"The Republic of Seoul": Growth, Gravity and the Quest for a National Rebalance

Introduction

To the outside world, Seoul is a futuristic marvel. It is a city of hyper-efficiency, the beating heart of K-Culture, and the world's 13th-largest economy that miraculously rose from the ashes of a brutal war. This "Miracle on the Han River" was the result of a deliberate, high-stakes wager placed by the developmental state decades ago: to concentrate the nation's limited capital, infrastructure, and human talent into a single engine of growth. The "Republic of Seoul" phenomenon now embodies a paradox where the hub of growth has become the primary threat to its nation's survival.

The Seoul Metropolitan Area (SMA) occupies only 11.8% of the national land area yet houses 50.6% of the total population,[1] generates 53.1% of the national Gross Regional Domestic Product (GRDP) and is home to 73.2% of the headquarters of top business groups.[2] It is a global magnet for capital and talent, effectively acting as a nation-state within a nation.[3]

The "Republic of Seoul" phenomenon can be seen as a "living" example of economies of agglomeration, which explains urban agglomeration as a result of cost-saving strategies made by economic entities. Agglomeration is not necessarily an adverse phenomenon per se – it provides considerable productivity benefits to the national economy. As business clusters and relevant infrastructure become located in proximity, individual firms experience higher productivity due to lower transportation costs and greater specialisation opportunities. South Korea's economic achievements, commonly denoted as the "Miracle of the Han River", partially owes credit to this agglomeration of capital around a single metropolitan area that bestowed efficiency and velocity to national economic development.

However, hyper-concentration of economic capacity also comes with equivalent downsides. Some notable social costs include traffic congestion and over competition for capital within the cluster, which leads to diseconomies of agglomeration that harm general productivity of the economy. While Seoul's population capacity is largely constant, demand for its limited resources has been burgeoning. This mismatch effectively undermines the quality of life within Seoul, while pushing regional municipalities into disappearance. In the case of Seoul, the cost of agglomeration may be as high as, if not higher than, the benefits extracted from it in the longer run.

Between 2013 and 2022, there was a net inflow of approximately 590,000 individuals in their 20s into the SMA, while non-metropolitan areas experienced severe youth outflows.[4] On a similar note, while the capital

[1] Jeongseob Kim, "Regional Disparity and Balanced Development: Lessons from South Korea's Experiences," in *Advances in 21st Century Human Settlements*, ed. Ha Thuc Vien et al. (Springer Nature Singapore, 2025), 330, https://doi.org/10.1007/978-981-96-9924-7_22.
[2] Kim, "Regional Disparity and Balanced Development," 331.
[3] OECD, *OECD Territorial Reviews: Seoul, Korea 2005* (OECD, 2005), 12, https://doi.org/10.1787/9789264012660-en.
[4] Wonhee Park, "수도권으로 향하는 20 대…10 년간 60 만명이 비수도권 떠나," 연합뉴스, November 7, 2023, https://www.yna.co.kr/view/AKR20231106162300002.

This case has been written by Eun Young Woo, Kim Bohyun, Lee Soo and edited by Jean Chia, Lee Kuan Yew School of Public Policy (LKYSPP), National University of Singapore, and has been funded by the LKYSPP. The case does not reflect the views of the sponsoring organisation nor is it intended to suggest correct or incorrect handling of the situation depicted. The case is not intended to serve as a primary source of data and is meant solely for class discussion.

overheats, 130 out of 228 local municipalities now face literal extinction risk.[5] Yet, this concentration of resource and population entails consequences greater than those of a simple zero-sum game – the extreme density has created a pressure cooker of hyper-competition and sky-high living costs within the capital,[6] ultimately spelling a comprehensive demographic collapse. Seoul's total fertility rate has plummeted to 0.55 (2023), which is the lowest among all municipalities, in the world's lowest-fertility nation.[7] The "Republic of Seoul" phenomenon is more than just a matter of local economic collapse or unequal distribution of wealth – it is one of the fundamental causes of Korea's current national predicament.

This case study will explore the historical contexts of this phenomenon and argue that Korea's regional imbalance is no longer a mere policy oversight but a structural "lock-in" driven by a self-reinforcing feedback loop of jobs, talent, and capital. By analysing the outcome of past decentralisation attempts and comparative analysis against the institutional frameworks of nations like Germany and Japan, this paper proposes a new set of strategic wagers – moving beyond relocation to genuine regional empowerment.

Historical Context

"A Strong Trunk and Weak Branches"

As described by Isabella Bird in her book *Korea and her Neighbours* in 1898*:*

> *Seoul is not only the seat of government, but it is the centre of official life, of all official employment, and of the literary examinations which were the only avenues to employment. It is always hoped that something may be 'picked up' in Seoul. Hence there is a constant permanent or temporary gravitation towards it … Yet it is the place where alone life is worth living, and to which every Korean who has any ambition aspires.* [8]

Seoul, as one of the oldest cities to be established in the peninsula, was historically regarded as the centre of political influence and Korean national identity – a trend that can be dated back to the beginning of the Joseon dynasty six-hundred years in the past.[9] This historical prioritisation of capital is captured by the Chinese term *kang-gan-yak-ji* (강간약지, "a strong trunk and weak branches"). This concept, coined by Sima Qian,[10] represents the East Asian political tradition of concentrating resources and governing power in the capital city to keep regional elites in check.[11] Korea followed this pattern, and the trend towards a centralised monarchy was intensified in the late 18th-century Joseon dynasty through the re-emphasis on monarchical

[5] Newsis, "'인서울 못 하면 실패'…日 언론도 주목한 韓 '초집중화,'" 뉴시스, May 20, 2025, https://www.newsis.com/view/NISX20250520_0003182034.

[6] OECD, *Enhancing Compactness, Connectivity and Accessibility in Korea* (OECD Publishing, 2025), 7, https://doi.org/10.1787/a20f49bc-en.

[7] Hyunseok Kim and Sungmin Han, "지역불평등 양상과 지역발전 전략에 관한 연구 (A Study on Regional Inequalities and Regional Development Strategy)," *SSRN Electronic Journal*, ahead of print, 2025, 16, https://doi.org/10.2139/ssrn.5298413.

[8] Isabella Bird, "Chapter IV: Seoul, the Korean Mecca," in *Korea and Her Neighbours* (Fleming H. Revell Company, 1897), 59, https://www.gutenberg.org/cache/epub/69300/pg69300-images.html#Page_59.

[9] Wonsik Jeong, "The Urban Development Politics of Seoul as a Colonial City," *Journal of Urban History* 27, no. 2 (January 1, 2001): 158–77, https://doi.org/10.1177/009614420102700202.

[10] Sima Qian 司馬遷, "Hanxing yilai zhuhou nianpiao" 漢興以來諸侯年表 [Table of Vassal States Since the Rise of Han], in Shiji *史記 [Records of the Grand Historian]* (Beijing: Zhonghua Shuju, 1959), 17:801.

