Can Local Government Substitute for Rural Community?
—An Alternative Framework for Rural Development in the Context of the East Asia—

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Abstract: Comparing the remarkable economic growth of Japan and South Korea (hereafter, Korea), many scholars have adopted the modernization theory and/or the stages theory of development. They argue that development is about the modernization of traditional societies. Moreover, it is also widely accepted that developing countries could and should learn from the pioneer countries that have already developed. However, they fail to explain the opposite side of the remarkable economic growth in both countries; namely rapid depopulation and wide collapse of rural communities.

This study is an attempt to build an alternative theoretical framework for sustainable development of rural communities in East Asia, focusing on Japan and Korea. The endogenous self-organization that functions as a substantial social unit for rural development is emphasized. To accomplish this purpose, a case from each country is introduced and interpreted in an alternative way. The cases demonstrate that endogenous self-organizations function as a coordinator in policy implementation. While the two countries differ from each other in their method of local government intervention, the comparison of the two cases shows that rural development initiated by a local government cannot be sustainable without enhancing endogenous self-organizations. Ironically, it could be argued that no intervention strengthens the self-organizing capabilities of a rural community.

Key words: endogenous self-organization, local government, modernization theory, depopulation, rural development, Japan, South Korea

Introduction

Since the 1960s Japan has experienced rapid rural depopulation and wide collapse of local communities. Japanese scholars call these phenomena 'Kaso', which means, "very scarce and/or too depopulated". At the same time, the Japanese government enacted the “Urgent Measures for Depopulated Areas Act” (in Japanese, 'Kaso-ho'), and started to pour investments into Kaso areas. The total amount of investments during the period 1970–1990 was more than 25 billion Yen, and almost half of it has been used for the improvement of roads. As a result, the depopulation rate of Kaso areas in Japan continuously dropped from 12.9 percent during the period of 1965–70 to 4.1 percent during the period of 1980–85. However, during 1985–90 the depopulation rate of Kaso areas in Japan increased again to 5.8 percent with slight fluctuation thereafter. This rise in the depopulation rate was the result of the increase in mortality rather than rural-to-urban migration. More than three decades of continued depopulation resulted in a high ratio of aged population. This in turn has caused the recent increase in mortality. As of 1990, the ratio of over 65-years of age of Kaso areas in Japan is extremely high, at more than 20 percent (Kim 1997a). Despite declining depopulation rates, one third of municipalities in Japan remain as Kaso municipalities. These trends suggest that while tremendous investments in Kaso areas since 1970 have played a key role in decreasing the depopulation rates of these areas, they could not solve the regional problems of rural Japan.

A similar phenomenon could be observed in Korea since the 1970s. In the process of rapid
industrialization to catch up with the Japanese success story, rural Korea lost more than half of its population to cities between 1970 and 1990. Approximately a quarter of the rural population out-migrated in the 1970s, and 35 percent in the 1980s. This meant that the largest portion of rural Korea lost its population at an annual rate of over 3 percent during the twenty years (Kim 1995). Nevertheless, the Central Government of Korea is more apt to invest financially in urban areas, resulting in the underdevelopment of infrastructure in rural areas.

With regard to these trends in Japan and Korea, the most remarkable common characteristic is the short time frame of these dramatic changes within the rural areas. It should be noted that the transformation of most overpopulated areas to underpopulated areas within only two decades did not occur in Europe nor in other parts of Asia. At the moment, the depopulation phenomenon both in Japan and Korea can be called 'the industrial disease', which contains cultural overtones.

Roughly speaking, there have been two theoretical viewpoints on the Kaso phenomenon in Japan. One is an optimistic viewpoint, which regards it as a process of achieving a balance in the suitable distribution of resources and labor force; the other is pessimistic, which sees it as a process of imbalance and/or peripheralization (Okahashi 1996). More than 30 years since the Kaso phenomenon rose as a social issue in Japan, however, the balanced situation which neoclassical economists insisted on, has not yet emerged. Instead, Kaso areas themselves underwent reorganization, thereby gaining a base for existence, even if hardly a sufficient one (Okahashi 1996), by depending mainly on financial support from the Central Government. This should be called "more constructive peripheralization" and is by no means an escape from the Kaso phenomenon.

