

Contextualizing Accumulation by Dispossession: The State and High-Rise Apartment Clusters in Gangnam, Seoul

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ABSTRACT: In an effort to contribute to the current discussion on accumulation by dispossession (ABD), we propose that it is necessary to take a closer attention to the link between the state and ABD. Such an attention is necessary because, as we show in our review of the existing literature, each of the existing definitions of ABD has its own theoretical weaknesses. Rather than look for a better definition, we propose contextualizing ABD within the institutionalization of the process of replacing communal property rights with private property rights. In such institutionalization, the state plays a critical role as the final guarantor of property rights. As such, the socio-spatial specificities of the state would strongly influence how ABD unfolds. In the empirical part of this paper, we use this approach to examine the emergence of apartment-dominated residential landscapes in Gangnam District, Seoul, in the 1970s.

KEYWORDS: accumulation by dispossession/primitive accumulation of capital; vertical accumulation; developmental state; high-rise apartments; Gangnam District, Seoul, South Korea

1. Introduction

A salient feature of Seoul's residential landscape is the numerous large clusters of high-rise apartment buildings. This study aims to illuminate how the South Korean state used various policy measures to build high-rise apartments in the Gangnam area of Seoul in the 1970s.¹ Understanding Gangnam's development is important because the area was a prototype that was later applied to other greenfield sites and then to redevelopment sites as well, thus completely transforming South Korea's residential landscape.

Based on this empirical study, we make a theoretical contribution to the understanding of how state characteristics influence the unfolding of "accumulation by dispossession" (hereafter, ABD), a concept deployed by David Harvey (2003). The state's

¹ The word *gangnam* literally means "south of a river." Conventionally, however, Gangnam usually refers to the three districts (*gu* in Korean administrative terms) within Seoul's Gangnam (i.e., Gangnam-gu, Seocho-gu, and Songpa-gu). We use the conventional definition in this paper and treat it as a proper noun.

characteristics are important because ABD is the replacement of one type of property right by another—usually the replacement of communal or collective property rights by private property rights. The state is the only entity that can formalize property rights; it has the power to draw the line between formal and informal, and to decide who has the right to access formal institutions to enact their rights (Roy, 2005).

For this empirical study of Seoul’s urban development in the 1970s, we used several data collection methods. First, we conducted extensive archival research. Using major online and offline libraries and data repositories, we located historic publications by key actors in 1970s housing development. These included documents produced by the Seoul Municipal Government, the Bank of Korea, the Korea National Housing Corporation, and Hyundai Engineering and Construction Co. (Korea’s largest construction company for several decades). We also acquired newspaper articles and key professionals’ memoirs. These were augmented by in-depth interviews with two surviving former government officials who played significant roles in Seoul’s housing development during the 1970s. These interviews were used primarily to crosscheck data from historical archives. Finally, we referred to academic publications by local researchers, whose works are reinterpreted from our theoretical angle.

2. A state-theoretical reinterpretation of ABD

Four interpretations of ABD and the primitive accumulation of capital

David Harvey’s (2003) concept of “accumulation by dispossession” covers a wide range of economic and extra-economic means of capital accumulation. Harvey (2005, pp. 160–165) lists four types of ABD, each of which covers a wide terrain. They are capital accumulation through 1) privatization and commodification, 2) financialization, 3) management and manipulation of crises, and 4) state redistribution.

Issues investigated under the ABD concept are not completely new in other branches of the social sciences. For example, issues such as biopiracy, land grabbing, resistance to dispossession, and state violence against resistance have been widely discussed in development studies. With the introduction of ABD, however, the discussion diversified and expanded within and beyond the scope of development studies, most notably to geography. The privatization of public housing in the UK and other European countries in the 1980s, which gave developers opportunities for new development, can certainly be understood as ABD (MacLeod and Johnstone, 2013). ABD can also be applied to compulsory purchase, a policy measure invented for the public interest but often abused for the interests of private developers (Christophers, 2010; Gray and Porter, 2015). Levien (2011) examined the provision of state assistance to help developers capture rural land in India, while Ortega (2016) and AlShehabi and Saleh Suroor (2016) used ABD to explain gentrification in Manila and reclamation in Bahrain, respectively. Further diversifying the discussion, Samson (2015) proposed “epistemic dispossession,” which refers to dismissing the value of users’ knowledge of certain properties. Such dismissal undermines the legitimacy of use rights, thus facilitating the introduction of private ownership. Thatcher, O’Sullivan, and Mahmoudi (2016) applied ABD to the

ways global IT firms collect big data without compensating the public that produces the data.

