



Creative communities and the cultural economy – Insadong, chaebol urbanism and the local state in Seoul



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ABSTRACT

Creative communities that arise in a cultural milieu of place-based social relationships are being targeted for cultural economy strategies to revitalize cities in Asia. The dominance of a small number of family owned conglomerates, chaebol, in the economy and politics of South Korea represents an extreme case of the corporatization of citymaking that drives cultural economy policies. The experience of the historic district of Insadong, Seoul, illustrates the resulting loss of vernacular heritage, gentrification and commodification of creative community life-spaces under the cultural economy banner. At the same time, democratization and the rise of civil society have provided openings for grassroots organizations to seek to protect and support local cultural spaces as sites for creative engagements in urban life. Recent success of grassroots mobilizations in countering corporatization by electing an activist as mayor of Seoul points to the need to give greater attention to role of the local state in sustaining creative communities.

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1. Introduction

Tension between the vitality of culturally creative communities and the corporatization of cities is intensifying in Asia as governments and business interests turn toward cultural economy and creative city strategies to reinvigorate urban economies. The discussion that follows on recent experiences in Seoul illuminates how the resilience of culturally creative districts is enmeshed in the intersecting dynamics of the corporatization of the production of urban space, the rise of civil society in the public sphere, and the resulting political contestation over the production of urban space. While the corporatization of the space-economy of Korea has been underway since the late 1960s, democratization with elections of the local government in a multi-party system has only been in place from 1995. In the first decade of the 21st century as neoliberal political alliances won the mayoral elections of Seoul, the city experienced an even more intensive corporatization of local community spaces of all types, including the culturally vital district of Insadong.

Corporatization is understood as a two-fold process of, first, institutional transformations allied with neoliberal ideologies justifying the application of corporate business models to public institutions and provision of services (Harvey, 2005). Second, it is a process of incorporation of the urban space-economy into multi-locational global–local business networks, which include franchises, big box stores, shopping malls, gated housing, global business hubs and very tall buildings, and other urban hardware and services. It also entails the elimination of local businesses, vernacular neighborhoods and public markets, as well as

the privatization of public space. When seen in its entirety, corporatization is the dominant force producing and transforming cities in Asia today (Davis, 2011; Douglass, 2014).

Corporatization could not proceed without the support of the government to assist in plan-making, providing public infrastructure and services, appropriating and assembling land, and removing people from their residences and shops. In Korea, for example, the 3 years leading to the state sponsored Seoul Olympics (1988) saw the forced eviction of 700,000 people from their residences (Ha, 2002). Yet the state is not a monolith, and ordinary people are not without social power. Civil society is on the rise in Asia to make claims on the state for purposes other than endless competition for global investment. To paraphrase Jane Jacobs (1993), all of the resulting tensions and contestations over the production of urban space are at play in the death and life of creative communities.

The creative communities that are the focus of the discussion here exist in many forms and conditions. Some, such as Seoul's Insadong discussed here, are centuries old and have persisted despite sweeping historical changes. Others, such as the music scene in Hongdae, also in Seoul, the 798 Art Zone in Beijing and the Tianzifang in Shanghai, have blossomed in low rent neighborhoods or declining districts such as abandoned warehouse areas where a “Bohemian” culture emerges that can include avant-garde artists and artisans who share an anti-establishment ethos (Choi & Lim, 2013; K. Lee, 2014). Many of these areas are formerly prosperous areas that were devalored over time through the geographical switching of capital to new corporate business areas, suburban housing, or to other more profitable sites locally or abroad.

As creative cultural scenes successfully emerge in marginalized spaces, intensive revalorization can occur in the form of outsider buyouts of local shops, gentrification, chain stores and franchise invasions, shopping complexes and entertainment complexes, and overt commodification of cultural experiences and artifacts (Zukin, 2008). The question addressed here is how a creative community can thrive in an era in which its very success seems to set in motion with its demise. This dilemma has sharpened in recent years as corporatization has taken a “cultural turn” toward appropriating creative community spaces to generate a cultural economy. At stake is not only the fate of these communities but also the long held idea of the city as a theater of social life (Mumford, 1961), which is being replaced by corporate promotion of the city as an endlessly hyper-competitive engine of growth and maker of wealth for limited segments of the population (EIU, 2012).

2. Korea's “Chaebol Urbanism”

The history of the production of space in Seoul from its early post-colonial era to the present has been one of increasing dominance of Korea's giant conglomerates, chaebol, that emerged from small family enterprises in the 1950s and 1960s to be listed among the largest corporations in the world by the early 21st century (Forbes, 2014). Along the way, chaebol not only grew to immense size and power, they also diversified into all major sectors of the Korean, and now the global, economy. Their dominance in citymaking in Korea is equally profound. Whether it is housing, shopping malls, chain stores, mini-mart franchises, new towns, infrastructure, or transportation and more, one or more chaebol will be found commanding its construction, management and ownership. The dominance has become so visible that some observers have nicknamed Korea the “Republic of Chaebol”, or “Chaebol Nation” (Choi & Greenfield, 2009). Others have more recently coined the term, “Chaebol Urbanism” (Kalinowski, 2009) to capture the pervasiveness of the chaebol in citymaking in Korea (Stern, 2013).