Similarly to the Japanese situation, many regional planners in Korea argued that the Kaso phenomenon would be an unavoidable step towards equilibrium between a few growth centers and their backward areas. And they insisted that though it would be painful, trickle down effects would appear soon. On the academic side, however, some scholars were critical of the gap between the time wait and to be able to wait, even if the trickle down effects became a reality (Yu 1984). And a serious Kaso phenomenon is still going on with little financial transfer from the Central Government to rural areas in Korea.

Comparing the remarkable economic growth of Japan and Korea, many scholars have adopted the modernization theory and/or the stages theory of development. Modernization theorists believe that developed societies were distinguished by their economic, social, cultural and political modernity, which contrast sharply with the traditional values of underdeveloped, developing, backward, Third World or latecomer societies. Development is thus about the modernization of traditional societies (Hoselitz 1952). Moreover, it is also widely accepted that developing countries could and should learn from the pioneer countries that have already developed. Walt Whitman Rostow is known for the view that there is a common pathway to development which has to be trod by all countries intent on becoming modern (Rostow 1960). According to these arguments, Korea should follow the same pathway Japan trod, and Japan should go through the experience that western developing countries have had. Then, the accompanied distortion will be consequently solved when they catch up with the leading countries? This is questionable. Modernization theories fail to explain 'the industrial disease' mentioned above, nor do they consider the modernization of non-European countries.

This study is an attempt to build an alternative theoretical framework for sustainable development of rural communities in East Asia, focusing on Japan and Korea. The endogenous self-organization that functions as a substantial social unit for rural development will be emphasized. The socioeconomic foundation of endogenous self-organizations will be presented with respect to three kinds of cost: namely negotiation cost with the administration, bargaining cost in the market and community organizing cost. To accomplish this purpose, the case of each country will be introduced. The two countries differ from each other in their methods of local government in-
Outline of the Circumstances around Rural Areas of Japan and Korea

In addition to the regional characteristics of the two countries, the regional impacts of the institutional measures against the Kaso phenomenon are also quite distinct. Due to the reorganization of the administrative system in Japan after World War II, local governments received a significant amount of administrative autonomy (Nakano 1992). Moreover, owing to the industrial decentralization policy since the latter part of 1970s, local labor markets have grown, or were newly formed in rural Japan. At the same time, the Central Government of Japan started to pour investments into the rural areas as a reaction to the rapid rural depopulation and broad collapse of local communities. These investments have greatly contributed to raising the living standards of rural areas.

Contrary to the Japanese case, the delivery systems of local policies are strictly under the responsibility of the Central Government in Korea. Myun as the lowest administrative unit of rural Korea has neither administrative nor financial autonomy. Moreover, the Central Government has been more apt to financially invest in urban areas under the growth center strategy resulting in the lack of established local labor market. This has caused a shortage of developmental funds at the local government level (Gun: county) although its autonomy started in the 1990s.

In spite of the differences mentioned above, the two countries have many similarities regarding their national development strategy and cultural background. But the main impetus of regional characteristics of Kaso areas in both countries shows clear contrasts. Namely, national policies played a decisive role in the formation of regional characteristics of Kaso areas in Korea, while the market force played a more important role in Japan (Kim 1997a).

In the next chapter, each country will be introduced from a comparative perspective, focusing on development policies, changes of endogenous self-organizations and roles of local governments. As the Japanese case, Namiai village a small, remote mountainous municipality with heavy snowfall was selected. The Korean case is Chundang village, which has almost same characteristics as the Japanese village except for its administrative status. All the data and descriptions are based on the author’s fieldwork, which was carried out in 1995/96 for Namiai village and in 1994/95 for Chundang village, respectively.