[11] 국립국어원. "강간약지 정책." 국립국어원 온용어. Accessed January 7, 2026. https://kli.korean.go.kr/term/s/5yc4g.do.

rule and the *junxian* system[12], granting the central government more control over regional officials.[13]

As the six-century capital of the kingdom, Seoul held symbolic power and was prioritised for early urbanisation, especially during the Japanese colonial period (1910-1945). Japan exploited Seoul's historical significance to legitimise its rule by replacing the old dynasty with a new colonial order. Under Japanese rule, the city was developed as the administrative and economic centre, aligned with Japan's wartime industrial needs.[14] This colonial urban planning created patterns of centralisation that continued after liberation.[15]

A prime example is Japan's installation of transportation networks and relevant urban infrastructure, arranged around large regional cities like Busan, Pyongyang, and Seoul.[16] The Japanese were already outlining a national railroad system centred around Seoul in 1894 even before the formal annexation of Joseon in 1910, signifying the city's consistent status as the heart of colonial urbanisation and economic growth. As a result of Japan's urbanisation plans, Seoul's population nearly quadrupled from 1910 to 1944, which drastically surpassed the average national population growth rate of around 1.6% annually.[17] And, by 1936, the population of Seoul (677,241) was already more than twice that of the second-largest city, Busan (206,386).[18]

Seoul's urban structure and planning during Japanese rule established the foundations of Korea's modern urbanism – marked by authoritarian centralism, state-driven development, and urban primacy – which continued to shape its postcolonial economic trajectory, as well as the geosocial predicaments of Korea today.

Miracle of the Han River

Following the independence and the Korean War, Park Chung-hee rose to power in 1961 through a military coup. To earn legitimacy through economic achievements, Park implemented aggressive state-led industrialisation policies to facilitate economic expansion rooted in "unbalanced growth" principles, primarily building upon the colonial legacies of urbanisation.[19] For the nation critically lacked natural resources and capital, larger regional cities of different provinces such as Daegu, Busan and Seoul became nucleus cities for development, with relevant infrastructure – especially transportational networks – centred around these metropolises.[20] This approach fuelled South Korea's rapid economic growth, known as the "Miracle of the Han River": exports surged from US$32.8 million in 1960 to over US$10 billion by 1977, and per-capita GNI rose from about US$67 in 1953 to US$32,115 in 2019.[21] Seoul, as the nation's capital city, was at the pinnacle

[12] The *junxian* (prefecture-and-county) system was a centralized administrative structure where local officials were appointed directly by the monarch rather than holding hereditary positions.

[13] Sung-San Cho, "The Historical Development of the *Fengjian* (封建, Feudal System) Vs. *Junxian* (郡縣, Rational Bureaucracy) Debate of the Eighteenth and Nineteenth Century Chosŏn Intellectuals Community," *The Korean Historical Review* 236 (December 31, 2017): 253–301, https://doi.org/10.16912/tkhr.2017.12.236.253.

[14] Yun-sik Chang, "Planned Economic Transformation and Population Change," in *Korea's Response to Japan: The Colonial Period 1910-1945*, ed. Chong Ik Eugene Kim and Doretha Ellen Mortimore, 1975, 291–300.

[15] Jeong, "The Urban Development Politics of Seoul as a Colonial City."

[16] Jeong, "The Urban Development Politics of Seoul as a Colonial City."

[17] Seoul Metropolitan Government, *서울 600 년사* [The history of 600 years in Seoul] (Seoul: Seoul Metropolitan Government, 1986)

[18] Jeong, "The Urban Development Politics of Seoul as a Colonial City."

[19] Chang-Yu Hong, "Educational Diffusion and Uneven Regional Development – The Case of South Korea," *Korean Local Administration Review* 11, no. 2 (January 1, 2014): 23–41, https://www.kci.go.kr/kciportal/ci/sereArticleSearch/ciSereArtiView.kci?sereArticleSearchBean.artiId=ART001941322.

[20] 이윤. "국가균형발전정책의 논리, 현실 그리고 전망." *Gyeonggi Research Institute CEO Report,* September 1, 2009, 1–22. https://www.dbpia.co.kr/journal/articleDetail?nodeId=NODE01431778

[21] Fabrique. "The Korean Economy – the Miracle on the Hangang River | KCCUK." *KCCUK*, n.d. https://kccuk.org.uk/en/about-korea/economy/the-korean-economy-the-miracle-on-the-hangang-river/.

of this process of condensed industrialisation, and the focus on rapid urbanisation in the capital region created a self-reinforcing cycle of centralisation.[22]

The authoritarian state-driven nature of the development added further focus onto Seoul. Take, for instance, the two Five-Year Economic Plans of the 1960s, through which the government assumed total control over the allocation of credit: by nationalising the banks, the state became the gatekeeper of capital, and any enterprise wishing to access loans, foreign exchange, or import licenses had to operate in alignment with national priorities.[23] Such dominance of the government in the economic sector necessitated a physical and functional proximity to the seat of power, and, consequently, the nascent business elite had no choice but to cluster in the capital to maintain the essential "government-business nexus" (*jeonggyeong yuchak*).[24]

In essence, South Korea's rapid industrialisation and urbanisation, particularly under the developmental state of the 1960s–1970s, accelerated Seoul's growth as the primary city. Strong central government policies of the late twentieth-century drove massive infrastructure projects, urban redevelopment, and the expansion of new towns, further concentrating resources and population in Seoul.

Why did the "Republic of Seoul" become such a difficult challenge to resolve?

The Feedback Loop

How Talent and Capital Became Locked in Seoul
Rather than a mere difference in quantity, the gap between SMA and non-SMA areas has become a state of qualitative division where the gap in opportunity has been widening. Such concentration of talent and human capital created a "lock-in" effect where the regional density of talent reinforces corporate location decisions, which in turn attracted more talent, creating a cycle that has persisted despite decades of balanced development policies.

Dominance of Economic Agglomeration and Innovation Geography
Market forces favour density. Doubling employment density has been estimated to increase city output by approximately 6% in contexts like the US,[25] a trend mirrored in Korea where high density correlates with higher knowledge-based capital and wages.[26] Consequently, high-value service sector firms have rationally gathered around the SMA, not merely to reduce transaction costs, but to access knowledge spillovers in dense innovation clusters like Pangyo.[27] As of 2021, the SMA accounted for 53.1% of the national GRDP[28] and, as shown in Figure 1, housed 73.2% of the headquarters of business groups with assets exceeding KRW 5 trillion (approximately USD 3.3 billion).[29] This is a textbook example of an agglomeration effect, in which

---

[22] Seungwoo Han, "Spatial Stratification and Socio-spatial Inequalities: The Case of Seoul and Busan in South Korea," *Humanities and Social Sciences Communications* 9, no. 1 (January 19, 2022), https://doi.org/10.1057/s41599-022-01035-5.

[23] Hong, "Educational Diffusion and Uneven Regional Development – The Case of South Korea".

[24] Hong, "Educational Diffusion and Uneven Regional Development – The Case of South Korea". The term *jeonggyeong yuchak* refers to the heavily intertwined, often collusive relationship between the South Korean state and large family-owned conglomerates during industrialisation.

[25] Nguyen Thanh Tu, "Land Use Regulation and Traffic Congestion Mitigation: International Experiences and Recommendations for Vietnamese Cities," in *Advances in 21st Century Human Settlements*, ed. Ha Thuc Vien et al. (Springer Nature Singapore, 2025), 189, https://doi.org/10.1007/978-981-96-9924-7_14.

[26] OECD, *Territorial Reviews: Seoul*, 14.

