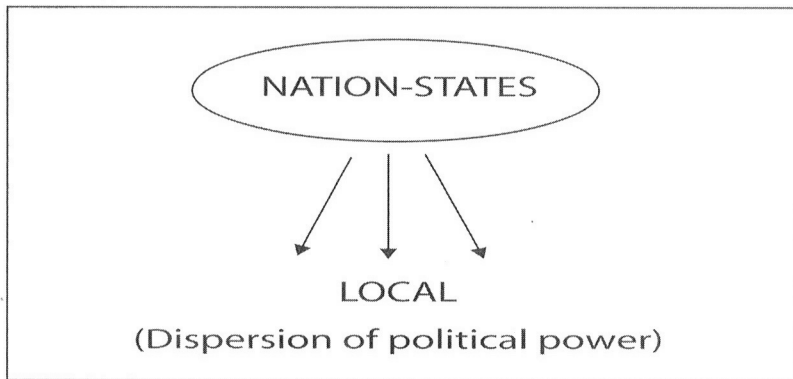
These two approaches are not mutually exclusive. Rozman would be at one with spatial planners in emphasizing that changing cities and city systems offer a sensitive guide to historical shifts in the spatial depiction of society in Northeast Asia. Looking ahead, this common ground raises the optimistic prospect of a future reconciliation of the two approaches.

II. Decentralization During the 1990s

In the 1990s there were high hopes for the decentralization of political, fiscal and administrative powers from the center to sub-national units of government (Figure 2). When linked to market development and other processes (*e.g.* privatization) decentralization was expected to transform Northeast Asia. The extra vitality from both market localism (marketization) and cross-border linkages was predicted to resolve a range of economic, political, social and foreign policy issues between China, the Koreas, Japan and Russia and attract renewed investor interest in Northeast Asia from the United States and Canada.

Report 96-15-1 (Seoul: Korea Research Institute for Human Settlements, 1996); P.J. Rimmer, "Dongbuk Asia kyotong system junmang kwa hanbando yeokhal" [Future Northeast Asia transport and communications system] in Il-Soo Jun (ed.), *21 Segi Kyotong — Junmang, Vision, Junlyak* (Seoul: The Korea Transport Institute, 2001a), pp. 499-530; idem, "Future Northeast Asia Transport and Communications System," *Hanguk Hangman Kyoungjae Hakheuji*, Vol. 17, No. 2 (2001b), pp. 1-28; P.J. Rimmer and Il-Soo Jun, "A Vision for an Integrated Transportation System," in Il-Soo Jun (ed.), *Creating a Regional Transportation System in Northeast Asia* (Seoul: The Korea Transport Institute in Association with The East-West Center, University of Hawaii, 2000), pp. 363-415.

Figure 2. Decentralization of Power from Nation-states to Local Areas



* Source: Abstracted from the World Bank (1999).

During the 1990s Japan, Korea and China produced separate plans for spatial restructuring to provide a base for decentralization. Bureaucrats in Japan and Korea saw these plans as meeting the demands of their growing middle class populations for a greater involvement in local government. Conversely, China's bureaucrats perceived their plan as providing a broad spatial framework within which local economic opportunities could be pursued without any overt transfer of political power from central to local government (though inevitably the political relations between the two levels of government were recast). The physical plans produced by Japan, Korea and China during the 1990s are summarized here.

Japan's spatial plans were designed to overcome economic problems attributed to the lack of decentralization. In 1990 a plan was designed to ease the concentration on Tokyo with an agreement to relocate the capital. Then the Fifth Comprehensive Development Plan, formulated in 1998, sought to create a new regional structure by 2010 by countering the concentration of economic and social activities on the first national axis stretching from Tokyo to northern Kyushu. The first strategy was to give priority to public investment for improving city functions, intra-city highway networks and the

environment in three new national axes within peripheral areas — Hokkaido-Tokyo, Niigata-Okinawa and Shikoku-southern Kyushu — and to complement them with regional axes. The second strategy was to target investment in transport and communications in three new nodal regions — Hokkaido-Tokyo, Chugoku-Shikoku and Kyushu-Okinawa — to attract international exchange functions (*e.g.* international airports, seaports and R&D facilities). As a bulwark against central power the *Yomiuri* newspaper canvassed a proposal for transferring power down from 47 prefectures to between ten and fifteen regional cities.⁹ While the debate over spatial restructuring was occurring, the Japanese Diet in 1999 increased local administrative control over many functions but not financial control.¹⁰ Since 2001 Prime Minister Junichiro Koizumi has supported the decentralization of power from central to local government. However, any lasting benefits to local areas have been evaporated by the overwhelming primacy Koizumi has given to market forces that are encouraging recentralization. As recognized by Rozman, there is need for strategy that integrates both market forces and decentralization.

South Korea's plans for the 1990s, embodied in the Third Comprehensive National Physical Development Plan (1992-2001), reflect a commitment to decentralizing spatial structure and sweeping away regional favoritism following the reinstatement of the Local Autonomy Law in 1988.¹¹ The key strategies were to:

- promote regional growth by fostering local growth and restraining over-concentration in the Seoul metropolitan area;
- establish new industrial zones in the lagging central west and southwestern regions of the country;
- expand and integrate a rapid transportation network (latticed road net-

9. G. Rozman, "Backdoor Japan: the Search for a Way out by Regional Decentralization," *The Journal of Japanese Studies*, Vol. 25, No.1 (1999a), pp. 3-31.