Materials for the Discussion: What Happened in the Study Areas?

Case of Japan: Namiai Village

Outline

Namiai village is located in Nagano Prefecture.
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Figure 2. Depopulation rates of Namiai Village and Total Kaso Areas.

ture in central Japan (Figure 1). The population of the village is 778 as of 1995. There are 264 households and the ratio of the aged (over 65 years old) is almost 30 percent. Most of the settlements are located 1,000 meters above sea level with very heavy snowfall in winter. This village lost almost half of its population during the period 1952 to 1995. Regarding depopulation rates, those of Namiai village are more drastic than those of total Kaso areas, but the trends are very similar (Figure 2). In the drastic change of depopulation rates, resort development, which has been the general way of development in many Kaso areas has played a decisive role. Considering these characteristics, Namiai village can represent a typical Kaso vil-

Figure 3. Changes in number of tourists at Namiai Village.
Data Source: Namiai Village Office.

Figure 4. Percentage of employees by industrial sectors in Namiai Village.

Resort development since 1960s

As an attempt to counteract the Kaso phenomenon, since the late 1960s, Namiai village has implemented the pioneering and grassroots resort development, more specifically as a ski resort. Under the leadership of the village headman, the residents founded a company for resort development with the intention to “utilize the resource for ourselves by our own knowledge and efforts”. They also stated, “never accept outside capital, never sell the land, never go into debt”. Since the financial condition of the village at that time was very weak, the residents voluntarily invested in the company. The ratio of their investment was just fifty percent. The success of the first at-
tempt inspired the residents as well as the village government, to continue to invest in the resort development thereafter.

As the result of grass-roots efforts, tourists in this village have increased from 80 thousand in 1967 to the present 300 thousand (Figure 3). This rise in tourism is related to the increase of employment and income. At the peak time, more than 100 people were employed by resort-related facilities in a total population of less than 800 persons, and the rapid depopulation stopped at this point. Moreover, the industrial structure of the village changed drastically (Figure 4).

The results of the resort development

The changes occurred in the early 1980s. Owing to the improvement of access to the central city Ida, people were able to commute to the city. At the same time, the residents preferred working in the city rather than at the resort facilities. As a result, only 6 percent of the residents were employed in spite of rapid growth of the tourist industry.

As the tourist industry grew, the tourist companies fell under control of the logic of capital itself. This in turn prevented the voluntary involvement of residents. From the 1970s, the Central Government of Japan started to implement financial transfer to the local governments on a large scale. As a result, with the subsidy from the Central Government the village government was able to continue to invest in the resort development. In other words, the village government didn't need to negotiate with the residents on their policies. But at times these policies opposed the wishes of the residents who needed more investment in education, health and other public services for themselves rather than for tourists. And the village government no longer needed to organize people for the community mobilization. As a result the foundation of the village government changed from the community to the Central Government.

In the meantime, with the increase in public investment, only the construction sector could continue the rapid growth. Finally the owners of construction companies appeared as the new political elite, with the result that unnecessary public construction by subsidy increased, such as the construction of a new playground in a forest, which is located less than five minutes walk from the school playground. Just a few years before, the village government had already enlarged the school playground for the use of all residents. With less than 800 populations they certainly did not need two playgrounds, let alone destroying a forest to build one of them. In short, the resort development of Namiai village deteriorated to a dependent one. This was due to their over-attention to economic aspects such as employment while ignoring social aspects such as organizing the development actors.

The institutional intervention resulted in two conflicting phenomena, namely strengthening of the financial autonomy of municipal governments and weakening of the capabilities of self-reliance. As a result, most of the traditionally endogenous organizations of community have been disorganized or reorganized under the leadership of the municipal government. With the change of the industrial structure and the consequent change of value system of the residents, the endogenous self-organizations changed roles to become pseudo-organizations of the local government. Finally it should be pointed out that these phenomena are widely observed in most of Kaso areas in Japan.