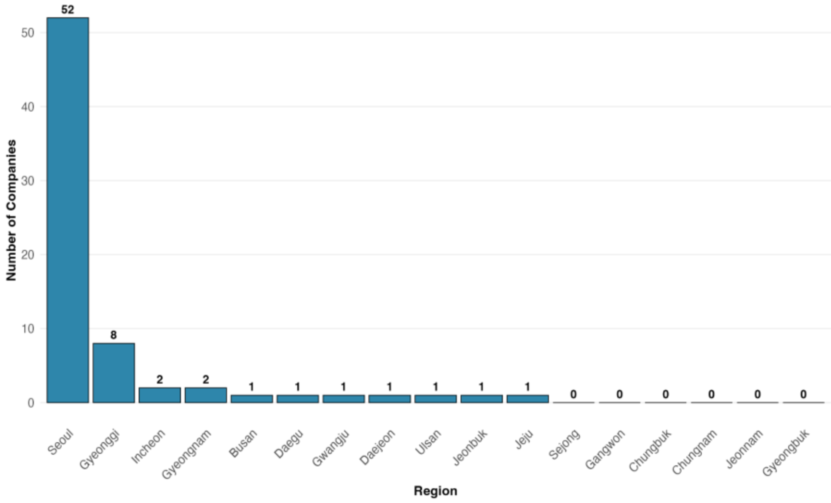
[27] Min Gon Kim et al., "Balanced Development Theory: Does the Relocation of Government-Owned Companies Matter to Regional Economic Growth?," *Public Policy Review* 31, no. 4 (2017): 335 - 366, https://doi.org/10.17327/ippa.2017.31.4.012.

[28] Kim, "Regional Disparity and Balanced Development," 331.

[29] National Assembly Research Service et al., 지방소멸 위기지역의 현황과 향후 과제 (2021), 12.

firms and relevant capital have the extensive tendency to gather in proximity with each other for cost-saving purposes.

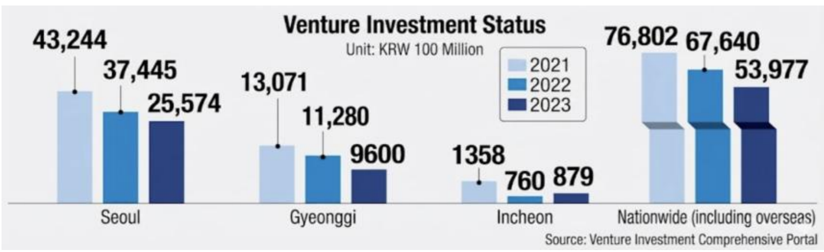
Figure 1: Distribution of Headquarters Locations of Large Business Groups Subject to Disclosure



Source: National Assembly Research Service et al., 지방소멸 위기지역의 현황과 향후 과제 (2021).

Naturally, this discrepancy has been most prevalent in the startup ecosystem which thrives in aforementioned innovation clusters. Venture capital is heavily skewed toward ICT services and platform-based distribution/services – sectors that require the high population density and digital infrastructure found in the capital. Figure 2 revealed that, in Q1 2024, 74.7% of total venture investment (KRW 733.6 billion, or about USD 500 million) was concentrated in the SMA, while regions like Jeonbuk received a negligible 0.13%.[30]

Figure 2: Venture Investment Status for Seoul, Gyeonggi, Incheon, and Korea



Source: 박윤호. "벤처투자 '서울·경기·인천'에 75% 집중…'지역간 분균형' 심화 우려." 전자신문, June 30, 2024. https://www.etnews.com/20240628000280.

This has essentially created a stripping effect where startups founded in non-SMA regions have been forced to relocate to the SMA (specifically Pangyo) to access funding, effectively stripping local regions of potential unicorns before they can mature.

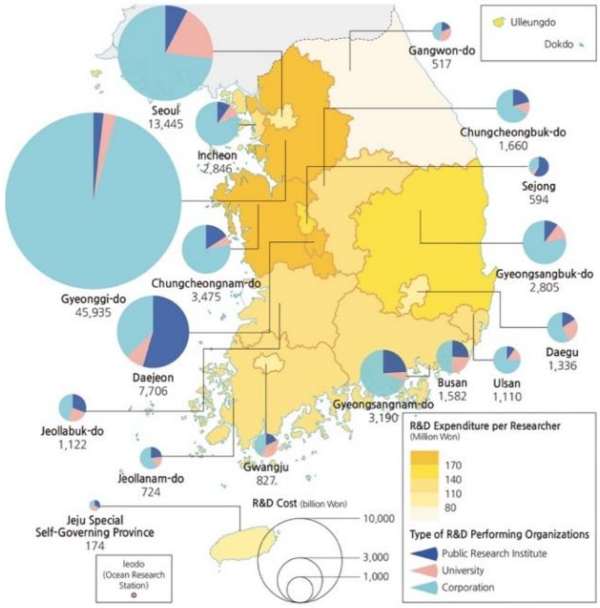
Furthermore, non-SMA regions are locked into a productivity trap. As shown in Figure 3, private enterprises, which account for 80.3% of R&D performance in Korea, overwhelmingly situate their research facilities in the SMA.[31]

---

[30] 박윤호, "벤처투자 '서울·경기·인천'에 75% 집중…'지역간 분균형' 심화 우려," 전자신문, June 30, 2024, https://www.etnews.com/20240628000280.

[31] National Geography Information Institute, *The National Atlas of Korea Ⅲ*, 2021.

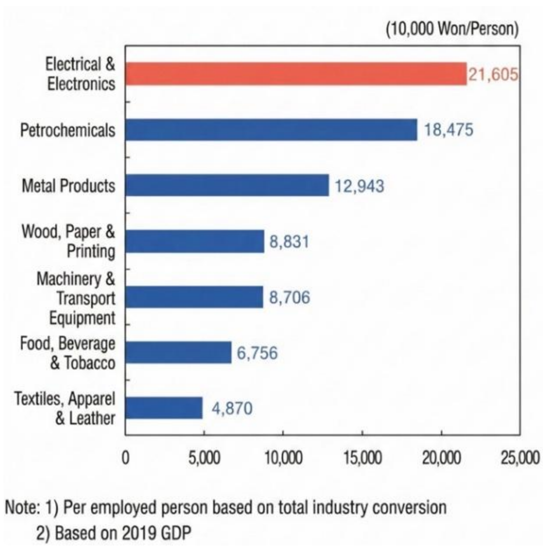
Figure 3: R&D Expenditure Per Researcher in Each Province, as of 2019



Source: National Geography Information Institute, *The National Atlas of Korea Ⅲ*, 2021.

This concentration correlated with the output: in 2020, Seoul (29.4%) and Gyeonggi-do (30.3%), the province surrounding Seoul, accounted for approximately 60% of all patent applications in Korea.[32] The disparity was further widened by the divergent productivity trajectories of industries located in the SMA versus the rest of the country. While the SMA has dominated high-growth sectors like semiconductors (11.1% annual growth; cf. Figure 4 for productivity data), non-SMA regions relied on stagnating mature industries (0.9% growth), making them structurally unattractive to new capital.[33]

Figure 4: Labour Productivity by Industry in Korea



Source: Bank of Korea, *지역경제보고서 (2024 년 3 월)* (Bank of Korea, 2024), 18.

[32] National Geography Information Institute, *The National Atlas of Korea Ⅲ*, 2021.

[33] Bank of Korea, *지역경제보고서 (2024 년 3 월)* (Bank of Korea, 2024), 16.

