

**Decentralizing for Two Decades
in the Republic of Korea:
Reflections and Tasks
for Citizen-centered Governance**

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Abstract

The key features of the decentralization in South Korea over the last two decades can be summarized as follows: 1) Although many administrative functions are delegated, some key authorities such as market regulatory authorities are yet to be transferred to enhance the efficacy of the local government; 2) The local autonomy has been especially constrained by the lack of fiscal autonomy and the dominance of the central political parties in local politics; 3) The geographical jurisdiction of the local governments are frequently not matched with the economic boundaries shaped by the 21st century knowledge economy. Decentralization is an instrumental concept for achieving good governance at the local level through local autonomy. The reason why we should support local autonomy is that it can improve the value for the advanced democracy. Thus, realizing advanced democracy should be the prime objective of decentralization. To accomplish the advancement of democracy through decentralization, the focus should be put on the issues such as citizen-centered decentralization, enhancement of the fit between the economic boundaries and administrative boundaries, balancing and enhancing the functional capacity of the localities, and the strengthening of the accountability of the local government.

Introduction

The mayor of the Seoul Metropolitan Government does not have the authority to set up the traffic lanes in Seoul. The traffic management jurisdiction belongs to the police of the Korean central government. The governor of the GyeongGi provincial government had to have an authorization by the central government when he successfully attracted the foreign direct investment by the Phillips Company to build a LCD panel plant in the northern GyeongGi area. For the last two decades however, the political powers of the provincial and local governments and their top executives have been much strengthened that the local governments are called “the local autonomous republic,” notwithstanding.

It is often pointed out that the values of decentralization toward local governments lie in promoting distributive efficiency and democracy. Those in the tradition of public choice argue that decentralization leads to more diverse tax-service packages of local governments, and let citizens to choose those packages in accordance with their preferences, resulting in higher distributive efficiency (Ostrom, Tiebout, and Warren, 1961; Tiebout, 1956; Wolman, 1990). Decentralization is a necessary, though not sufficient, condition for local autonomy. Local autonomy would then promote democracy as it relieves the domination of political power by the central

government, facilitates citizen participation and political education, and could strengthen the accountability and responsiveness of the local government (Rondinelli, 1981; Sharpe, 1970; Stoker, 1996; Wolman, 1990). The epistemological status of the impact of decentralization on distributive efficiency and democracy is essentially a hypothesis. As the political decentralization does not take place in vacuum, its context matters. Then, what has been the impact of decentralization in the South Korean context?

Local autonomy in South Korea seems to have been evolving, at least to some extent, without design. As the local council was formed in 1991, and the mayors and governors were selected by the popular vote in 1995, the new arenas of local politics and intergovernmental relationships started to evolve. Then, what are some essential characteristics of devolution in South Korea? In particular, how has the central-local governmental relationship been evolving? What is the direction that it is currently heading toward to? Is such a direction desirable for the local autonomy in South Korea?

The purpose of this paper is to investigate some key characteristics of the devolution toward local government for the last two decades and delineate their meanings and implications for the local autonomy in South Korea. It will also try to explore some policy agenda to be addressed for more responsive and accountable local autonomy.

I. Dimensions of Decentralization

Decentralization is a multi-dimensional concept. Particularly, Wolman pointed out that decentralization could be measured in terms of the functional and legal dimensions, resource occupancy, and resource dependency (Wolman, 1990). The functional dimension of decentralization stands for the number of functions the local government performs in comparison with the central government while the legal dimension means the scope and depth of the legal restrictions that the central government imposes on the local government. The resource occupancy is usually measured in terms of the portions of the financial and personnel resources that the local government possesses in comparison with the central government. The resource dependency means the extent to which the local government relies on the central government to create its revenue. Decentralization can be a very tricky phenomenon. For example, the resource occupancy of the local government can increase even drastically in the time of expanding welfare services while its actual power of policy making is being reduced, which is often the case for the aging society. Thus, some multi-dimensional considerations might be necessary to assess the meaning of the decentralization in intergovernmental relationships.

Gurr and King have posited two different kinds of constraints upon the autonomy of the local government, namely: the Type I and Type II constraints. The Type I constraint is economic and social while the Type II is legal and political (Gurr & King, 1987). The Type I constraint primarily comprises the restriction upon the local government in creating revenues, the existence of strong business entities to delimit

the local policy agenda setting, the existence of strong local social movements, etc. The Type II constraints are imposed by the central or higher level government. The typical examples of this type of constraints include the constitutional status of the local government, the kinds and scope of administrative functions played by the local government, oversights by the central government, the control of local financial management, and so on (Gurr and King, 1987; Page and Goldsmith, 1987).

The central government of South Korea has been relinquishing its administrative functions to the local government from 1991 when the local council was re-instituted. “Local Devolution Joint Review Committee” was established in the Ministry of Government Affairs in 1991 by the executive order of the Prime Minister with the purpose of transferring 2,008 central government tasks to the local government for the next 8 years. The Kim Daejung administration established a public law, “Law to Facilitate Devolution of Central Public Administrative Authorities”, in 1999 and formed the Local Devolution Committee on the same year.

The Rho Muhyun administration, which especially put local decentralization and deconcentration the top-priority national agenda, passed “Special Law for Local Decentralization” and established “the Presidential Committee for Government Innovation-Local Decentralization”. This presidential committee especially put forth such agendas as citizen vote and recall, promotion of the autonomy of local financial management, Jeju Special Autonomous Province, etc. The Lee Myungbak administration enacted “Special Law to Facilitate Local Decentralization” and formed “Local Decentralization Facilitation Committee” in 2008. In contrast with the previous presidential committee for decentralization, this committee particularly focused on the merger of localities to strengthen administrative and financial capacity of the local government.