Case of South Korea: Chundang Village

Outline

Chundang village is located in Hoengsung County, central Korea (Figure 5). As of 1995, the population is 310 persons. This village lost its population at an annual rate of over 4 percent in the 1980s. More than 80 percent of the acreage is covered by forestry land and about 60 percent of cultivated lands are dry fields. Though it takes about 30 minutes from the village to Hoengsung town by car, it is not easy for most of the residents to commute to the town because they don't possess their own car. Therefore, most of the residents are engaged in small scale agriculture management.

After the late 1980s two contrasting events occurred in Chundang village. On one hand, the depopulation phenomenon induced rural depri-
vation such as the closing of elementary schools and the periodic market. On the other hand there was an improvement in agricultural technology, which led to an increase in consumption level. The purchasing of a car or housing improvement is an indication of the increase in consumption level. What lead to these contradictory events in the village? In this section, the case of Chundang village will be discussed as an example of the restructuring process of rural Korea and the consequent reorganization process of a community.

**Changes in agriculture**

Progress in agriculture first appeared as commercialization in dry field cultivation. Before the middle of the 1970s when the village started to plant hops, the village was agriculturally self-sufficient. Since the hops that the farmers produced were contracted to a beer company, the farmers gained experience in bargaining with market, and knowledge of commercial crops as they negotiated the price of harvested hops with the company. The social learning through contracted cultivation made the once conservative farmers open to change. In the late 1980s this helped them to adopt new crops quickly after the end of the contract cultivation of hops. Actually, most of the farmers who had cultivated hops, changed to high profit crops such as vegetables, mushroom and *ginseng* just after the decline of hops cultivation. As of 1995, the number of farmers who had introduced high profit crops reached half of the total farmers. Along with this subjective factor, there have been some objective factors in commercial-based agriculture after the late 1980s. Firstly, agricultural machinery for rice cultivation, such as cultivator, tractor, rice planting machine and combined-harvester, was introduced from the early 1980s. The introduction to machinery created labor force reserves that allowed for the production of high profit crops other than rice. However, the ma-
chinery was usually expensive so that individual introduction of such machinery did not meet the cost-benefit. Therefore collective purchasing had been common in the introduction of agricultural machinery. Secondly, a new forwarding system has been implemented by the agricultural cooperative since the middle of 1980s, in which a national network for agricultural products was established with the improvement of roads in rural areas. Before the forwarding system by the cooperative, the farmer's only alternative was to use the Broker system. With this system the farmers sold their produce to a broker, who bought the farmer's produce wholesale before it was harvested. This was a high risk but potentially a high yield method. But with this system, farmers did not have the market statistics so they suffered losses. Under the forwarding system, the cooperative would collect the farmer's produce and sell it to the wholesale market everyday. In return for this service, the farmers had to pay the transportation fee and a small percentage of the profit to the cooperative. With the forwarding system the farmers had more control over their produce.

With the changes mentioned above, the farmers of Chundang village made three adjustments. Firstly, they became specialized by planting high profit crops. Secondly, they became part-time farmers. Less than 10 percent of farmers could find a job in non-agricultural sectors such as construction owing to the weakness of the local labor market. In these cases wives commonly were in charge of agricultural management, entrusting some part of farming to specialized full-time farmers. Lastly, most of the aging farmers once again became self-sufficient, renting most of their lands to the full-time farmers.