Human Capital

Faced with the concentration of high-value firms in the SMA, the migration of human capital was not merely a preference but a rational survival strategy. The dynamic has shifted from "jobs bring people" to "talent brings good companies," creating a dual lock-in where both high-value firms and individuals must remain in the SMA to survive.[34]

For the individual worker, the choice has often been dictated by a stark wage premium. The 2010-2019 Graduates Occupational Mobility Survey revealed that graduates from Seoul-based universities earned approximately 15.6% more early in their careers than their non-Seoul peers.[35] This gap would widen over the lifecycle, peaking at 50.5% between the ages of 40 and 44, making it economically irrational for top talent to remain in the provinces.[36]

For families, this reality has necessitated an intense competition for "In-Seoul" education, the primary gateway to the elite labour market. With 14 of Korea's top 20 universities located in Seoul, the competition rate for admission has been nearly double that of local universities.[37] Furthermore, data indicated that private education expenditure has been positively correlated with parental income and student academic achievement, suggesting that wealthier households were better positioned to secure these educational advantages.[38] This is where the "bill" of the Seoul Republic becomes visible: families invest astronomical sums in private education (averaging 10% of disposable income), driving up living costs and suppressing fertility rates.[39]

Transportation: The Concentration of Consumption

With talent and capital already locked in the SMA, advances in transportation have been siphoning even consumption into the SMA. The development of Korea Train Express (KTX) and Super Rapid Train (SRT) effectively reduced travel time from major regions to the SMA, and physical distance was no longer a barrier: trips to Seoul became highly accessible.

Table 1: Regional Share of Total Nationwide Credit Card Spending (2024)

Region	Share
Seoul Metropolitan City	45.2%
Busan Metropolitan City	4.5%
Daegu Metropolitan City	3.3%
Gwangju Metropolitan City	2.2%

Source: 정진호 and 임성빈, "'돈 쓰러' 주말 서울행 버스 매진…카드매출 70% 수도권 몰렸다," 중앙일보, March 6, 2025, https://www.joongang.co.kr/article/25318850.

[34] Kyunghyun Park, *Regional Development for Balanced National Development*, ed. Youn Hee Jeong (Korea Research Institute for Human Settlements, 2024).

[35] Sungjae Oh and Hanol Lee, "Can Mandatory Local-Talent Hiring Policy Reduce Regional Starting Wage Gap? Causal Evidence from Korean Graduates," *Economic Analysis and Policy* 84 (December 2024): 208 - 229, https://doi.org/10.1016/j.eap.2024.08.028.

[36] OECD, *OECD Economic Surveys: Korea 2024* (OECD Publishing, 2024), 111, https://doi.org/10.1787/c243e16a-en.

[37] Kyung Park, "The Stigma of Local Universities and the Impaired Social Identity of Local University Students," *Journal of Social Science* 59, no. 2 (2020): 171 - 205, https://doi.org/10.22418/jss.2020.12.59.2.171.

[38] OECD, *Economic Surveys: Korea 2024*, 111.

[39] OECD, *Economic Surveys: Korea 2024*, 110.

This has led to an outflow of consumption. Seoul accounted for 45.2% of total credit card spending in 2024 (Table 1), surpassing those of other metropolitan cities. Population from other regions have been spending money in advanced facilities in the SMA.

Table 2: Vacancy Rate of Medium to Large-sized Commercial Properties by Region (Q3 and Q4, 2025)

Region	Vacancy Rate
Seoul Metropolitan City	8.9%
Busan Metropolitan City	15.0%
Daegu Metropolitan City	17.5%
Gwangju Metropolitan City	15.8%

Source: 한국부동산원. “상권별 중대형 상가 공실률.” Kosis.kr, November 11, 2025. https://kosis.kr/statHtml/statHtml.do?sso=ok&returnurl=https%3A%2F%2Fkosis.kr%3A443%2FstatHtml%2FstatHtml.do%3Fconn_path%3DI3%26tblId%3DDT_40801_N120201_01%26orgId%3D408%26.

Furthermore, this outflow has been driving the collapse of local economies. In Table 2, most metropolitan cities showed higher vacancy rates than Seoul, meaning local commercial districts have been increasingly losing their vitality. As the collapse of local economies would lead to a decrease in jobs, this would further accelerate migration to the SMA.

Hence, this demonstrates a positive feedback loop: developed transportation has made access easy, and this has led to an increase in consumption in the SMA. Consequently, the population has continued to congregate in the metropolitan area, further widening the regional gap.

Past Attempts: The “Losing Bets” Against Gravity

The Korean government did attempt to mitigate regional disparities through decentralisation policies, yet largely in vain. For instance, the Capital Region Readjustment Act (CRRA) of 1982 was enacted to legally restrict the establishment of population-attracting facilities, such as factories and universities, within the capital area.[40] However, these central regulations, while seemingly stringent, proved ineffective in curbing Seoul’s gravitational pull. Data, as illustrated in Table 3, consistently showed an increasing trend in the SMA’s share of the national population, workforce, and GRDP since 1982.[41]

Scholars have often attributed the CRRA’s failure to the government's inherent preference for economic growth over equitable distribution – an inclination fuelled by the fact that the authoritative regime’s legitimacy rested on its economic performance.[42] And, under a strong central authority, regional governments lacked the necessary political and administrative autonomy to challenge Seoul’s decisions or influence its policy priorities.[43]

[40] Hyung Min Kim and Sun Sheng Han, “Seoul,” Cities 29, no. 2 (July 14, 2011): 142–54, https://doi.org/10.1016/j.cities.2011.02.003.

[41] Min-Cheol Seo, “A Regulationist Interpretation on the Changes of the Regional Inequality Between Seoul Metropolitan Area (SMA) and Non-SMA After 1981,” 대한지리학회지 42, no. 1 (2007): 47, accessed January 7, 2026, https://koreascience.kr/article/JAKO200714539188027.page.

[42] Seo, “A Regulationist Interpretation on the Changes of the Regional Inequality between Seoul Metropolitan Area(SMA) and Non-SMA after 1981.”

[43] Seo, “A Regulationist Interpretation on the Changes of the Regional Inequality between Seoul Metropolitan Area(SMA) and Non-SMA after 1981.”

Table 3: Changes in the Share of the Seoul Metropolitan Area (%)

Year	Population	GRDP	Manufacturing Workers	Wholesale & Retail Workers	Service Workers
1982	36.7	44.1	44.1	43.3	-
1986	39.8	46.2	46.9	45.4	42.5
1991	43.3	48.2	46.1	46.9	44.0
1996	45.5	48.1	46.0	46.6	46.3
2001	46.7	48.0	45.8	48.7	45.2
2004	47.9	47.7	46.2	49.2	48.1

Source: 서민철, "1980 년대 이후 수도권/비수도권 지역격차 변화의 조절이론적 해석."
https://www.kgeography.or.kr/media/11/fixture/data/bbs/publishing/journal/42/01/04.PDF

In the late 1980s, the government proposed the massive "Two Million Housing Unit Construction Plan," which included the creation of five "First Generation New Towns" surrounding Seoul – Bundang, Ilsan, Pyeongchon, Sanbon, and Jungdong – to absorb Seoul's severely overpopulated citizenry.[44] While ostensibly a decentralisation policy, the New Town project ultimately reinforced the primacy of the SMA. The critical blunder was the lack of self-sufficiency. These towns were planned not as self-sufficient cities with their own economic bases, but as "bed towns" – dormitory suburbs designed to house the workforce of Seoul.[45] With these towns lacking major corporate headquarters, research institutions, or industrial zones, their residents had to commute back to Seoul for employment. This inter-dependency effectively stitched these satellites into the fabric of Seoul.[46] What was meant to be a decentralisation policy for balanced growth, ended up merely expanding the circle of Seoul's influence.

Case Study 1: Sejong Metropolitan City

Following the failures of past decentralisation policies, the government tried to tackle the issue by transferring the nation's pivot elsewhere. In 2012, Sejong Metropolitan City was inaugurated as a "Multifunctional Administrative City," or a "quasi-capital" that would apportion the administrative authority of Seoul, hosting a total of 36 government agencies like the Office for Government Policy Coordination and the Ministry of Environment.[47] It was anticipated that Sejong would decentralise not only the population but also the administrative, political, and economic gravity.