Even though the current Park Geunhye administration has largely continued the agenda of the Lee Myungbak administration — merging of local governments and building capacities — the Park administration’s approach towards the local government is still somewhat different in a sense that it tries to reform the local public administrative system in a rather comprehensive manner. “Special Law for Decentralization and Local Public Administrative Reform” enacted in November of 2014, and the subsequent “Comprehensive Plan for the Development of Local Autonomy”, reflect the Park administration’s foci in reforming the system of local public administration. It especially put forth the agendas to strengthen the accountability of the local government and diversify the power structure of the local government while transferring more administrative tasks to the local government.

The transfer of more administrative tasks to the local government has consistently been the policy of the central government over the last two decades. Table 1 summarizes the transfer of administrative tasks from the central to local government. However, such transfers of administrative tasks do not necessarily mean that the previous five administrations have similar agenda and priorities for local decentralization. This study will make use of the dimensions of decentralization suggested by Wolman (1990), as well as Gurr and King (1987), to investigate the characteristics of the decentralization for the last two decades and delineate their

Table 1 Transfer of Administrative Tasks from the Central to Local Government

	Sum	Committee for Devolution										Local Decentralization Facilitation Committee				
		Sum	KDJ Administra- tion			RMH Administration					LMB Administration					
			'00	'01	'02	'03	'04	'05	'06	'07	Sub- total	'08	'09	'10	'11	'12
Decided to transfer	3,101	1,514	185	176	251	478	53	203	80	88	1,587	54	697	481	277	78
Transferred tasks	1,982	1,466	185	175	250	466	53	191	68	78	516	45	336	110	23	2
Transfer in progress	1,119	48	—	1	1	12	—	12	12	10	1,071	9	361	371	254	76

Source: Ministry of Public Administration and Security, 2013

meanings for the local autonomy in South Korea.

II. State of Decentralization in South Korea

Local decentralization is often defined as the extent to which the local government can decide policies concerning the problems under its jurisdiction (Rondinelli, 1981). This definition of decentralization is largely hinted by the relative position of policy-making power of the local government *vis-à-vis* the central government. As Gurr and King (1987) have suggested however, it is not only the central government but also economic and social conditions that constrain the policy-making of the local government.

There have been several important economic and social historical events that significantly affect policy making in the local government of South Korea. Those events include the financial crisis in 1997, the slow-down of the economic growth after 2007, the aging of the population, the increase of demand for welfare service, etc. While these events have largely forced the local government to be more frugal, they seem to have been conducive for local policy making initiatives, especially in the regional and metropolitan governments. Among these regional initiatives are the Sondo development of the Incheon metropolitan government; the establishment of Jeju special autonomous province; the attraction of Phillips LCD panel factory of the GyeongGi provincial government despite the stringent regulation of the development activity in the capital area; etc. It seems that the regional governments have become more active in initiating new programs as they are forced to respond to the economic and social changes. It also has to be noted that the economic and social forces of change and regional responses have created new tensions in intergovernmental relationships.

A. Constraints on Administrative Functions

The most recent survey of the nation's administrative tasks has revealed that

the South Korean government has 46,005 administrative tasks on the basis of more than 4,000 public laws (Presidential Committee for Local Autonomy Development, 2014). The local government carries out about 27% of those administrative tasks. A comprehensive survey of administrative tasks was conducted jointly by Korea Research Institute for Local Administration and Korea Institute for Public Administration in 2002. Table 2 summarizes the distribution of administrative tasks between the central, provincial and basic-level governments drawing upon the study.

Table 2 Distribution of Administrative Tasks between the Central and Local Government

Sum			41,603
Central government tasks (30,240; 73%)		Central ministry	17,172
		Special local administrative agency	3,798
		Subsidiary agency	9,090
		Contracting out	180
Local government tasks (11,363; 27%)	Provincial government (chi, do) (5,318; 47%)	Local autonomous tasks	2,365
		Delegated central government tasks	947
		Central/provincial tasks	2,006
	Basic-level government (chi, gun, gu) (2,950; 26%)	Local autonomous tasks	2,370
		Delegated central government tasks	210
		Re-delegated central government tasks	13
		Delegated provincial government tasks	128
		Central/basic-level tasks	229
	Province/basic-level tasks (3,095; 27%)	Province/basic-level tasks	1,443
		Centrally delegated province/basic-level tasks	141
		Central/province/basic-level tasks	1,511

Source: Korea Research Institute for Local Administration and Korea Institute for Public Administration, 2002

It is not only the quantitative distribution of administrative tasks that delimits the policy making at the local level, the ways how administrative tasks are distributed have also constrained the autonomy of the local government. Firstly, the central government delegates 1,063 administrative tasks — about 2.5% of the total administrative tasks — to the executive branch of the local government and holds the executive body of the local government directly accountable to it. The previous Lee Myungbak administration tried to make stringent distinctions between the central and local administrative tasks and rearrange them. The current Park Geunhye is also planning on establishing the Bulk Delegation Law. The jury is still out, notwithstanding.

B. Constrains on Personnel Management

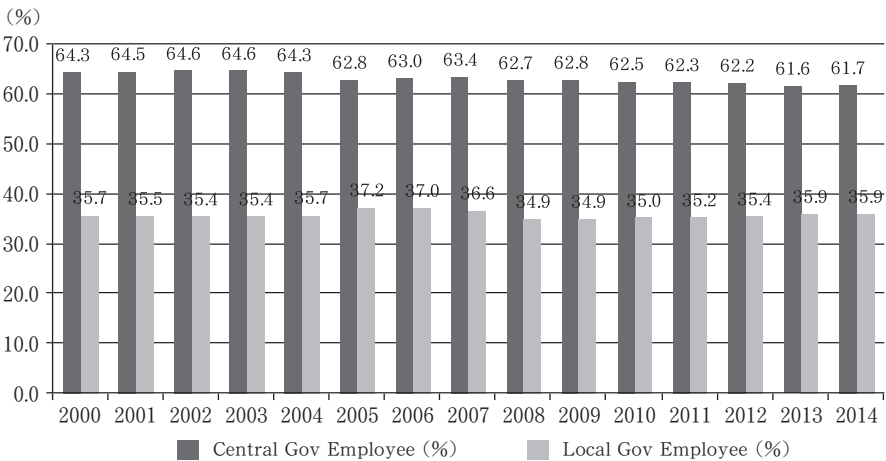
The ratio of the central government employees was on a slight increase from