**Changes in standard of living**

Rapid decrease in the population led to a decrease in the number of services offered by the public and private sectors. Before the introduction of mass media the farmers were content with their standard of living. Due to the introduction of the market economy to rural areas, mass media exposed the farmers to an alternative lifestyle which created a desire to change their situation. The desire can be described as their attempt to overcome rural deprivation at the individual level, for example, the purchasing of a car, renovating their houses, increasing educational expenses and so on. More than 40 percent of households went into debt as they renovated their houses. And more than 30 percent of farmers bought cars around 1990, though they were restricted by boundaries of daily life. The mentality of the farmers changed from ensuring the stability of their future to their present day convenience. But the problem was that the potential increase in income from the introduction of high profit crops did not occur. Due to the heavy fluctuation in market price of commercial crops, less than 30 percent of farmers could increase their agricultural income through the introduction of high profit, high risk crops. Therefore most of farmers should have borrowed money by mortgaging their arable lands. In other words, these attempts to overcome rural deprivation at the individual level were extremely unstable, leading to the possible collapse of the community.

**Reorganization of endogenous self-organizations and its consequences**

In the above restructuring process, what changes occurred in the endogenous self-organizations of Chundang village? And if they still function as a substantial social unit despite heavy depopulation, what are the main impetuses to maintain this role?

In terms of administrative units, Chundang village consists of a Ri, which is the smallest administrative unit in rural Korea. At the level of Ri, an administrative office did not exist. The headman of a Ri, who is elected by the community members with the approval of local administration, is responsible for the administrative affairs of the community. A Ri is used to identify membership, mobilize common resources and so on. In this regard, a Ri can be identified as the fundamental organization in rural Korea (Kim 1998).

Ri, as a fundamental organization, functions as the recipient body of policies. In other words, Ri plays a major role in the rural development of Korea. Ri also mobilizes traditional
functional organizations, or creates a new functional organization in the developmental process. The transformation of 'Dure' organization in Chundang village is one of the typical examples.

In the 1980s, the Central Government implemented the policy for the distribution of agricultural machinery, called the 'policy of machinery equipped small-size group'. The government was willing to subsidize half of the machinery cost if approximately five to ten farmers organized a group. In order to meet this policy, 'Dure' organizations were mobilized in Chundang village. A 'Dure' organization can be defined as a traditional labor collective organization in rural Korea. As a result, the 'Dure' organizations were reorganized according to the agricultural machines subsidized by the policy. In the process of reorganization, the function of the organizations became more specialized. And this in turn strengthened the self-organizing capabilities of the community. In this case, the essence of the organizations is still the 'Dure', endogenous self-organization, although on administrative documents they are counted as 'machinery equipped small-size groups'. In other words, the 'Dure', an endogenous self-organization, had the leverage to negotiate with governmental policy.

An Alternative Theoretical Framework:
Foundation of Endogenous Self-organization

The basic unit of rural communities is the family or household. A family should get materials and/or services for their daily life and production activities from market, administration or community. And the interactions among them can be defined as bargaining with market, negotiation with administration and organizing activities in a community, respectively. If we consider the efforts to get materials and/or services as 'cost', then each interaction is supposed to be constrained by bargaining cost in the market, negotiation cost with administration and community organizing cost, respectively (Figure 6-a). For example, they sell their home production and/or buy daily necessities from the bargaining activities in market. And they participate in the benefit of education and health through negotiation with administration. Also, they mobilize/manage common resources and/or identify themselves as social beings. Looking for a job in a nearby city to compensate for shortages in the family's total income can be interpreted as a bargaining activity with his/her own labor force in the market.

Moreover, when an individual wants to bargain with the market or negotiate with the administration, the local community often mediates. A peasant, who is incompetent as far as bargaining with market and so uses a cooperative to pursue agricultural production, is an example of bargaining with market through a local community. Residents, who lack negotiation capabilities, use a district member to petition to a village assembly, can be interpreted as individuals attempting to negotiate with administration via local community. The foundation of an endogenous self-organization in a rural community can be explained by the interactions of the above three factors.