10. Barrett, *op. cit.*

11. L.H. Schätzl., K. Wessel, and Yong-woo Lee, *Regional Development and Decentralization Policy in South Korea* (Singapore: Institute of Southeast Asian Studies, 1997).

- work, a new international airport and international seaports); and
- increase investment in the nation's social welfare and environmental sectors.

This framework was bolstered by Kim Young-sam's 1993 election promises for substantial local control and better implementation. Local councilors were elected in 1991 and chief executives in 1992. Since then successive presidents have more promised more decentralization. Reportedly, positive results from applying central funds to local areas have been 'meager.'¹² Grassroots entrepreneurialism, for the most part, has not been stimulated and there has been a shortfall in meeting growing social welfare needs. Successes have been restricted to the more mundane areas of traffic control, the provision of tourist services and waste disposal. Apart from continuing discussions on the need for fiscal reform, decentralization has not progressed in South Korea — the Seoul Republic lives on.¹³

China's spatial plan reflected the effective decentralized model of development orchestrated under Deng Xiaoping since 1978 that commenced in the coastal areas, particularly with the special economic zones or SEZs. This strategy has led a dispersal of economic and administrative power but not political power. In particular, local administrative control has been a major issue in China because it has concerned the way in which the state governed the economy and society. China is a unitary party-state and the People's Congress approved nominees for governor and mayor but their number has been reduced in favor of elected candidates. Also an increasing number of rural areas have been declared urban and the central government has transferred its command structure to local governments at town and city levels.¹⁴ This initiative has resulted in municipal governments engag-

12. Rozman (2002a), *op. cit.*

13. Sung-bok Lee, "Globalization and the Global City: Meeting the Challenges of the Twenty-first Century," *East Asia: An International Quarterly*, Vol. 18, No. 2 (2000), pp. 18-35.

14. Wing-shing Tang and Si-ming Li, "Space, Place and Region and the Study of Con-

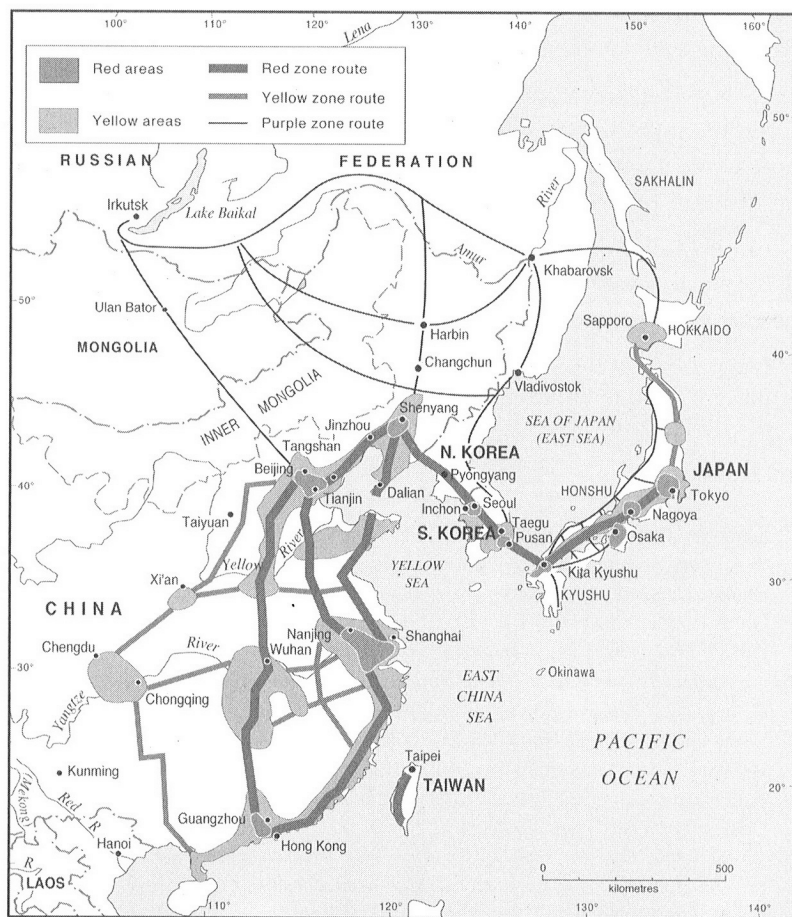
ing in formal and informal coalitions with the business sectors to generate local economic prosperity rather than following some nationally determined goal.¹⁵ Some observers see sub-national autonomy as facilitating the institution of market reforms and the free flow of goods and people.¹⁶ Others see a darker side in China, claiming local governments have developed a 'feudom mentality' restricting the free flow of goods and people through their jurisdictions, thereby creating a cellular spatial structure and threatening central control over the macroeconomic economy.¹⁷ While administrative discretion has maintained the momentum of growth and reform, the opportunities for rent seeking have spurred corruption and political patronage.¹⁸ These findings suggest that spatial transformation in China is linked more to local circumstances and localized territorial responses than to the external homogenizing and universalizing pressures exerted by being integrated through big cities into the global market.¹⁹ These global-local relations, together with the specific conditions related to the changing institutional environment associated with China's transition to a socialist market economy, have important implications, particularly for the international competitiveness of China's 'megacities' and their cross-border connections with cities in Japan, the Koreans and Russia.

temporary China," in Si-ming Li and Wing-shing Tang (eds.), *China's Regions, Polity, & Economy: A Study of Spatial Transformation in the Post-Reform Era* (Hong Kong: Chinese University Press, 2000), pp. 3-31.