2000 to 2003 so that the central to local employee ratio was 64.5 is to 35.5. After 2004 however and with the inauguration of the Rho Muhyun administration, the ratio of the local government employees increased up to 63: 37. During that period of time, the lump-sum personnel expenditure was adopted that provided the local government flexibility in personnel management within what can be allowed under the

Table 3 The Number of the Central and Local Government Employees

Year	Sum	Central gov	Local gov	Central gov employee ratio	Local gov employee ratio	Rate of increase for the central gov employees	Rate of the increase for the local gov employees
2000	855,063	549,992	305,071	64.3%	35.7%	—	—
2001	850,032	548,003	302,029	64.5%	35.5%	−0.004	−0.010
2002	871,066	562,373	308,693	64.6%	35.4%	0.026	0.022
2003	896,579	579,448	317,131	64.6%	35.4%	0.030	0.027
2004	916,265	589,148	327,117	64.3%	35.7%	0.017	0.031
2005	910,452	571,982	338,470	62.8%	37.2%	−0.029	0.035
2006	936,158	590,169	345,989	63.0%	37.0%	0.032	0.022
2007	953,352	604,714	348,638	63.4%	36.6%	0.025	0.008
2008	968,684	607,628	338,435	62.7%	34.9%	0.005	−0.029
2009	970,690	609,573	338,394	62.8%	34.9%	0.003	0.000
2010	979,583	612,672	343,218	62.5%	35.0%	0.005	0.014
2011	981,927	611,968	345,753	62.3%	35.2%	−0.001	0.007
2012	991,274	616,253	350,638	62.2%	35.4%	0.007	0.014
2013	998,940	615,726	358,792	61.6%	35.9%	−0.001	0.023
2014	1,008,929	622,108	362,023	61.7%	35.9%	0.010	0.009

Source: Ministry of Public Administration and Security, 2015



Source: Ministry of Public Administration and Security, 2015

Fig. 1 Changes in the Number of Central and Local Government Employees

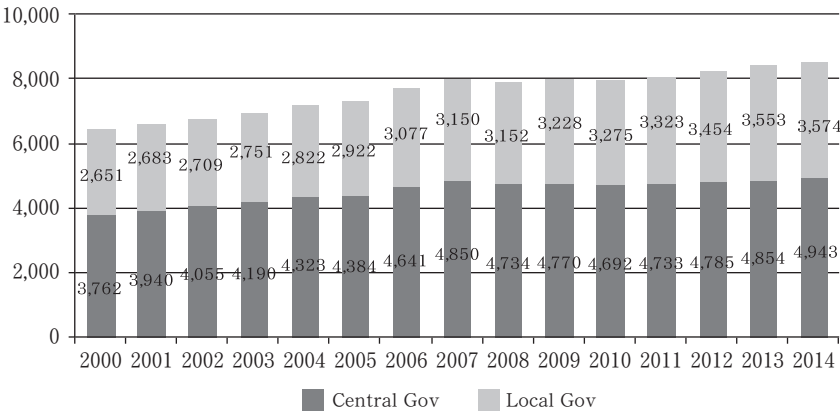
limit of fixed total personnel expenditure. This trend of increasing ratio of the local government employee has been continuing to the present time.

The South Korean government has the ranking system comprising nine (9) grades with One (1) being the highest. The ratio of the high-grade government employees at the local government kept on decreasing from 2000 to 2004. Such a

Table 4 Changes in the Ratio of the Grade 1-4 Employees at the Central and Local Government

Year	Sum	Central	Local	Central employee Ratio	Local employee Ratio	Central employee increase	Local employee increase
2000	6,413	3,762	2,651	58.7%	41.3%	—	—
2001	6,623	3,940	2,683	59.5%	40.5%	0.047	0.012
2002	6,764	4,055	2,709	59.9%	40.1%	0.029	0.010
2003	6,941	4,190	2,751	60.4%	39.6%	0.033	0.016
2004	7,145	4,323	2,822	60.5%	39.5%	0.032	0.026
2005	7,306	4,384	2,922	60.0%	40.0%	0.014	0.035
2006	7,718	4,641	3,077	60.1%	39.9%	0.059	0.053
2007	8,000	4,850	3,150	60.6%	39.4%	0.045	0.024
2008	7,886	4,734	3,152	60.0%	40.0%	-0.024	0.001
2009	7,998	4,770	3,228	59.6%	40.4%	0.008	0.024
2010	7,967	4,692	3,275	58.9%	41.1%	-0.016	0.015
2011	8,061	4,733	3,328	58.7%	41.3%	0.009	0.016
2012	8,239	4,785	3,454	58.1%	41.9%	0.011	0.038
2013	8,407	4,854	3,553	57.7%	42.3%	0.014	0.029
2014	8,517	4,943	3,574	58.0%	42.0%	0.018	0.006

Source: Ministry of Public Administration and Security, 2015



Source: Ministry of Public Administration and Security, 2015

Fig. 2 Changes in the High-ranking Employees

trend has been reversed after 2009. Overall, however, the ratio of the high-grade government employees is biased toward the central government by about 20%.

C. Constraints on Local Finance

The local finance is probably the area where the progress towards local autonomy is slowest. The portion of local budget was on the rise from 1991 to 1995 when the mayors and governors were first elected by popular votes. However, the trend reversed as South Korea went through the financial crisis in 1997.