The ascendancy of the chaebol proceeded in stages from different places and routes. Some began in heavy industry, such as steel production and automobile manufacturing. Samsung began as a small export business in Daegu. Lotte began in Japan by making chewing gum. All remain family owned, and all have set up their headquarters to Seoul. Until the mid-1980s they were highly dependent upon Korea's developmental state for financing and market protection, but by the 1990s they had outgrown this dependence through the establishment of their own banking systems and international connections.

In terms of control over Korea's urbanization process, the chaebol collectively increased their land ownership 30 fold between 1978–1990 (La Grange & Jung, 2004). Chaebol independence from the state took another giant leap with the wider opening of China to global investment from the early 1990s that saw the beginning of wholesale redeployment of low wage factory work from Korea to China, which also led to the steep decline of the economies of secondary cities in Korea. By 1995, the 30 largest chaebol accounted for 41 percent of industrial value added of Korea, which includes offshore production accounted in Korea (Yusuf, 2001).

Although the East Asia finance crisis of 1997–98 hit Korea particularly hard and led to the demise of some chaebol, the early years of the 21st century saw those that remained becoming more formidable than ever before. One factor in their rejuvenation was the election of Myung-bak Lee as Mayor of Seoul in 2003. He and his successor's (Se Hoon Oh) quest for global city status through urban mega-projects was the centerpiece of the metropolis' strategy for nearly 10 years. Lee, who was Seoul's Mayor from 2002–2006 and subsequently became President of Korea, was the former CEO of Hyundai Construction and the first mayor drawn from chaebol. By the end of the Lee–Oh governments in 2011, the 10 largest chaebol accounted for half of the total value of all companies listed on the Korea Stock Exchange (Yung 2013). In addition to residential and commercial property, by 2011, Korea's chaebol increased

their share of all industrial land to nearly 75 percent – even though almost all industrial parks were built by the government using public resources (La Grange & Jung, 2004, Stern, 2013). This share was enhanced in the four years following the 2008 global recession when the number of chaebol affiliates doubled. Interlocking relations among chaebol and non-chaebol companies through minority shareholding permeate the entire economy (Kim, 2009, Nam, 2013, Yoon, 2013). With the corporatization of citymaking became dependent on public support, during Oh's term of office (2008–2011) Seoul's public debt tripled (Ahn, 2011) due to subsidies allocated for Seoul's “Second Miracle on the Hand” megaproject makeover.

Rather than working together to create an integrated plan and land development process for Seoul, chaebol develop areas independently and expand from each of their own core sites. In this manner, chaebol intrusions into Seoul mimic a feudal pattern of dividing territory into fiefs, each dominated by a specific chaebol (Stern, 2013). Samsung's massive headquarters in upscale Gangnam is matched by Lotte's colonization of Jamsil centered on a Disneyland like Lotte World that includes a complex of retail stores, apartment buildings, office buildings, and the 123 story Lotte World Tower that at 555 m in height lists among the tallest buildings in the world. LG has followed suit with plans for “an industrial ecosystem” composed of industrial sites, business buildings, commercial site and residences occupying 1.7 million square meters covering most of Magok District near Seoul Gimpo Airport (Invest Seoul, 2015). Hyundai has in turn announced plans to build a tower over 100 stories high in Gangnam. Doosan, another chaebol, completed its vast new town on the edge of Seoul in 2005.

In sum, the chaebol both create the logic of land development in Seoul and, along with government urban master plans, perpetuate Korea's “excessive urban renewal” (Choi & Greenfield, 2009:12). Supported by “massive incentives” from the government, the result in endless rounds of construction that “produce space and fill it with their increasingly networked products and services” (Choi & Greenfield, 2009:12). With the exception of landfill sites, such as the \$50 billion corporate Songdo new city in nearby Incheon (Kim, 2014), almost all of the urban mega-projects in Seoul involved clearances of lower-income neighborhoods and small shop areas of the city. For example, the construction under Mayor Oh of the cavernous Dongdaemun Design Plaza designed by Zaha Hadid cost nearly half a billion dollars and displaced over 1000 small shops that had been operating in two historic stadia that were also eliminated (Y. Lee, 2014). The hyper-scaling up of Seoul under mayors Lee and Oh confirms the characterization of citymaking in Korea, notably the Seoul Capital City region that now accounts for half of the population of Korea, as being a process of chaebol corporatization. Others (Watson, 2013:309 after Berman, 1987) have been more direct by calling the state-chaebol transformation on Seoul an “urbicide” – “the murder of a city” – due to the intensity and pace of physical and social destruction it leaves in its wake.

Despite such summary judgments about Seoul, some observers claim that after years of the city being saturated with the chaebol creation of the “apartment city”, as Seoul has also come to be known, the general population of Korea tends to accept both the sources and the outcomes of the city's half-century of intensive transformation. Yoon (2012), for example, states that this acceptance is a logical acknowledgment of the need for strong interventions to manage the city's population density, which ranks among the highest in the world (Demographia, 2015). In stating that “nothing is more ubiquitous in Korea than the chaebol,” Choi and Greenfield (2009:12, 15) add that residents of Seoul do not question the practice of chaebol delivered built environments because they are constructed quickly and of high quality, and are thus “not something forged in the contestation and negotiation of uses for public space, let alone in the active participation of residents *qua* citizens”.

However, such acceptance is at odds with the realities of Seoul in the 2002–2011 Lee and Oh years when massive protests were so common that the center of the city was under a nearly continual state of

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