15. G.C.S. Lin and Y.H.D. Wei, "Guest Editorial: China's Restless Urban Landscape, Part I," *Environment and Planning A*, Vol. 34, No. 8 (2002), pp. 1535-1544.
16. A. Marton, "Local Geographies of Globalisation: Rural Agglomeration in the Chinese Countryside," *Asia Pacific Viewpoint*, Vol. 43, No. 1 (2002), pp. 23-40.
17. Wing-shing Tang and Him Chung, "Urban-Rural Transition in China: Beyond the Desakota Model," in Si-ming Li and Wing-shing Tang (eds.), *China's Regions, Polity, & Economy: A Study of Spatial Transformation in the Post-Reform Era* (Hong Kong: Chinese University Press, 2000), pp. 275-308.
18. World Bank, *Entering the 21st Century, World Development Report: 1999-2000* (Washington, D.C.: The International Bank for Reconstruction and Development/The World Bank, 2000), p. 113.
19. Rimmer (2002), *op. cit.*

The physical plans produced by Japan, South Korea and China made varying degrees of reference to their position in Northeast Asia. No efforts were made to suggest how their space economies could be integrated into a single regional structure. This led the author to distil them into a common Northeast Asian framework.²⁰ As all plans were centered on the development of key transport routes, it was feasible to

Figure 3. Northeast Asia's Urban Areas and Land Transport Corridors



* Source: Rimmer and Jun (2000).

extrapolate China's plan to Japan and Korea (Figure 3). Most emphasis in this plan for Northeast Asia is focused on interconnecting the extended metropolitan areas (*red zones*) with transport and telecommunications corridors (*red zone routes*).²¹ Complementary secondary transport corridors (*yellow zone routes*) link secondary city-regions (*yellow zones*), which in China were designed to spread marketization beyond the coastal zone.

Only a few corridors have been outlined between China and border cities in North Korea and the Russian Far East to complete the spatial picture (*purple zone routes*). Won-bae Kim and Young-bang Kim²² filled this void by proposing a program of transport infrastructure and industrial cooperation in this area for progressive implementation over the period 2000 to 2020 (Figure 4). The prospects for accelerated hinterland development based on Japanese investment and natural resource exports from Russia survive but, apart from natural gas, their appeal in this landlocked area has dimmed since the early 1990s. Industrialization of the immediate hinterlands of EMRs and associated agglomeration economies have sustained rapid immigration due to higher levels of income and intensified pressures on adjacent coastal areas, as evidenced by developments around the Yellow Sea.²³ Therefore, the unevenness of China's economic landscape is likely to continue, particularly with the recentralization of economic activities focused on the EMRs offering superior logistics and lower transportation costs than inland areas. Any narrowing of regional inequalities between core and peripheral areas of Northeast Asia needs a new blend of local entrepreneurship and central government support.

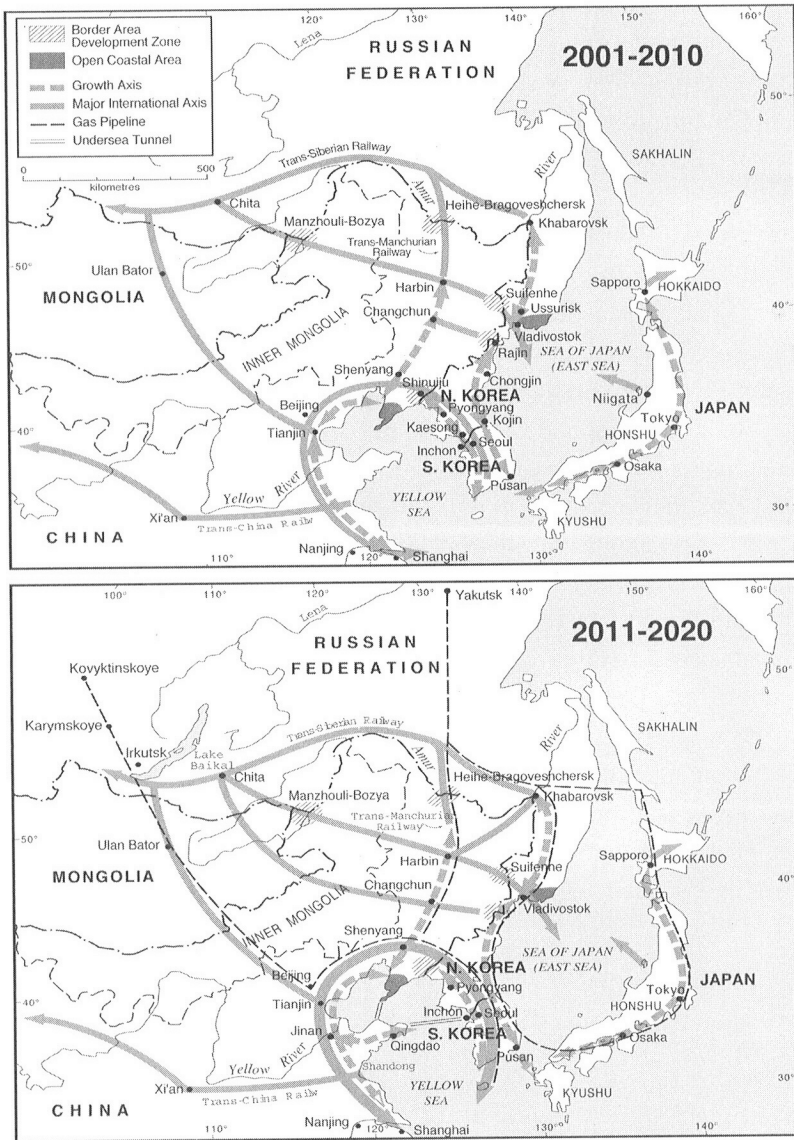
20. Rimmer (2001a), *op. cit.*; idem (2001b), *op. cit.*