[44] Dongmin Lee et al., "Chapter 6: Urban Transport," in KOTI Knowledge Sharing Report: Economic Growth and Transport Models in Korea, vol. 2 (The Korea Transport Institute, 2012), 191, https://centers.ibs.re.kr/html/living_en/transport/KSP%202%20Economic%20Growth%20and%20Transport%20Models%20in%20Korea.pdf.

[45] Yu Min Joo, "The City as a National Growth Machine : City-building and the Role of Urban Development in South Korea's Political and Economic Transitions" (2011), https://dspace.mit.edu/handle/1721.1/68443.

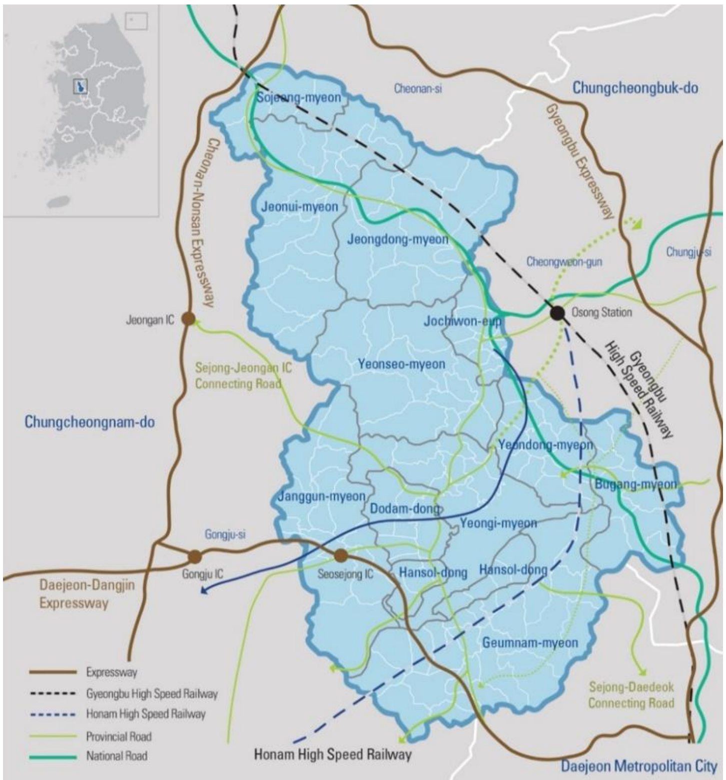
[46] Joo, "The City as a National Growth Machine : City-Building and the Role of Urban Development in South Korea's Political and Economic Transitions."

[47] Jung Hoon Song, "A Study on Self-Sufficiency Strengthening Plan of Sejong Special Self-Governing City through Foreign Case Analysis on Moving Capital ," Riss.kr, 2013, https://www.riss.kr/search/detail/DetailView.do?p_mat_type=be54d9b8bc7cdb09&control_no=98a2d6a551f74d20ffe0bdc3ef48d419&outLink=K, 11.

However, the mere relocation of government agencies was insufficient to resolve the issue, primarily due to administrative inefficiency and the lack of self-sufficiency. Despite the relocation, key major government agencies such as the National Assembly and the Office of the President have remained in Seoul. Moreover, according to a survey of 45 government officials in Sejong, 78% of the respondents reported that the frequent absence of ministers and vice-ministers created a significant leadership vacuum.[48] This revealed that critical administrative functions were still tethered in Seoul, serving as clear evidence that the centre of gravity had not truly shifted.

Compounding this issue has been the absence of social amenities, showing a lack of self-sufficiency. To successfully induce migration of population, it is critical to have infrastructures such as hospitals and cultural facilities. However, a study pointed out that the city suffered from a scarcity of private academies – a top priority for parents – and failed to attract major retail facilities, such as department stores, as well as key medical hubs.[49] Given this reality, a significant number of officials have chosen to commute from Seoul, where the infrastructure is superior. Many others have become "weekend couples," living alone in Sejong while leaving their families in the capital, only returning to Seoul on weekends.

Figure 5: Map of Sejong Metropolitan City



Source: The National Atlas of Korea, "Special Administrative Region: Sejong," Ngii.go.kr, 2019, http://nationalatlas.ngii.go.kr/pages/page_565.php.

The fundamental problem of Sejong has been the so-called "straw effect" – it has been siphoning population from neighbouring regions rather than the SMA. As shown in Figure 5, there are three major regions near Sejong: Chungcheongnam-do, Chungcheongbuk-do, and Daejeon Metropolitan City. According to the National Assembly's Land, Infrastructure, and Transport (LIT) committee, only 26% of

48 Joon-Young Hur, "Analysis on Current Policy Communication Practices by the Decentralization of Central Administrative Organ into Sejong City and Improvement Measures," Kipa.re.kr, 2013, https://sky.kipa.re.kr/%24/10210/contents/7137298, 166.

49 Seoyeon Lim, "Self-Sufficiency of Sejong City, South Korea: Using the AHIP Method," *Snu.ac.kr*, 2024, https://doi.org/000000183261, 35.

people who moved to Sejong between 2015 and September 2019 originated from the SMA.[50] In contrast, approximately 60.0% of migrants came from the Chungcheong region – namely Daejeon (37.4%), Chungcheongnam-do (11.6%), and Chungcheongbuk-do (11.0%).[51] This population outflow extended beyond a mere decrease in numbers; it triggered a chain reaction of further regional extinction. For instance, in 2023, 4,842 middle school students moved to Sejong whereas 1,273 students left Daejeon, with the latter recording second-highest decline in middle school student numbers in Korea.[52] This has created a paradox: Sejong, intended to balance the nation, was instead draining the population from surrounding regions and widening the local imbalance. Hence, it was evident that Sejong Metropolitan City had significant limitations in counteracting the overwhelming gravity of Seoul.

Sejong revealed a critical limitation in policy design: the government could relocate administrative functions, but it could not force the private sector to follow. The resulting “commuter city” phenomenon demonstrated that without this voluntary economic migration, administrative decentralisation merely created inefficiency rather than true regional growth.

Case Study 2: The Bu-Ul-Gyeong (Busan-Ulsan-Gyeongnam) Megacity

The Busan-Ulsan-Gyeongnam (Bu-Ul-Gyeong or BUG) Megacity project in the south of Korea, officially launched on April 19, 2022, constituted a watershed moment in the history of South Korean balanced development and local governance policy. Initially hailed as the nation's first experiment with a “Special Union,” the initiative sought to integrate the administrative, economic and industrial functions of three major local governments to create a counterweight to the hyper-centralised SMA.[53]

Unlike traditional balanced growth policies that relied on dispersing public institutions, the megacity strategy focused on agglomeration.[54] The logic posits that for other regions to compete with Seoul, they must achieve a critical mass of population and economic weight (typically defined as exceeding 5 to 10 million inhabitants). The Bu-Ul-Gyeong region was the prime candidate for this experiment. With a combined population of nearly 8 million and a shared industrial ecosystem, the region possessed the theoretical capacity to form a “second pole” for the national economy.[55] As illustrated in Figure 6, the vision was to integrate the three administrative units into a single economic bloc with a shared transport network that would expand labour markets and cultural accessibility.[56]

---

[50] 김준호,“세종시는 블랙홀…‘충청인구 빨대효과’ 심각(종합)”, 연합뉴스, October 8, 2019, https://www.yna.co.kr/view/AKR20191008073351063.