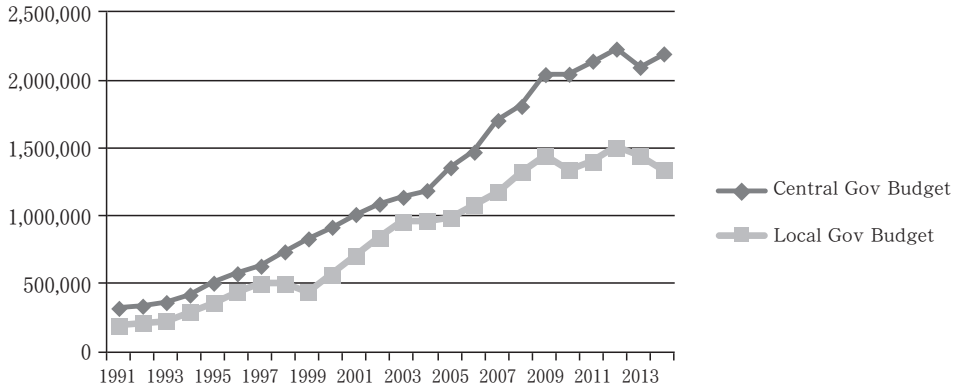
During the Roh Myhyun administration (2003–2007) where the decentralization, de-concentration from the capital region, and balanced development had the top-priority on the national agenda, the grow rate of the local budget as a share of GDP greatly decreased but this can only be considered as a phenomenon rather than a calculated effect. indeed, it was an irony that the policy for decentralization was not compatible with the balanced development policy. As the balanced development

Table 5 Changes in the Size of the Central and Local Government Budgets

(Unit: 100,000,000 Won, %)

Year	GDP	Change rate	Central budget	Change rate	Local budget	Change rate
1991	2,388,770	—	329,287	—	199,038	—
1992	2,732,670	14.4%	345,341	4.9%	220,787	10.9%
1993	3,100,740	13.5%	372,680	7.9%	237,003	7.3%
1994	3,660,540	18.1%	427,947	14.8%	302,800	27.8%
1995	4,289,270	17.2%	514,981	20.3%	366,673	21.1%
1996	4,811,410	12.2%	584,808	13.6%	449,953	22.7%
1997	5,303,470	10.2%	639,621	9.4%	507,650	12.8%
1998	5,244,770	−1.1%	745,432	16.5%	509,893	0.4%
1999	5,768,730	10.0%	840,798	12.8%	446,635	−12.4%
2000	6,351,850	10.1%	926,022	10.1%	576,532	29.1%
2001	6,881,650	8.3%	1,020,084	10.2%	714,607	23.9%
2002	7,619,390	10.7%	1,096,298	7.5%	845,082	18.3%
2003	8,109,150	6.4%	1,146,642	4.6%	965,040	14.2%
2004	8,760,330	8.0%	1,196,447	4.3%	972,309	0.8%
2005	9,197,970	5.0%	1,364,585	14.1%	997,142	2.6%
2006	9,660,550	5.0%	1,478,668	8.4%	1,090,904	9.4%
2007	10,432,580	8.0%	1,711,721	15.8%	1,182,428	8.4%
2008	11,044,920	5.9%	1,815,858	6.1%	1,330,400	12.5%
2009	11,517,080	4.3%	2,049,475	12.9%	1,449,206	8.9%
2010	12,653,080	9.9%	2,052,235	0.1%	1,350,250	−6.8%
2011	13,326,810	5.3%	2,148,604	4.7%	1,407,068	4.2%
2012	13,774,570	3.4%	2,237,034	4.1%	1,512,643	7.5%
2013	14,282,950	3.7%	2,102,878	−6.0%	1,454,315	−3.9%
2014	—	—	2,201,825	4.7%	1,346,192	−7.4%

Source: Ministry of Government Administration and Home Affairs, 1992–2014



Source: Ministry of Government Administration and Home Affairs, 1992–2014

Fig. 3 Changes in the Central and Local Budgets

Table 6 Change in the Shares of Central and Local Budgets

(Unit: 100,000,000 Won, %)

Year	National budget	Share	Central budget	Share	Local budget	Share
1991	528,325	100.0%	329,287	62.3%	199,038	37.7%
1992	566,128	100.0%	345,341	61.0%	220,787	39.0%
1993	609,683	100.0%	372,680	61.1%	237,003	38.9%
1994	730,747	100.0%	427,947	58.6%	302,800	41.4%
1995	881,654	100.0%	514,981	58.4%	366,673	41.6%
1996	1,034,761	100.0%	584,808	56.5%	449,953	43.5%
1997	1,147,271	100.0%	639,621	55.8%	507,650	44.2%
1998	1,255,325	100.0%	745,432	59.4%	509,893	40.6%
1999	1,287,433	100.0%	840,798	65.3%	446,635	34.7%
2000	1,502,554	100.0%	926,022	61.6%	576,532	38.4%
2001	1,734,691	100.0%	1,020,084	58.8%	714,607	41.2%
2002	1,941,380	100.0%	1,096,298	56.5%	845,082	43.5%
2003	2,111,682	100.0%	1,146,642	54.3%	965,040	45.7%
2004	2,168,756	100.0%	1,196,447	55.2%	972,309	44.8%
2005	2,361,727	100.0%	1,364,585	57.8%	997,142	42.2%
2006	2,569,572	100.0%	1,478,668	57.5%	1,090,904	42.5%
2007	2,894,149	100.0%	1,711,721	59.1%	1,182,428	40.9%
2008	3,146,258	100.0%	1,815,858	57.7%	1,330,400	42.3%
2009	3,498,681	100.0%	2,049,475	58.6%	1,449,206	41.4%
2010	3,402,485	100.0%	2,052,235	60.3%	1,350,250	39.7%
2011	3,555,672	100.0%	2,148,604	60.4%	1,407,068	39.6%
2012	3,749,677	100.0%	2,237,034	59.7%	1,512,643	40.3%
2013	3,557,193	100.0%	2,102,878	59.1%	1,454,315	40.9%
2014	3,548,017	100.0%	2,201,825	62.1%	1,346,192	37.9%

Source: Ministry of Government Administration and Home Affairs, 1992–2014

policy had to be centrally pursued, the central government budget was relatively increased at the expense of the local budget. The ratio of the local government budget seems to have not been restored even as the conservative Lee Myungbak and Park Geunhye administrations have taken the rein.