21. HRI, *The Research Report of 2000 Roads Development Strategy* (Beijing: Highway Research Institute, Ministry of Communications [in Chinese], 1988).

22. Kim and Kim, *op. cit.*

23. IDI, *Economic Region of the Yellow Sea Rim: The Present and the Future* (Incheon: Incheon Development Institute, 2000).

Figure 4. Location of Proposed Infrastructural Development in Northeast Asia



* Source: based on Kim and Kim (1996).

III. Weakening Decentralization Thrust

The apparent weakening of the idealistic 1990s decentralization thrust in Northeast Asia has been attributed to the preoccupation of central planners with infrastructural development and the failure to implement projects. Strategies for regionalism in all countries have weighed physical infrastructure far above social infrastructure. Most of the 1990s transport corridor plans have outpaced the capacity of human networks to use them. Spatial policies based on physical planning involving major public investments and primary infrastructure during the 1990s may simply be too crude and ineffective to produce balanced development between urban and rural areas. What is the point, as Rozman²⁴ notes pithily, of building roads to Lake Baikal if Japanese tourists are fearful for their safety when they use them?

Invoking traditional values to explain the weakening of the 1990s decentralization thrust rather than the failure to create a North-east Asian Development Bank (NEADB) to finance the infrastructure networks seems a weak argument to spatial planners. Even Sang-in Jun,²⁵ a sociologist, argues that there is no place for Asian values in interpreting East Asia's economic development. Rozman,²⁶ however, does locate Confucianism in an appropriate historical context. He contends that the dead hand of the Confucian past of China, Japan and Korea still lies heavily on the present. The traditional social order's 'strict patriarchal hierarchy producing and expecting benevolent leaders and obedient subjects' has restricted attempts to adjust the spatial balance in Northeast Asia through more decentralized administrative structures and planning procedures.²⁷

24. G. Rozman, "The Role of Northeast Asian Cities in a Global Urban Network," *The Korean Journal of Regional Science*, Vol. 15, No. 2 (1999b), pp. 5-20.

25. Sang-in Jun, "No (Logical) Place for Asian Values in East Asia's Economic Development," *Development and Society*, Vol. 28, No. 2 (1999), pp. 191-204.

26. Rozman (2002a), *op. cit.*; idem, "Introduction," in G. Rozman (ed.), *Japan and Russia: The Tortuous Path to Normalization, 1949-1999* (New York: St Martin's Press, 2000b).

Perhaps too much progress was expected in a single decade. As Rozman²⁸ highlights, over-centralization and 'top down' development was the norm in Northeast Asia between the fifteenth century and late nineteenth century:

- Japan had a good center-local balance with a string of castle towns but the primacy of Edo was already marked;
- Korea's ruler was more subject to the noble (*yangban*) class but urban development was still twisted in favor of Hansung (Seoul); and
- China's political system was so heavily skewed on Beijing that there were few intermediate cities to reflect the need for local government or civil society.

All countries were closed for long periods to external growth impulses.

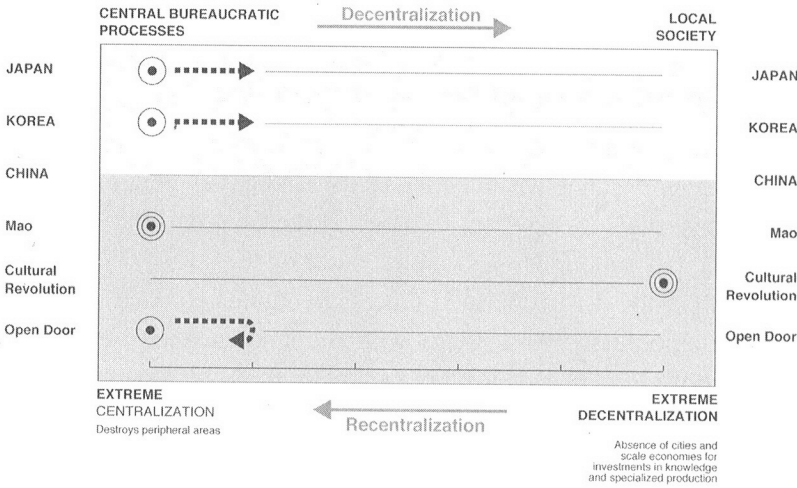
Modernization from the late nineteenth century brought foreign-driven coastal development. However, even after modernization 'top down' modes of development not only survived but, in some instances, were reinforced:

- Japan's centralization on Tokyo persisted under militarism and imperialism from the Meiji period (1868-1912) to the Showa period (1926-1989);
- Korea's military authoritarian government intensified Seoul's primacy over regional development following the rescinding of the 1949 Local Autonomy Law in 1972 and the promulgation of the 1982 Capital Region Management Law; and
- China was still bereft of intermediate cities (3,000-80,000) as government policies vacillated between Soviet style centralization based on large and extra-large inland cities under the Maoist regime (1949-65) and exaggerated self-reliance during the Cultural Revolution (1966-77).²⁹

27. G. Helgesen, "Imported Democracy," in C. Kinnavall and K. Jönsson (eds.), *Globalization and Democratization in Asia: The Construction of Identity* (London: Routledge, 2002), pp. 73-91.

28. Rozman (2002a), *op. cit.*

Figure 5. The Diagram Locates Japan, Korea and China Under Varying Regimes



* Note: Mao between 1949 and 1965, the Cultural Revolution between 1966 and 1977, and the Open Door Period since 1978 on a scale between extreme decentralization and extreme centralization.

The modernization thrust allowed China, Korea and Japan to 'catch-up' with the West but, as Rozman³⁰ notes, extreme centralization destroyed peripheral areas and extreme decentralization, led to the absence of cities and the scale economies required for investments in knowledge and specialized production (Figure 5). Therefore, there was no real base for drawing upon local initiative to create a more appropriate spatial balance during the second wave of modernization in the 1990s.

The root causes of the apparent failure of decentralization to progress during the 1990s are debatable: was it the lack of finance for infrastructure, or the persistence of cultural factors? There is, however,

29. G.C.S. Lin, "The Growth and Structural Change of Chinese Cities: A Contextual and Geographic Analysis," *Cities*, Vol. 19, No. 5 (2002b), pp. 299-316.

30. Rozman (2002a), *op. cit.*

little disagreement over the outcome — the regional structure is unsuited to the needs of the ‘new economy’ based upon speed, flexibility, adaptability to changing markets and openness.³¹ Local society and central bureaucratic processes among the constituent countries of Northeast Asia do not allow scope for either market localism or cross-border linkages based on global principles to flourish. Spatial policies are inappropriate for the provision of secondary and tertiary infrastructure. As planning has to be interactive and based on market considerations, planners have to become ‘market makers’ and ‘market enablers’ and conscious of the importance of logistics.³² Without a reshaping of the decentralization process to eliminate vested interests and corruption the 1990s strategy will be a hindrance to overcoming Japan’s downturn, to Korea’s rapid recovery from the Asian crisis of 1997-98, and to China’s anticipated benefits from accession to the World Trade Organization.

IV. Reinvigorating Decentralization

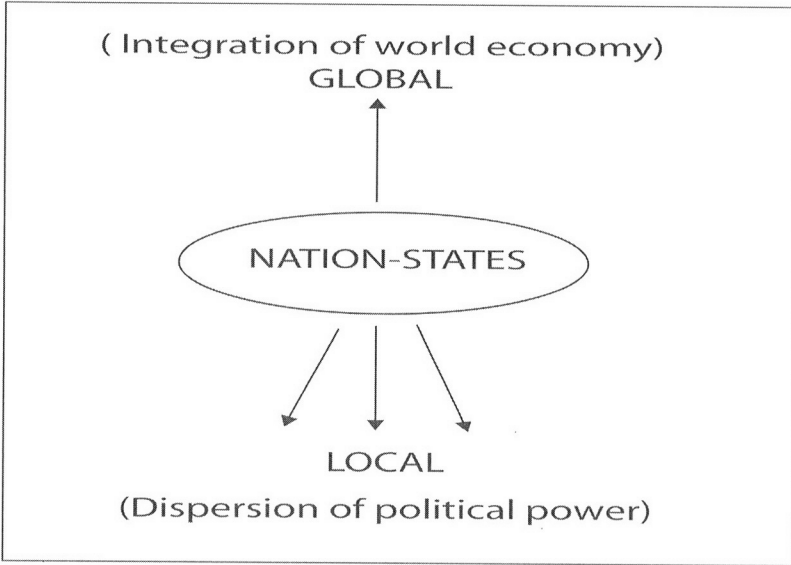
Reasons for the stalling of the decentralization process may differ between economic and cultural protagonists and individual countries. However, there is general consensus on how to proceed politically in the new millennium. The initial central-local model of decentralization was too simple (*cf.* Figure 1). A new model is required that combines both decentralization and globalization (*i.e.* as different sides of the same coin). The World Bank³³ has already developed a model that encompasses ‘local dynamics in an age of globalization’

31. B. Renaud, “Capital City Regions of the New Economy: the OECD Perspective,” Unpublished paper delivered at Seminar on Spatial Policies towards the National Capital Region, Seoul, Korea, June 22, 2001.
[<http://www1.worldbank.org/wbiiep/decentralization/eapl/renaud.seminar.pdf+Renaud+Spatial+Planning&hl=en&ic=UTF-8>].