[51] 김준호,“세종시는 블랙홀…‘충청인구 빨대효과’ 심각(종합)”.

[52] 충청투데이, “세종 인접 지역 빨대효과… 교육환경 변화 절실,” August 30, 2023, https://www.cctoday.co.kr/news/articleView.html?idxno=2183839.

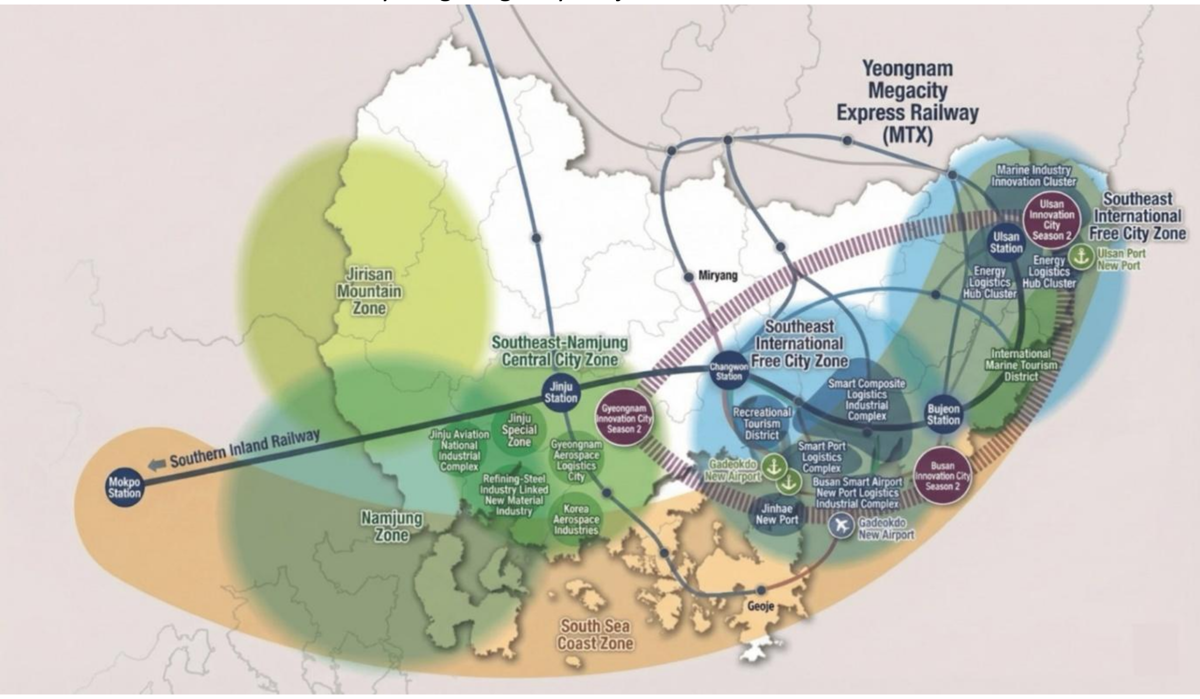
[53] 경상남도청 대외협력부, “동남권 발전계획 수립 공동연구 1 차 중간보고회,” 경상남도 대표 누리집 (Gyeongsangnam-do Provincial Hall, 2020), accessed December 26, 2025, https://www.gyeongnam.go.kr/board/view.gyeong?menuCd=DOM_000104001003000&boardId=BBS_0000060&dataSid=41307752.

[54] Kwang-Ho Kim, “Reconsidering the Goal and Strategy of Regional Development Policy in Korea,” KDI Journal of Economic Policy 32, no. 1 (March 1, 2010): 69–96, https://doi.org/10.23895/kdijep.2010.32.1.69.

[55] 동남지방데이터청 지역통계과, “2024 년 3 분기 동남권 인구동향,” 국가데이터처 (Ministry of Data and Statistics, October 4, 2024), accessed December 23, 2025, https://mods.go.kr/board.es?mid=a60504000000&bid=0065&tag=&act=view&list_no=433127&ref_bid=.

[56] 이승훈, 서찬동, and 이희수, “5 년 공들인 ‘부울경 메가시티’ 지역 이기주의 부딪혀 와르르,” 매일경제, February 13, 2024, https://www.mk.co.kr/news/society/10941876.

Figure 6: Master Plan of the Bu-Ul-Gyeong Megacity Project



Source: 중앙일보, "[상생하는 부·울·경] 시·도민들과의 소통과 협치가 메가시티 성공의 관건"
https://www.joongang.co.kr/article/24068546

However, the BUG Megacity did not fully materialise because of complications grounded in specific grievances regarding the design of the union and the distribution of its benefits. Mayor of Ulsan Metropolitan City Kim Doo-kyum articulated a profound anxiety that Ulsan – the smallest of the three partners by population but the richest by GDP per capita – would become peripheral to the Busan core. He utilised the term "Ulsan Passing" to describe a scenario where administrative integration would lead to the centralisation of decision-making and resources in Busan.[57]

The Gyeongnam Governor Park Wan-su, elected in June 2022 to replace his more enthusiastic predecessor, also exhibited scepticism. A critical geographic flaw in the BUG Megacity design was its focus on the southeastern region – the heavy industrial corridor connecting Busan, Ulsan, and Eastern Gyeongnam (Changwon, Gimhae, Yangsan). Governor Park argued that this focus structurally neglected the agricultural and tourism-based Western and Southern parts (Jinju, Sacheon, Namhae).[58] He warned that the Special Union would accelerate the hollowing out of these rural areas by concentrating investment in the eastern cities closest to Busan, similar to how the Sejong Metropolitan City imposed a "straw effect" on its neighbours.[59]

The continued disagreements ultimately led to the cancellation of the project in 2022.[60] While some

---

[57] 서대현, "김두겸 울산시장 '지자체 행정 통합 현실성 떨어져,'" 매일경제, July 1, 2024, https://www.mk.co.kr/news/society/11055495.

[58] Jaewook Park, "Promotion of Mega City and the Failure of Special Local Government: Focusing on 'The Special Union of Bu-Ul-Gyeong,'" *21st Century Political Science Review* 34, no. 1 (March 31, 2024): 1–30, https://doi.org/10.17937/topsr.34.1.202403.1.

[59] 안대훈 and 백경서, "부울경 메가시티 사실상 무산…"득보다 실, 부산 빨대 효과 우려"," 중앙일보, September 19, 2022, https://www.joongang.co.kr/article/25102735.

[60] 울산 MBC 뉴스, "대책 없이 연합부터 파기.. 부울경 다시 각자도생? I 유희정 기자의 취재수첩 (2022.10.19/퇴근길톡톡)," interview by 김연경, October 21, 2022, accessed December 22, 2025,

alternative cooperative frameworks were suggested following the suspension, these alternatives are fractured in their approach and shallower in their levels of cooperation. As Ulsan distanced itself from Busan, it pivoted toward the Haeoreum Alliance, a partnership with the neighbouring cities of Pohang and Gyeongju in North Gyeongsang Province.[61] Announced in 2023 in lieu of the failed Special Union was the Bu-Ul-Gyeong Economic Alliance, which was, in nature, a downgrade from a special union to a collective administrative council without legal personality.[62]

BUG Megacity's collapse revealed a collision between the theoretical imperative of balanced national development and the political reality of local self-interest. The Megacity plan inherently possessed the risk of disproportionately attracting high-value services and youth into the hub (Busan), leaving Gyeongnam and Ulsan relatively disadvantaged.[63] Without strong "side payments" or guarantees (which the Special Union structure could not legally enforce), the rational choice for Gyeongnam and Ulsan was to defect from the agreement to protect their local autonomy.