The central and local budgets, as shares of the total government budget, have remained about 60: 40 despite that around 2000 administrative tasks have been transferred from the central to the local government. The increase of the central government budget in 1999 and 2010 reflects the central government intervention in the economy to overcome the financial crises.

Despite some fluctuations, the ratio of the central and local tax revenue has been around 80: 20 for the last two decades. South Korea has a very large system for balancing local government budgets where the central government collects 80 percent of the total government tax and the local government spends about 40 percent

Table 7 Shares of National and Local Tax

(unit: 100,000,000 Won, %)

Year	Tax		National tax		Local tax	
	Amount	Share	Amount	Share	Amount	Share
1991	362,425	100.0%	282,074	77.8%	80,351	22.2%
1992	416,343	100.0%	321,721	77.3%	94,622	22.7%
1993	502,866	100.0%	392,606	78.1%	110,260	21.9%
1994	604,897	100.0%	472,619	78.1%	132,278	21.9%
1995	720,914	100.0%	567,745	78.8%	153,169	21.2%
1996	823,549	100.0%	649,602	78.9%	173,947	21.1%
1997	883,334	100.0%	699,277	79.2%	184,057	20.8%
1998	849,460	100.0%	677,977	79.8%	171,483	20.2%
1999	936,893	100.0%	754,772	80.6%	182,121	19.4%
2000	1,132,963	100.0%	929,347	82.0%	203,616	18.0%
2001	1,224,327	100.0%	957,928	78.2%	266,399	21.8%
2002	1,355,513	100.0%	1,039,678	76.7%	315,835	23.3%
2003	1,379,877	100.0%	1,049,257	76.0%	330,620	24.0%
2004	1,519,974	100.0%	1,177,957	77.5%	342,017	22.5%
2005	1,634,431	100.0%	1,274,657	78.0%	359,774	22.0%
2006	1,793,380	100.0%	1,380,443	77.0%	412,937	23.0%
2007	2,049,834	100.0%	1,614,591	78.8%	435,243	21.2%
2008	2,127,857	100.0%	1,673,060	78.6%	454,797	21.4%
2009	2,097,085	100.0%	1,645,407	78.5%	451,678	21.5%
2010	2,268,782	100.0%	1,777,184	78.3%	491,598	21.7%
2011	2,446,813	100.0%	1,923,812	78.6%	523,001	21.4%
2012	2,569,530	100.0%	2,030,149	79.0%	539,381	21.0%
2013	2,630,880	100.0%	2,103,981	80.0%	526,899	20.0%
2014	2,709,280	100.0%	2,164,529	79.9%	544,751	20.1%

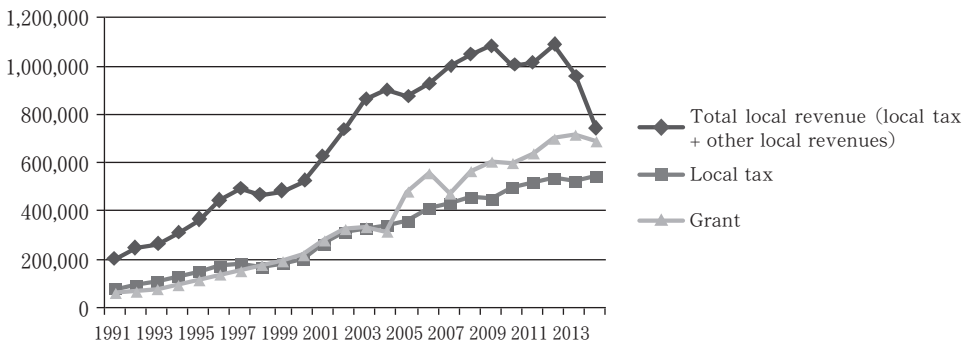
Source: Ministry of Government Administration and Home Affairs, 1992–2014

Table 8 Changes in Local Revenue and Central Transfer

(unit: 100,000,000 Won, %)

Year	Local revenue			Central transfer			
	Sum	Local tax	Other local revenue	Sum	Revenue sharing	Local concession	Central grant
1991	201,337	80,351	120,986	64,155	34,524	5,570	24,061
1992	249,907	94,622	155,285	69,061	39,251	12,306	17,504
1993	265,903	110,258	155,645	80,026	44,124	14,211	21,691
1994	311,591	132,286	179,305	96,493	48,214	16,961	31,318
1995	360,634	153,169	207,465	116,539	56,746	18,701	41,092
1996	450,075	173,965	276,110	140,283	65,239	25,744	49,300
1997	496,609	184,977	311,632	154,527	70,146	28,772	55,609
1998	465,157	171,483	293,674	179,865	73,345	28,855	77,665
1999	483,197	185,686	297,511	195,123	69,187	29,061	96,875
2000	518,931	203,616	315,315	220,555	84,494	37,134	98,927
2001	626,232	266,399	359,833	281,562	123,501	46,281	111,780
2002	738,682	315,836	422,846	328,880	124,791	41,901	162,188
2003	861,859	330,620	531,239	337,043	150,378	44,120	142,545
2004	905,470	341,594	563,876	318,206	144,753	38,489	134,964
2005	878,400	359,769	518,631	484,263	200,183	0	284,080
2006	930,529	412,818	517,711	560,167	217,346	0	342,821
2007	1,003,570	435,316	568,254	475,916	252,394	0	223,522
2008	1,051,738	458,351	593,387	569,028	310,943	0	258,085
2009	1,088,759	451,914	636,845	608,310	284,512	0	323,798
2010	1,006,624	500,799	505,825	602,323	281,990	0	320,333
2011	1,014,672	523,001	491,671	642,324	319,377	0	322,947
2012	1,092,384	539,381	553,003	703,109	352,063	0	351,046
2013	970,720	526,899	443,821	719,789	351,378	0	368,411
2014	750,896	544,751	206,145	692,590	316,006	0	376,584

Source: Ministry of Government Administration and Home Affairs, 1992–2014



Source: Ministry of Government Administration and Home Affairs, 1992–2014

Fig. 4 Changes in Local Revenues and Transfers

of the government tax revenue. As the central government is distributing tax revenues to the local governments, the equalization and balancing is carried out.