32. *Ibid.*

33. World Bank (2000), *op. cit.*

Figure 6. *The Changing Development Landscape*

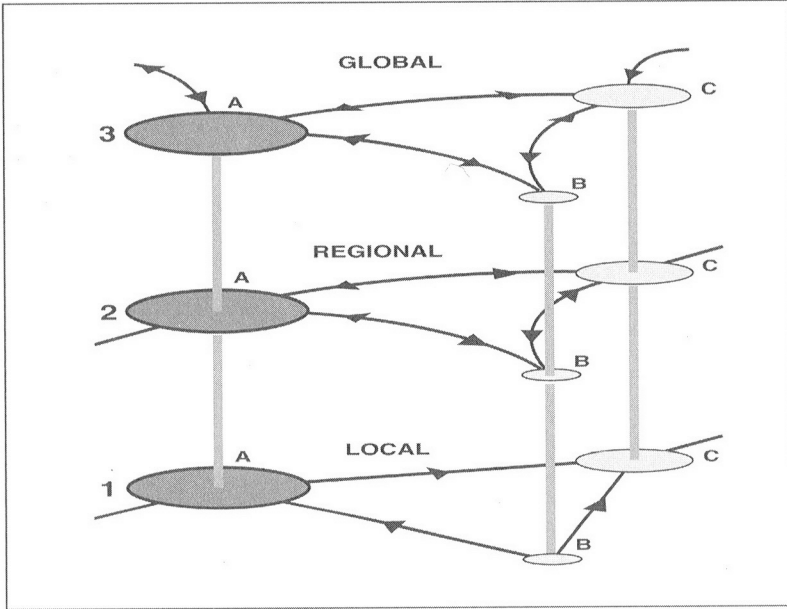


* Source: Altered version of World Bank (1999). Multilayered framework for discussing the interrelationship between globalization, regionalization and localization. Collectively, they allow us to deal with global flows of capital, people and information, the localized historical context of the flows and the nexus between the two embodied in regional social relations.

based on market economies, fiscal responsibility, open borders, greater democratization and local vitality (Figure 6). In this representation the nation-state divests some powers to international organizations operating in the supra-regional arena to meet the impact of globalization. Other responsibilities are delegated by the nation-state to the local arena in response to pressure from both international funding agencies and demands from the grassroots. The nation-state has not lost its powerful influence over the economy because it still exercises the important role of regulating economic activities.

There is a need, however, to go further and translate the World Bank's framework into an operational format (Figure 7). A three-tier structure is envisaged connecting both globalization and local com-

Figure 7. Multilayered Framework for Discussing the Interrelationship between Globalization, Regionalization and Localization



petitiveness and offering the prospect of injecting regional vitality into the spatial balance based on economic and cultural cooperation.

Globalization in a Northeast Asian context involves transforming Tokyo, Seoul and Beijing into regional centers of advanced producer services and information flows and command posts for multinational corporations in 'the global grid of strategic sites.'³⁴ While Tokyo is still ranked as a leading world city with considerable capacity in high technology transport infrastructure, it is no longer considered to be on par with London and New York.³⁵ Both Beijing and Seoul are recog-

34. S. Sassen, *Globalization and its Discontents: Essays on the New Mobility of People and Money* (New York: The New Press, 1998), p. 191.

35. B. Derudder, P.J. Taylor, F. Witlox, and G. Catalano, "Hierarchical Tendencies and Regional Patterns in the World City Network: A Global Urban Analysis of 234

nized as major regional world cities. Complementing China's successful bid for the 2008 Olympic Games, Beijing is seeking to transform itself into a world-class business center with the construction of a new financial district, new infrastructure investment and the transformation of Zhongguangcun into China's version of Silicon Valley.³⁶