Unfortunately, the wide application of ABD has proceeded without addressing the confusion over the term's definition. This debate is actually a part of a larger discussion regarding the primitive accumulation of capital (PA), partly because examples of the two concepts significantly overlap, and partly because Harvey himself claimed PA and ABD are the same. Harvey says he uses ABD, not PA, because the latter can cause the misunderstanding that PA occurs only in the "primitive" stage of capitalism. In this debate over PA/ABD, we can identify four different interpretations of the concept (See Table 1 for summary).

<<Table 1 around here>>

The first interpretation treats PA as a historical stage. PA appears as a stage in Marx's own texts. His discussions of PA mainly appear in volumes I and III of *Capital* and in *Theories of Surplus Value*. Excluding appearances in section titles, PA appears 29 times: 20 times in volume I of *Capital*, three times in volume III, and six times in *Theories of Surplus Value*. None of these occurrences deny that PA is a historical stage, and some explicitly support that interpretation. Marx writes, for example, that "*primitive accumulation* appears as a distinct historical process, as the process of the emergence of capital and as a transition from one mode of production to another" (Marx, 1998, p. 272, italics in original). He also wrote that "primitive accumulation (previous accumulation of Adam Smith) preceding capitalistic accumulation; an accumulation not the result of the capitalistic mode of production, but its starting point" (Marx, 1998, pp. 1019–1020). There are a few other places where Marx treats it as historical phase. This historical view of PA has been dominant in the Marxist political tradition. Engels (1934, 1973) shared Marx's view of it as historical phase, and Lenin (1960, 1970) endorsed Engels's interpretation. As such, we agree not with Harvey but with Althusser and Balibar (1970), who view PA as "an enclave of 'descriptive' history in a work of economic theory" (275). Since PA was used as a historical term, Marx could list all the different types of PA under one term without performing the difficult task of providing a coherent definition of the concept. With the notable exception of Zrembka (2002), this interpretation does not seem to be supported by contemporary authors.

Contemporary Marxists such as De Angeleis (2001), Nichols (2015), and Wood (2006) propose a second interpretation. They propose that PA (and ABD) should be defined as a process that creates social relations that enable "normal" capital accumulation—that is, the production of a proletariat by separating workers from ownership of the means of production. This is consistent with some of Marx's own writings. Enclosure, the most prominent example of PA in Marx, is certainly a process of separating peasants from land. He also writes that PA is "the historical process of divorcing the producer from the means of production" (Marx, 1998, p. 1021). The proponents of this interpretation do not deny that Marx's examples of PA include historical events that did not necessarily produce capitalist social relations, such as the slave trade in Liverpool (p. 1087) and the regulation of wage levels (p. 1055). However, these proponents do claim that such separation is the essential aspect of Marx's own writings on PA, and this interpretation is the most effective way to recognize the contemporariness of PA.

The third interpretation associates PA/ABD with extra-economic means of dispossession, which Glassman (2006), Weber (2008), and Wood (2006) support. Marx wrote that in addition to direct forces, “The bourgeoisie, at its rise, wants and uses the power of the state to ‘regulate’ wages, i.e., to force them within the limits suitable for surplus-value making, to lengthen the working-day and to keep the laborer himself in the normal degree of dependence (Marx, 1998, p. 1055). The supporters of this interpretation do seem to reject the economic means of dispossession. Harvey explicitly claims that ABD is “primarily economic rather than extra-economic” (or at best, both economic and noneconomic) and “is most importantly exercised through the credit system and financial power” (2006, p. 159). Similarly, in his work on the migration of rural peasants to industrial cities in China, Weber (2008) claims that peasants left their lands mainly because monetary gains were bigger in industrial cities.

The fourth interpretation involves the distinction between the inside and outside of capitalism. This line of argument starts from Rosa Luxemburg, who claimed that capitalism always needs its “outside” for the sale of products. Similarly, as Samir Amin (1974) notes, there is always a transfer of value from the precapitalist economy to the capitalist one, and this process is one of primitive accumulation (p. 3).