The existence of a strong national budget balancing system is reflected in the relatively large portion of the central grants in the local government budget as depicted in Table 8. The portion of the local government revenue — local tax and other revenue — amounted to 76 to 77 percent until late 1990's. In 1998 and thereafter however, its portion dropped down below 70 percent. As of 2013, the portion of the central transfer in the local government budget was 42.6 percent.

III. Some Stylized Facts about the Decentralization in South Korea

Based both on conceptual discourses and empirical analysis, the features of decentralization over the last two decades in South Korea are as following:

Firstly, many administrative functions had been transferred from the central to local governments. However, there is a tendency that some key administrative functions and authorities useful for regional development are excluded. For example, some economic regulatory authorities to issues permits to open up new educational and service businesses have not been delegated to the Jeju Special Self-Governing Province.

Secondly, the delegation of administrative tasks is yet to be matched with the necessary fiscal decentralization. This phenomenon seems evident especially in the area of welfare administration. The decentralization revenue sharing system introduced in 2004 has actually served as a stopper controlling the expansion of the expenditure on entitlement programs.

Thirdly, the central political parties have dominated the local politics by way of nominating candidates for mayors, governors, and councilmen. As a result, the local politics is only weakly accountable to local residents. Besides, there seems to be no strong evidence that the participatory democracy at the local level is enhanced despite the enactment for adopting various institutions of direct democracy, such as citizen recall, citizen vote, participatory budgeting, etc.

Fourthly, the political power and status of mayors and governors have been considerably strengthened over the past two decades. However, this increase in political power has not been accompanied by the enhancement in their capacity to govern. So to speak, local chief executives' power to rule — "power-over" — is not supplemented by their power to initiate and execute policies — "power-to" (Stone, 1980).

Lastly, the inconsistency between local jurisdictional districts and areas for economic activities has increased. Nevertheless, the South Korean local system of public administration has made little improvement in enhancing the cooperation between local governments and redrawing the boundaries of local governments.

Hess and Sharpe (1991) classified the local government systems into three broad types on the basis of the level of local autonomy determined by the degree of legal

and political localism: the 'Franco' group, the 'Anglo' group and the 'North or Middle European' group. The degree of legal localism refers to the extent of discretion local governments have and it depends on the constitutional status of local government, the level of the supervision of locally taken decisions, and the strength of financial regulations set by the central authorities. Whereas, the degree of political localism is the extent to which the political influence of local political elites upon national decision is strong (Goldsmith, 1995).

Local authorities of Italy, Belgium, Spain and Portugal belong to the 'Franco' group, and this type of local governments has political localism-centered local autonomy than functional autonomy. The 'Anglo' type of local governments to which local authorities of the U.K., the Republic of Ireland, Canada, Australia, New Zealand and the U.S. belong has the low degree of both functional and political autonomy¹. Local authorities of Scandinavian countries, Netherlands, Germany, Austria, Switzerland and Japan belong to the 'North or Middle European' group, and this type of local authorities has the high level of political autonomy as well as the high level of functional autonomy, as essential actors for accomplishing local democracy (Goldsmith, 1995; Hess and Sharpe, 1991).

Before the local government elections were adopted, both legal status and political status of local governments of Korea were weak. Over past 10 years, those political statuses seem to have been strengthened considerably. However, the problem is that those functional statuses have not been enhanced corresponding to strengthened political statuses. According to Hess and Sharpe's (1991) typology of local government systems, the type of local governments of Korea is passing from the 'Anglo' type which has weak political and legal autonomy into the 'Franco' type which has political localism-centered local autonomy.

Another feature of the 'Franco' type of local government system based on generally autonomous communities and a long history of political regionalism is that local governments are operated like the patronage/clientelistic model (Goldsmith, 1992). This local government model is contrasting with the economic-development model which can be often found in the U.S., Canada, and Australia; the welfare-state model which is marked by low politics and 'locally-based, but nationally organized, highly professional paid officials; and the market-enabling model which is emerging in the U.S., the U.K., and other Scandinavian countries.

Local governments of Korea accomplished mass production and supply of public services in a short period of time and this achievement buttressed astonishing economic development. Before the local government elections were adopted, local governments of Korea had weak political status and weak functional status. However, as decentralization has been advanced, its political status has been enhanced primarily.

A local government model that a political system supports should be selected both through political and social agreement. Over 10 years, the local government model of Korea is closer to the 'Franco' type or the patronage/clientele model. Instead of maintaining this tendency by giving both more administrative and more fiscal discretion to local governments, those functional/legal statuses can be

enhanced. In that case, the local government type of Korea would be close to the 'North or Middle European' type or 'welfare-state' model, but ways to enhance accountability of local governments should be considered at the same time when Korean local governments aim at such models.

IV. Agendas for the Future

There seems to be no rule or principle for decentralization. Rather, the ways of decentralization should be searched with considering both the value of main objectives and the causal relationship between ways of decentralization and primary policy objectives. Based on the critical study and analysis previously discussed in this paper, decentralization needs to be advanced with following values and lines/doctrines.

A. *Focusing on the Purpose of Decentralization*

Decentralization is an instrumental concept for achieving good governance at the local level through local autonomy. The reason why we should support local autonomy is that it can improve the value of advanced democracy. Thus, realizing advanced democracy should be the prime objective of decentralization. To accomplish the advancement of democracy through decentralization, the following values should be aimed.

1. Enhancing National Competitiveness Through Decentralization

The rapid change of the economic topography caused by industrialization and urbanization aggravates inconsistency between administrative districts and areas for economic activities and the worsened inconsistency increases transaction costs for the society. To make matters worse, local governments of Korea have not enforced effectively economic development policies which those of rival countries have performed. For local governments, especially metropolitan or provincial governments, to overcome Type I restriction, the local administrative district reform is necessary.