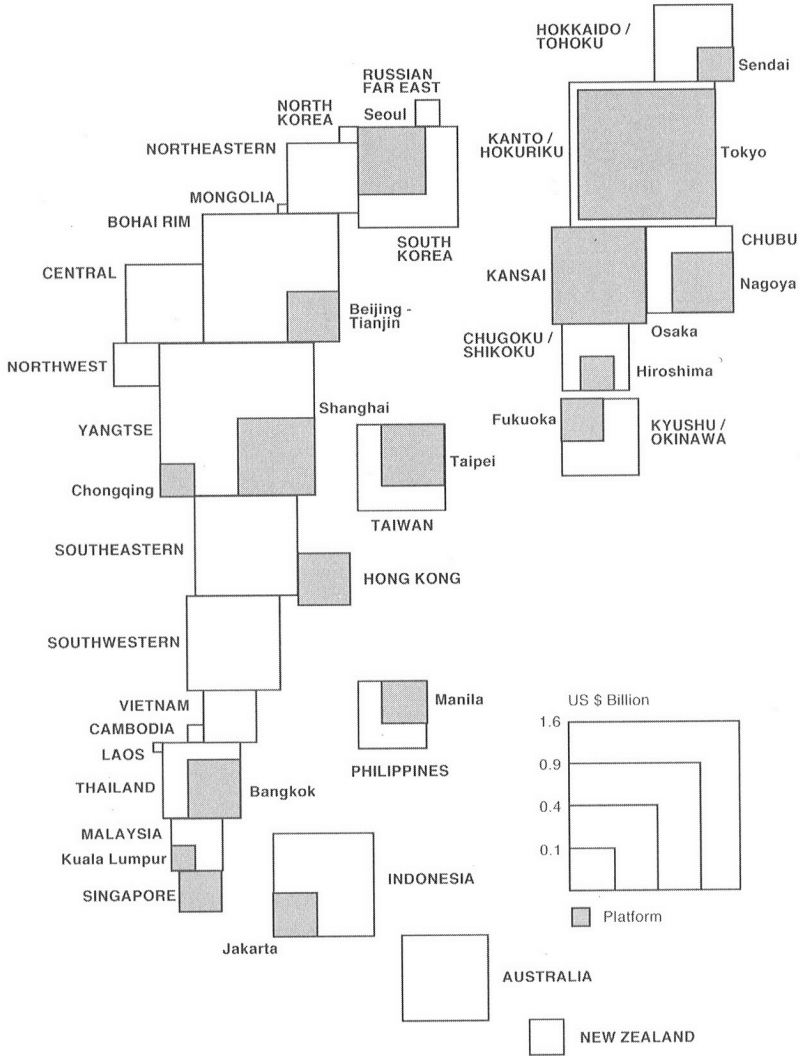
These developments may leave Seoul as the weakest of the three regional centers in Northeast Asia (Figure 8). According to Kunhyuck Ahn and Teong-te Ohn,³⁷ the Korean government needs to replace Seoul's past preoccupation with mega-projects with a judicious mix of logistics, regional headquarters of transnational corporations, financial functions and an international business town. Clearly, the multi-pronged hub-development of Incheon — port, airport, technoport, business port and leisure port — would be central to this proposition. Further decentralization of political power from central to local government is required for Seoul-Incheon (and other aspiring global cities) to adjust their economic bases, administrative structures and business cultures to accommodate the needs of transnational corporations in locating their regional distribution centers.³⁸

Tokyo, Seoul and Beijing are dominant within their own national sub-regions but they have to compete (and cooperate) not only with each other in Northeast Asia but also with Hong Kong, Shanghai and Taipei.³⁹ Urban competitiveness will be intensified, as these three rivals are the pivots of a 'New Golden Triangle,' which promises to be the core of world production in the new millennium. This prospect is enhanced by the Triangle's central position with respect to both

Cities," *Research Bulletin* 88 (2002) [<http://www.lboro.ac.uk/gawc/rb/rb88.html>].

36. Y.H.D. Wei and G.C.S. Lin, "China's Restless Landscape 2: Socialist State, Globalization and Urban Change," *Environment and Planning A*, Vol. 34, No. 10 (2002), pp. 1721-1724.
37. Kun-hyuck Ahn, and Teong-te Ohn, "A Suggestion for the Strategic Choice of Seoul to Be a Network Center in Northeast Asia," *The Korean Journal of Regional Science*, Vol. 15, No. 2 (1999), pp. 155-187.
38. Lee, *op. cit.*
39. Hieyeon Kim, "Globalization and Inter-city Cooperation in Northeast Asia," *East Asia: An International Quarterly*, Vol. 18, No. 2 (2000), pp. 97-114.

Figure 8. Relative Size of Economies, Cities and Regions in Northeast Asia c.2000



* Source: Rimmer (2001b).

Southeast Asia, which comprises national capitals focused on Singapore, and Northeast Asia. Currently, Hong Kong has an edge over its rivals — Shanghai and Taipei — in transport and telecommunications infrastructure. However, Shanghai is likely to become the dominant pivot in the new millennium reclaiming the position it held in East Asia during the 1930s.

Regionalization can be injected into the overall framework with a new plan for boosting a small number of major city-regions to grow at the expense of national capital and provincial administrative centers. Given the proposition to replace its prefectural centers with between ten and fifteen regional cities, this strategy seems most applicable to Japan. However, Japan's second-tier cities and those of neighboring Korea have been growing at a faster rate than first-tier cities due primarily to top-down action by their governments rather than by decentralization and devolution.⁴⁰ China has a list of second-tier contenders to its capital city spread over the country's vast and diverse terrain (Figure 9). Contrary to Japan and Korea, the prospects of China's second-tier cities could be better fostered by greater regional autonomy.