The types of materials and/or services received from market, administration or community, vary according to the society and changes of social circumstances. And the relative cost of each factor regulates the source of necessities and services (Figure 6-b). In short, if the bargaining cost decreased because the market became more accessible or stable due to economic growth, and/or if the negotiation cost decreased due to the substantial improvement of the municipality's financial condition, the organizing cost would increase relatively. People would then be willing to rely on the market or administration for necessities and/or services as opposed to the local community.

But, there is a very special sphere that exists at the community which does not exist at market and/or administration level. This sphere is the distribution of benefits by policy implementation or the mediation of social conflict. That's why in rural development the role of endogenous self-organization is so important.
An Alternative Interpretation and Concluding Remarks

If we adopt the above theoretical framework, the two cases above can be interpreted as follows:

The Japanese case: In this case the local government mobilized social capital sufficiently with the transferred finances and intensive investment in a transportation network lead to improvements in access to the city. This resulted in relatively low negotiation cost with administration and bargaining cost in market. The improvement in accessibility from Kaso areas made it possible for the residents of...
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Namiai village to enlarge their living space and to commute to the nearby city. This in turn caused the decrease of the bargaining cost in the market, with the rapid growth of the national economy. On the other hand, the financial transfer from the Central Government to local communities that had occurred since the late 1970s, caused the expansion of local finances, and decreased the negotiation cost with the administration. This also deepened the dependency of the local governments on the Central Government. In this process, people in Namiai village tended to avoid the organizing cost that had increased to a very high level. As a result, most of the endogenous self-organizations stopped functioning. The local government strengthened its intervention in the community; it even brought the circles for individual hobbies under its control. As a result, a vicious cycle developed. Because the actors in development, as well as the recipients who were able to coordinate the benefits of the policies, no longer existed, the local government was only able to implement the hardware policy.

The Korean case: In this case the intervention of the local government in the community was weak, but both the negotiation cost with administration and bargaining cost in market were relatively high due to the underdevelopment of infrastructure and lack of local labor market.

Ri, as a fundamental organization, mobilized a traditional functional organization or created a new functional organization in the development process. In this way, endogenous self-organizations of the community could function as a substantial social unit for development. Sometimes, they would negotiate with a county government regarding development affairs. Ironically, this meant that no interventions could strengthen the self-organizing capabilities of a community.

In conclusion, the perspective of the Kaso regions can be found from the self-organizing capabilities of the community rather than the public services of local government or the national policies.

Returning to the fundamental issue of this research, "Can Local Government Substitute for Rural Community", the answer is "Absolutely No, It can never be desirable". In the context of East Asia, a local government is considered as a symbol of modernity, and an endogenous self-organization as a symbol of tradition. So, the title of this paper can be re-expressed as "Can Modern Apparatus Substitute for Tradition in the Context of East Asia". The answer is the same.

Finally, another big issue in rural development is the formation process of an endogenous self-organization including the role of community leaders. In other words, the dynamic relations among resources, norms and organizations should be clarified. At the same time, the relationship between types of community leader and the above three factors should be considered. The author believes that these tasks could be challenged at a micro level.

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Notes

1. The depopulation rate of Kaso areas in Japan during the 1990–95 was 4.7 percent. Since Kaso municipalities have been designated every ten years with slight changes, the figures on the depopulation rate of Kaso areas have also been refigured at the time. All the figures are drawn from the National Land Agency, Japan.
2. Myun is regarded as the same administrative unit as Mura in Japan.
3. For more information on this section, see Kim (2000).
4. For more information on this section, see Kim (1997b).
5. The typical hierarchy of administrative system in rural Korea is Province (Do), County (Gun), Administrative Village (Myun) and Village (Ri). Do and Gun are autonomous units, while Myun and Ri are not. In a center village of Myun, there is an administrative office with around 20 staff, which functions as a liaison office between a Gun government and local communities (Ri).
6. Typically one community organized one 'Dure' organization in rural Korea. In Chundang village, however, there have been several 'Dure' organizations.

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