Some experts have noted the persistent propensity towards centralisation in Korea's political structure as the root of the failure. Local regional governments in Korea have continued to rely on the central government for a significant portion of their revenue.[64] Likewise, the Special Union did not come with a constitutionally guaranteed revenue stream (e.g., a portion of national taxes), relying instead on the willingness of member cities to contribute or on discretionary grants from the state. Key regulatory powers (e.g., environmental assessments) also remained with Seoul ministries, which altogether made the cost-benefit calculation highly volatile for Ulsan and Gyeongnam. Without the necessary political autonomy, the union appeared to local leaders as a risky competitive zero-sum game rather than an enabler of development.[65]

Comparative Analysis: Lessons from Germany and Japan

Comparative Lens 1: Germany, Federalism, and Gleichwertige Lebensverhältnisse

Germany has been frequently cited as the model for Korea's balanced development policies due to its success in maintaining "equal living conditions" (*Gleichwertige Lebensverhältnisse*)[66] yet this comparison often ignores the fundamental institutional architecture that makes the German model viable.[67] The divergence can be attributed to a mismatch in governance: while Korea is a unitary state with a tradition of centralised planning, Germany is a federal state where the states (*Länder*) possess independent constitutional sovereignty.[68]

Germany's polycentric system, where economic power is distributed across hubs like Munich, Hamburg, and Frankfurt, was a concrete result of fiscal federalism. Unlike Korea's centralised tax collection, German

---

https://www.youtube.com/watch?v=Vi6rj_V75j4.

[61] 김윤호, "울·포·경 '해오름동맹' 시동…예산만 2000 억, 43 개 동맹 '무엇,'" 중앙일보, December 2, 2025, https://www.joongang.co.kr/article/25386825.

[62] 김영한, "부울경, 특별연합 기능 포함 '초광역 경제동맹' 합의," 부산일보, October 12, 2022, accessed December 19, 2025, https://n.news.naver.com/article/082/0001178672?sid=102.

[63] 안대훈 and 백경서, "부울경 메가시티 사실상 무산…"득보다 실, 부산 빨대 효과 우려"."

[64] 김양혁, "김두겸 울산시장 '국토이용·조세·자치행정 등 중앙 권한 지방으로 이양해야,'" 조선비즈, November 19, 2025, https://biz.chosun.com/topics/topics_social/2025/11/19/DP7E4KARTNBSJLDH4QZ7EKGPLQ/.

[65] Park, "Promotion of Mega City and the Failure of Special Local Government: Focusing on 'The Special Union of Bu-Ul-Gyeong.'"

[66] A foundational constitutional principle in Germany mandating the provision of equivalent living standards across all federal states.

[67] OECD, *Urban Policy in Germany* (OECD, 1999), https://doi.org/10.1787/9789264173194-en.

[68] Janina Apostolou, *Municipal Finances and the Adoption of Participatory Budgeting in Germany* (Springer Fachmedien Wiesbaden, 2024), https://doi.org/10.1007/978-3-658-44168-5.

municipalities has benefited from strong own-source revenue streams, particularly the local business tax (*Gewerbesteuer*).[69] Such taxes have thrived on the abundance of *Mittelstand* (SMEs), which are highly productive global leaders located in small towns.[70] Additionally, the fiscal equalisation system (*Länderfinanzausgleich*),[71] through horizontal transfers, vertical valued-added taxes, and grants across states, has ensured nearly the same per capita revenue capacity per state, providing a safety net that has prevented regional collapse.[72]

In contrast, Korea remains a rigid unitary state where local governments have relied on central transfers for 57.7% of their resources.[73] Consequently, while Korea has attempted administrative decentralisation, fiscal decentralisation has remained limited. To foster genuine regional autonomy, Korea had to consider expanding local revenue bases along with adequate equalisation mechanisms to prevent wealthier SMA regions from re-capturing all benefits.[74]

Ultimately, consistency and consensus in planning is crucial. German spatial planning has benefited from continuity due to constitutional mandates and broad political consensus.[75] Meanwhile, Korean regional policies have shifted dramatically with each administration (e.g., from "Green Growth" to "Creative Economy" to "New Deal").[76] Establishing a long-term, legally binding structure for regional development that would transcend single presidential terms – similar to the German "Joint Tasks" framework – could improve policy stability and investor confidence in non-capital regions.[77] The lesson is clear: short-term relocation of any sector without accompanying long-term fiscal sovereignty to capture value and industrial depth to retain talent, would yield diminishing returns.

Comparative Lens 2: Japan's Tama New Town

Japan has experienced a parallel phenomenon: the hyper-concentration in Tokyo. Driven by the Izanagi Boom (1965-1970), many younger generations moved to Tokyo to seek jobs. This resulted in rapid population growth in Tokyo, rising from 9 million in 1961 to reach 11 million by 1975.[78] To mitigate this, the government planned Tama New Town in 1966 - a 2,853-hectare bed town located 30km from central Tokyo.[79] Initially, Tama New Town served as a buffer zone for Tokyo, and its population grew from 30,000 in 1980 to 220,000 by 2015.[80]

---

[69] OECD, *OECD Economic Surveys: Germany 2025* (OECD Publishing, 2025), 116, https://doi.org/10.1787/39d62aed-en.

[70] OECD, *Adapting Regional Policy in Korea* (OECD Publishing, 2022), 111, https://doi.org/10.1787/6108b2a1-en.

[71] The term *Länderfinanzausgleich* refers to Germany's interstate fiscal equalisation mechanism, which redistributes tax revenue from financially stronger states to weaker ones to maintain balanced national development.

[72] Sean Dougherty et al., "Intergovernmental Fiscal Transfers and Fiscal Equalisation in a Time of Consolidation," in *OECD Working Papers on Fiscal Federalism* (Organisation for Economic Co-Operation and Development (OECD), 2025), 12, https://doi.org/10.1787/4853a4d0-en.

[73] OECD, *Perspectives on Decentralisation and Rural-Urban Linkages in Korea* (OECD Publishing, 2021), https://doi.org/10.1787/a3c685a7-en.

[74] OECD, *Economic Surveys: Germany 2025*, 116.

[75] Harald Fuhr et al., *Federalism and Decentralization in Germany* (Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, 2018), 12.

[76] Kim, "Regional Disparity and Balanced Development," 334.

[77] Kim, "Regional Disparity and Balanced Development," 335.

[78] Tokyo Metropolitan Government , "年次推移（東京都全体）|人口動態統計|東京都保健医療局," 保健医療局, December 12, 2025, https://www.hokeniryo.metro.tokyo.lg.jp/kiban/chosa_tokei/jinkodotaitokei/tokyotozentai.

[79] KDB 미래전략연구소, "일본 타마신도시 재생사업의 시사점 | 국내연구자료 | KDI 경제교육·정보센터," KDI 경제교육·정보센터, August 20, 2019, https://eiec.kdi.re.kr/policy/domesticView.do?ac=0000149054, 7.

[80] 서울연구원, "세계도시정책동향," Si.re.kr, March 7, 2019, https://www.si.re.kr/bbs/view.do?key=2024100040&pstSn=1903070009.