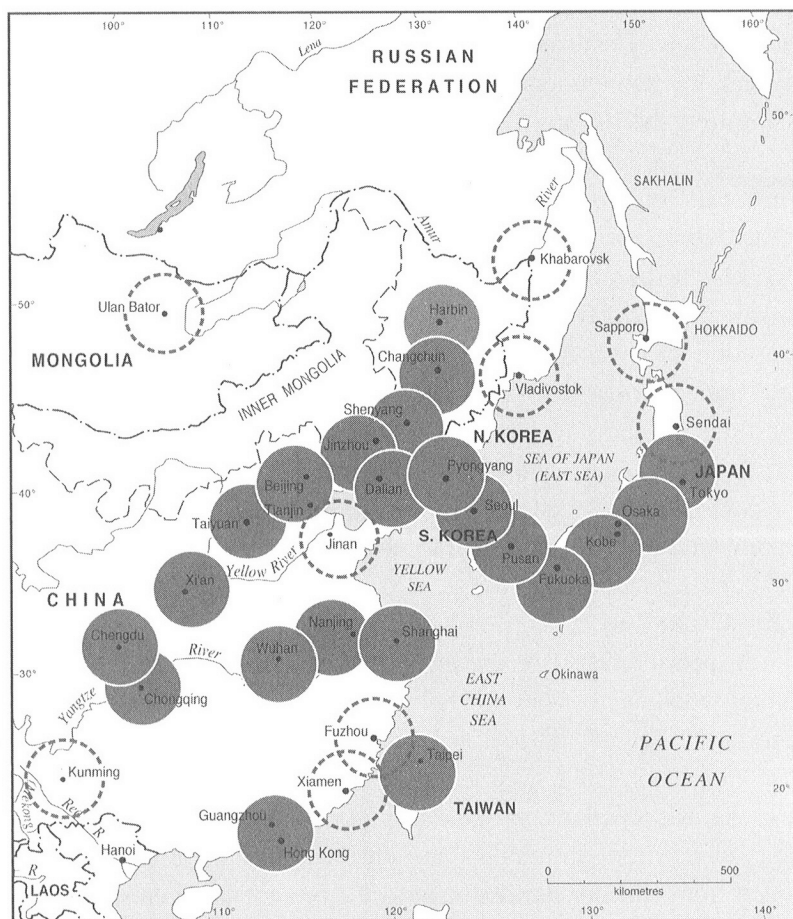
A special brief for promoting peripheral cities, that are centers of natural economic territories, is held by Rozman.⁴¹ These include Sapporo in the Sea of Okhotsk and Tumen in the Tumen River delta. Also Rozman sees the need to capitalize on closer relations between Fukuoka, Kitakyushu City and Pusan. As cities are the key to global integration, strong arguments are advanced that there should be a switch from corridor development to the promotion of cross-border, inter-city networks.⁴² Closed borders between the constituent states of

40. A. Markusen, "What Distinguishes Success among Second-Tier Cities?" in *Locational Dynamics in an Era of Globalization* (Washington, D.C.: The World Bank, 2000), pp. 132-139.

41. Rozman (2002a), *op. cit.*

42. T.G. McGee, Xiaomin Pang and Dong Ho Shin, "From Corridors to Intercity Networks: the Role of the Emerging Urban System in Building Regional Networks in Northeast Asia," *The Korean Journal of Regional Science*, Vol. 15, No. 2 (1999), pp. 21-38.

Figure 9. Existing and Potential City-regions in Northeast Asia with Populations in Excess of Two Million



* Source: Rimmer and Jun (2000).

Northeast Asia are incongruous in an era of globalization.

Localization involves revitalizing local cities that have become the repositories of the aging and least educated populations in Japan and South Korea following the draining effect of past out-migrations to the big city. While regional income disparities are low in South

Korea population the population is increasingly concentrated in Greater Seoul and its environs. Although grass roots democracy is undeniably attractive, local leadership and central government funds are in short supply.

A radical solution, supported by Rozman,⁴³ would be to replicate the success of China's special economic zones in the south of the country by locating parallel areas in Japan and Korea to attract Chinese migrants. The immigrants would provide an international labor force for joint venture firms that could also make greater use of the Korean Diaspora. Korea has already designated special economic zones in Gimpo, Yongjongdo (*i.e.* the area surrounding Incheon International Airport), Songdo in Incheon and Busan. This initiative would need to be complemented by new types of cross-border educational exchanges within Northeast Asia to stem the drift of younger people to the big cities.

Success in interconnecting globalization, regionalization and localization in Northeast Asia will help determine the degree to which the region will replicate the European Union or the North American Free Trade Association.

V. Concluding Comments

This study has provided a broad framework within which to discuss Korea becoming the logistics platform for Northeast Asia and, more specifically, the transformation of the Seoul's Incheon area into a multifaceted hub. The analysis suggests that to-date there has been an uncritical acceptance of decentralization as an agent of change within Northeast Asia. Indeed, there was little local dynamism stemming from physical development plans of Japan, Korea and China during the 1990s. Perhaps there was too much emphasis on infra-

43. Rozman (2002a), *op. cit.*

structure development and, as highlighted by Rozman,⁴⁴ not enough stress on generating demand. Even if we are now more sensitive to the nature of demand, supporters of the demand-driven approach have to recognize that flows of people still have to be sustained by an appropriate physical infrastructure. The blending of economic and cultural factors to account for shifts in the historical development of Northeast Asia's space should provide a more sensitive context for interpreting past shifts in the spatial depiction of society and possible future trajectories.

A revitalized approach coupling globalization and decentralization within a multilayered framework encompassing global, regional and local levels seems to offer better prospects for inter-connecting Japan, Korea and China. These possibilities can only be realized through political accommodation between the three key heartland nations of Northeast Asia (and the United States, which still exerts considerable leverage over the region). China, with a vast and diverse economy can probably survive without giving priority to cross-border connections. Consequently, both Japan and Korea will have to take the lead in human resource development to engage China in Northeast Asian affairs. In particular, Korean diplomacy will be required to forge a cohesive Sino-Japan link to ensure that the much-vaunted 'Age of Northeast Asia' will be realized in the new millennium with the Seoul's Incheon hub playing a leading role in making Korea the region's pre-eminent logistics platform.

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44. *Ibid.*

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