2. Citizen-oriented Reform of Intergovernmental Relationship

Decentralization has been mainly regarded as a matter of relationship between the central and local government, while largely neglecting the effects of the changed intergovernmental relationship on citizens. The transfer of policy-making powers between the central and local government itself does not constitute a purpose. It only has an instrumental value. So to speak, decentralization should focus on the relationship between citizen and local governments as well as the relationship between the central and local government.

Government exists to serve the people and the ultimate target of governmental services, regardless of which level of government produces such services, is also the people. From citizen's perspective, the relationship between the central and local government is merely a matter of vertical distribution of affairs. Therefore, decentralization should be approached in the context of the relationship between citizen

and governmental organizations, regardless of the level of government and beyond the understanding of the relationship between governments. For example, when the fashion in which local autonomous police system is operated is concerned, we need to approach this matter with concern about ways reducing crimes and alleviating traffic problem from the citizen's perspective rather than concern about the authority distribution between the central and local governments. In addition, reforms performed by the local level and those by the central government level need to be linked with reducing governmental cost and improving the quality of public services.

3. Enhancing both Functional Capacity and Responsibility of Local Governments

Generally, the functional ability of individual local governments is seriously weak. To improve both the quality and the amount of public services with citizen-oriented policy priority, the competence of each local government need to be improved but it should be accomplished with improvement of political, legal, and professional responsibilities.

4. Guaranteeing Equal Opportunity between Local Governments

In addition to weak functional ability of individual local governments, serious competency gap between local governments is also a problem. Competition can make individual governments try to improve their competence for public services supply, but guaranteeing equal opportunity is necessary as a prerequisite to encourage the competition. To pursue these discussed values effectively, following methodical routes need to be adopted.

B. *How to Decentralize*

1. Citizen-oriented Decentralization

Citizen should be the eventual beneficiaries of decentralization and local self-governance system. At the early step, decentralization was mainly regarded as a matter of relationship between the central and local government. Over the past decade, decentralization has been pursued with this perspective and the way of decentralization need to be sought with citizen-oriented perspective. Devolution of affairs that the central government performed to local governments has two sides; it enhances the authorities of the local and increase duties and responsibility simultaneously. However, an eventual criterion determining devolution of an affair to local governments should be whether the devolution of an affair improves citizen welfare. Therefore, the concept of citizen-oriented decentralization should be institutionalized in the process of decentralization. As ways to institutionalize this concept, decentralization impact analysis, reestablishing the decentralization manual, encouraging citizen participation in determining devolution of affairs and so forth can be considered.

2. Improving Local Government System Suitable for the 21st Century

Economic Environment

Globalization and knowledge-based industry are the predominant traits of 21st century economic environment. Under globalized economic circumstance, global urban hierarchy has been formed and urban regions on the earth compete with each other to take higher rank in the global urban hierarchy. An economic boundary of an urban area is generally inconsistent with its administrative boundary. In the case of Korea, the economic topography has been changed quite rapidly due to the industrialization and the urbanization. For the last century however, there is no significant change in local government system and administrative boundaries between local districts; therefore, the inconsistency between economic and administrative boundaries has been aggravated. Moreover, increased transaction costs of society caused by the worsened inconsistency threaten Korea's global competitiveness seriously at this time. Thus, administrative district reform and reestablishing inter-governmental cooperative system need to be considered as ways to resolve the inconsistency.

3. Balanced Improvement of Individual Local Government's Functional Ability

Without the consideration of the imbalanced condition, decentralization causes inevitably the imbalance of functional ability between local governments. As indicated by long debates about regulation on the capital region and the imbalance between southern and northern Seoul, balanced regional development has been an important value in Korea. The citizens are beneficiaries of enhanced ability of local governments but the problem is relative deprivation that residents in other districts which have relatively weak functional ability can feel when a local authority with strong functional ability gives great benefits to its residents. Therefore, ways to strengthen functional ability of individual local authorities evenly should be considered at the same time when affairs which local governments perform well using those abilities are sought and devolved.

4. Enhancing Accountability of Local Governments

Over the last decade, there is no significant improvement of each local government's executive *power to* make policies and accomplish them as intended, whereas its ruling *power over* individual local district has been reinforced. The main sources of the executive power of local government — those functional ability — are its administrative authorities, financial resources, and its administrative competence. At this point in time when ruling power of each local authority — especially its head's — is much stronger than its executive power due to the asymmetrical reinforcement, the problem is whether its functional ability can be improved without further reinforcing its ruling power. Above all, to solve this problem, enhancing the accountability of each local government is necessary. To enhance its accountability through checks and balances, the local councils, the civil society and the local media should necessarily and properly play their own role.

C. Tasks for Decentralization and Order of Priority

Table 9 summarizes key issues that the policy of decentralization in South Korea should deal with while Table 10 lists up the essential tasks to address those key issues. Especially, policy priorities that are associated with the order of performing task are determined according to four criteria which are jointly exhaustive and jointly exclusive: “importance in people welfare and nation development,” “causal order,” “feasibility” and “the level of the progress of a task.” There are also priorities among these four criteria based on the order of when the tasks are determined to be performed, as follows: “Importance in people welfare and nation development” is applied prior to “causal order” preceded by “feasibility” followed by “the level of the progress of a task”. It looks like a sequence of criteria but it does not mean that a criterion is considered after a prior criterion is fully acknowledge. Rather, all criteria should be considered at the same time with priorities.

When we determine which task is performed first, we should consider the problem of “what is the most important task for both the people and the nation” above all. The judgment based on “importance in people welfare and nation development” is value judgment while judgments based on other three criteria are factual judgment. Unless accomplishing goals of a task is useful for increasing people welfare and developing nation, no matter how feasible such tasks are, those do not need to be performed with a priority. On the contrary, if a task should be performed promptly, it is regarded as a priority, even if a task is hard.