Despite its early success, the area has devolved into an “Old Town” as the residents, who arrived in their 30s and 40s in the 1970s, have now become elderly. In 2018, the ageing population of the Tama new town was 29.9%, which was 6.6% higher than Tokyo.[81] Structural obsolescence has exacerbated the issue. Many early apartments were built as five-storey walk-ups without elevators or built in hilly areas, posing significant mobility challenges for elderly residents.[82,83] Even for young generations, the scarcity of business districts near the New Town has forced them to commute to Tokyo.[84] Furthermore, as central hubs such as Shibuya and Roppongi have attracted the younger generation, the reality is that the New Town has become an “old bed town”.[85]

The case of Tama New Town offers two important lessons to South Korea: the necessity of long-term demographic planning and self-sufficiency. The Tama New Town was preoccupied solely with the immediate dispersal of the metropolitan population and failed to anticipate the long-term effects of the ageing population. This suggests that South Korea must adopt a forward-looking approach which accounts for demographic shifts. Also, it is important to have self-sufficiency. Merely building bed towns has been insufficient to mitigate the concentration. Future new towns should have essential infrastructures such as business districts, cultural and medical facilities to ensure they function as independent and sustainable cities.

Policy Directives: The "New Bets" for a National Rebalance

Policy 1: Decentralisation of Power to Regional Governments

As evidenced by the cases of Sejong Metropolitan City and the BUG Megacity Project, many regional governments still relied heavily on the central government and the SMA. Therefore, decentralisation of power would be essential to grant regions the autonomy to formulate their own policies, mirroring the case of Germany.

This would enable regional governments to implement context-specific policymaking, as they have a deeper understanding of their own regional challenges. Also, region-specific incentives, such as cheaper housing, can serve as catalysts to attract residents.

However, this policy could exacerbate regional disparities. Without long-term planning, the gap between regions could widen due to varying levels of fiscal capacity and administrative expertise.

Policy 2: Secondary Residence System

South Korea currently adheres to a strict single-address system under the Resident Registration Act. However, this fails to capture the reality of modern “multi-local” lifestyles, such as the “*5-do 2-chon*” (five days in the city, two in the countryside), workcations, and long-term commuting. The Secondary Residence System would legally recognise a subsidiary address, shifting the administrative paradigm from a static resident population model to a dynamic “living population” model.[86] The system would align administrative data with actual living patterns, allowing local governments to accurately calculate demand for public

---

[81] 박재홍, “일본 ‘꿈의 신도시’ 다마뉴타운, 30 년 후 빈집 늘어 유령도시로,” 서울신문, June 13, 2021, https://seoul.co.kr/news/plan/tong/2021/06/14/20210614006008?cp=go.

[82] 최은경, “편의점마저 사라진 日신도시, 주민들은 ‘트럭수퍼’ 기다리고,” 조선비즈, May 20, 2019, https://biz.chosun.com/site/data/html_dir/2019/05/20/2019052000175.html.

[83] 최은경, “편의점마저 사라진 日신도시, 주민들은 ‘트럭수퍼’ 기다리고”.

[84] 골목길 경제학자, “타마뉴타운의 뉴다운타운,” 브런치 (골목길 경제학자, December 9, 2025), https://brunch.co.kr/@riglobalization/1662.

[85] 골목길 경제학자, “타마뉴타운의 뉴다운타운”.

[86] Haeyoung Ha, *인구감소지역 복수주소제 도입의 가능성과 한계* (National Assembly Research Service, 2024), 2.

infrastructure, which are currently underestimated based on de jure population. Furthermore, if coupled with a taxation mechanism similar to Germany's "Second Residence Tax" (*Zweitwohnungsteuer*), it could provide a crucial revenue stream for fiscally weak local governments.[87]

While an additional tax might initially appear as a disincentive, it could be offset through targeted financial frameworks. For instance, Germany mitigates the burden by offering income tax deductions for commuting and rental costs associated with the secondary residence.[88] Alternatively, South Korea has recently proposed tax incentives, such as property and capital gains tax exemptions, for urbanites purchasing second homes in designated depopulating regions. It is through these structured migrations and push for regional investment that this system fundamentally differs from past commuter towns.

However, an influx of secondary residents could inflate local housing prices, potentially displacing local low-income residents, a phenomenon observed in European tourist regions. Furthermore, since voting rights are tied to the primary address, secondary residents may be viewed as outsiders by locals, leading to weak social integration and conflicts over local resource usage without political accountability.[89]

Policy 3: Strategic, Phased Relocation of Core Infrastructure and Economic Functions

Driving resources and people away from Seoul would require a comprehensive, time-bound national strategy for the deliberate relocation of critical administrative, economic, and social infrastructure, the three major components of Seoul's self-reinforcing feedback loop. This would involve significant fiscal and regulatory incentives for companies, universities, and hospitals to relocate or establish high-value facilities, creating genuinely self-sufficient, competitive economic poles to break Seoul's gravitational pull and shift the national growth model.

If executed successfully, it would directly address the axes of centralisation by transferring a critical mass of attractive infrastructure and services into non-SMA cities. This would also ensure new regional centres function as independent cities with their own economic bases, avoiding the "bed town" flaw seen in past New Town projects.

However, the separation of government and corporate decision-makers from Seoul could lead to initial administrative inefficiency and market disturbance. Additionally, the high cost of sustained incentives needed to compete with Seoul's gravity could place a significant strain on the national budget. Even after an effective relocation, without robust fiscal equalisation, the new regional hubs could simply drain population from neighbouring, smaller regions (like in the case of Sejong), worsening the internal regional imbalance.

Conclusion

This case study has explored the strong "gravity" of the SMA by analysing the historical contexts, elements contributing to a positive feedback loop of resource concentration, and the lock-in of human capital. As it is said in the adage, the Republic of Seoul was not built in a day: the phenomenon reflects multi-dimensional, socioeconomic failures that had accumulated for decades.

Having experienced multiple unsuccessful attempts at decentralisation, South Korea stands at a critical juncture. The insights derived from Germany and Japan's cases suggest that future solutions require a steady, deeply researched approach. Yet a number of obstacles could hinder the national road to true balanced growth – the overly centralised political structure that limits the autonomy of regional

---

[87] Haeyoung Ha, *새로운 인구개념인 "생활인구"의 의미와 향후 과제* (National Assembly Research Service, 2022), 3.

[88] Haeyoung Ha, *새로운 인구개념인 "생활인구"의 의미와 향후 과제* (National Assembly Research Service, 2022), 3.

[89] Ha, *인구감소지역 복수주소제*, 20.

governments and the comprehensive nature of the feedback loop that concentrates resource and population into Seoul – present formidable complications in resolving this conundrum. Overcoming these challenges will require a fundamental shift in political will and a sustained, long-term commitment to decentralisation to realise South Korea's potential for truly balanced and sustainable national development.

Discussion Questions

1. The case argues that Seoul's dominance is a "structural lock-in." What are the specific mechanisms of this lock-in, and why have market forces failed to correct this imbalance?

2. Compare the failure of the "New Towns" (Bundang, Ilsan) with the challenges faced by Sejong City. What common planning error underlines both attempts, and how can they be overcome?

3. The case suggests that the "Bu-Ul-Gyeong Megacity" failed due to local self-interest and a lack of fiscal autonomy. How does the German federalist model offer a counter-narrative?

4. Beyond the obvious economic and industrial polarity, what nationwide trends and consequences arise from Seoul's disproportionate influence and centrality?

5. How can policy options, aimed at weakening Seoul's disproportionate influence, be affected by the ongoing AI revolution, particularly in light of the reduced need for human labour associated with this technological shift?

6. Past decentralisation policies primarily resorted to public infrastructure redesignations and state-driven regulations to address the issue. Consider other policy options that can be directed at the private sector that would incentivise the transfer of relevant capital into non-SMA regions.