When we make factual judgments, “causal order” is prior to “feasibility.” If per-

Table 9 Key Decentralization Issues for South Korea

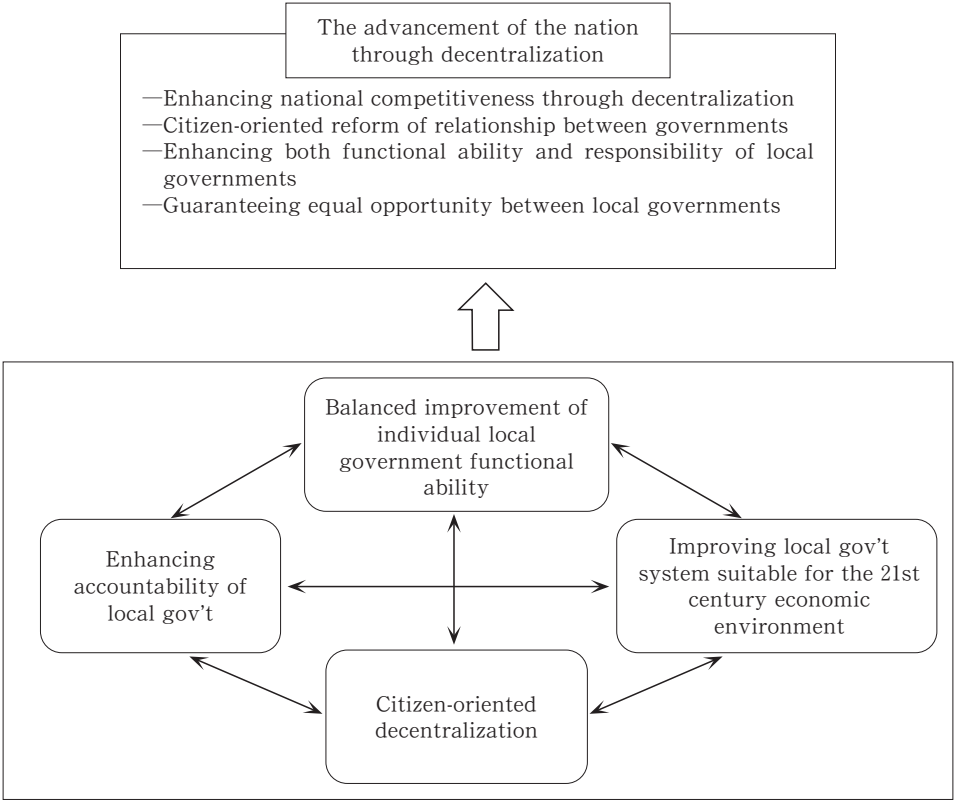
Key issue	Expected results when the government does not respond to the issue effectively
How can the government make people feel the benefits of decentralization?	—aggravated cynicism about local politics and admin. —declined democracy
How does the government respond to the inconsistency between the economic and administrative boundaries?	—weakened nation competitiveness due to inefficiency in resource allocation —deepened conflict between local governments
How does the government respond to aggravated imbalance between ruling power and executive power?	—weakened merit-system due to strengthened patronage/clientelistic relationship —factionalism in local politics strengthened patronage/clientelistic relationship —aggravated corruption in local politics and admin. —weakened accountability of local administration
How does the government improve functional abilities of regional authorities in balance?	—aggravated imbalance between regions —standardized downward

Source: By the Author

Table 10 Essential Tasks for Decentralization

Line	Goals	Tasks
Citizen-oriented decentralization	<ul style="list-style-type: none"> —citizen-oriented affair distribution between the central and the local 	<ul style="list-style-type: none"> —organizing promotion group for decentralization and modifying standards —applying citizen participatory plan —decentralization impact assessment —improving local educational autonomy system —organizing special local administrative agencies —introducing local autonomous police system
Improving local government system suitable for the 21st century economic environment	<ul style="list-style-type: none"> —resolving the inconsistency between the economic and administrative boundaries —reestablishing governmental cooperative system 	<ul style="list-style-type: none"> —the local administrative district reform —strengthening cooperative relations between municipal governments —improving Competence for conciliation of disputes between governments —strengthening cooperative relations between the central and local governments
Balanced improvement of individual local governments' functional ability	<ul style="list-style-type: none"> —improving local gov'ts ability for self-governance —improving fiscal capacity of local governments —improving vertical and horizontal equity of local governments 	<ul style="list-style-type: none"> —improving special action for metropolitan cities —expanding fiscal capacity of local governments —mitigating rationally imbalance of local finance —Guaranteeing equal opportunity between local governments —strengthening fiscal autonomy and applying market principles
Enhancing accountability of local governments	<ul style="list-style-type: none"> —strengthening checks and balances within government —guaranteeing the mechanism of external supervision —promoting competition between local governments 	<ul style="list-style-type: none"> —improving local gov't election —strengthening citizen direct democracy —vitalizing the local media —improving fairness of personnel management in local governments —promoting personnel interchange —improving gov't evaluation system and graded incentive system —improving local councils —improving audit system —introducing municipality —bankruptcy system

Source: By the Author



Source: By the Author

Fig. 5 A System of Objectives for Decentralization

forming Task A cannot achieve its intended goal without accomplishment of Task B, performing Task A firstly is meaningless until Task B is accomplished. “The level of the progress of a task” is also a criterion which should be considered. Concentrating efforts firstly on a task which can be completed with little further efforts is better than allocating many resources to a task which still needs many efforts, *ceteris paribus*². On the contrary, if tasks are under similar condition, as to other three criteria, placing a priority to a task which is accomplished least is desirable.

Notes

- 1 Local governments of the U.S. have stronger political status than those of other nations which belong to this type, the ‘Anglo’ group, and local authorities of the U.K. have the higher level of functional autonomy than those of Canada and Australia (Goldsmith, 1995).
- 2 All other things being equal

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