Reflections on the four interpretations

In evaluating the four existing interpretations in the literature, in addition to the theoretical coherence of each, we consider how useful each is for further advancing empirical studies. We can easily rule out the first. This is because we agree with Harvey (2006) that PA/ABD, as perennially a part of capitalism, helps us explain how capital accumulates outside the “normal” accumulation of capital in today’s capitalism—that is, if we can set aside, for now, the question of what, exactly, the “normal” accumulation of capital is.

The second interpretation has a serious weakness in its application to empirical studies. If we accept separation as the core of ABD, we lose a large part of the flourishing discussion on the various types of dispossession by capital. Land grabbing and the proletarianization of peasants in the developing world certainly involve separating workers from the means of production. However, the privatization of public assets—one of the most common forms of ABD in recent decades—does not cause such separation.

In addition to the problem of application, this interpretation also has theoretical problems. Separation cannot distinguish PA from the “normal” or expanded accumulation of capital. According to proponents of this interpretation, the expanded accumulation of capital has two aspects related to separation. Expanded accumulation keeps the proletariat separated from the means of production by not placing the accumulation of surplus value in their hands. According to Bonefeld (2001), the second aspect of expanded accumulation is the “renewed separation of new populations from the means of production” (p. 1). Harvey, siding with advocates of the separation interpretation in some cases, claims that the devaluation of the means of production in times of crisis (e.g., the East Asian crisis of 1998) is an example of ABD. However, the takeover of less efficient means of production by those with more efficient means is a normal part of capital accumulation. Marx called such takeover the centralization of

capital (Marx, 1998, p. 898), which existing literature on PA/ABD has not paid much attention to. Crisis does not change the nature of the centralization of capital but only magnifies and accelerates it. This process separates some former capitalists from their means of production, effectively removing the boundary between PA as separation and the expanded accumulation of capital. As such, the second interpretation, which hinges upon separation, has problems with both its theoretical definition and empirical application.

The third interpretation—PA/ABD as an extra-economic means of accumulation—seems theoretically simple enough to apply to various cases. The main problem, however, is that proponents of this interpretation also claim that economic means of PA/ABD exist, or are even more important, as noted above. This raises the question of whether there is anything that is not PA/ABD, except for the appropriation of surplus value in production processes. Harvey's all-encompassing list of ABDs, quoted at the beginning of this section, is clearly symptomatic of this problem.

The fourth interpretation, the interface approach, is useful for understanding what is happening in the developing world. The spatial core of capitalism interacts with the noncapitalist part of the world, continuously dispossessing it. However, this definition is not applicable to cases of ABD within advanced capitalism. Harvey tries to avoid this problem by expanding the definition. He claims that capitalism not only exploits its outside—usually, noncapitalist economies—but also “necessarily and always creates its own ‘other’” and exploits it. The two prominent examples of the exploitation of the “other” are the privatization of public assets and the exploitation of the unemployed.

Within the Marxist framework, however, a relative surplus population is a necessary part of a normal capitalist economy. Ashman and Callinicos (2006) correctly point out that unemployed workers are financially supported by state welfare systems funded by taxes on wages and profits (p. 120). However, even in societies where welfare provision is not well established, a surplus population is a functional part of the capitalist system, not something outside of it. Without a surplus population, wages might go above the social cost of labor reproduction, which would reduce the profit rate of capital (Marx, 1998, p. 917). Thus, there is no real need to add PA/ABD to the discussion of surplus population.

To discuss Harvey's second example—the privatization of public assets—we must revisit the difference between the normal accumulation of capital and PA/ABD. Harvey claims that educational systems, state-owned utility companies, and social housing remain as nonmarket commodities and eventually become the targets of ABD. However, such consumption funds all contribute to lowering the social cost of reproducing labor power and thus lower the wage level. In that sense, they constitute a functional part of capitalist accumulation, not something outside it. The provision of these consumption funds can be seen as a collective action of the capitalist class as a whole for the maintenance of the capitalist system. It is a pursuit of economies of scale, not too different from mergers of firms.

Related to this issue is another problem Harvey disregards: the fact that ABD is an intraclass conflict within the capitalist class as much as it is an interclass conflict. Harvey claims that contemporary ABD is a response to overaccumulation. He regards

neoliberalism as a political project that aims, in large part, to facilitate ABD, placing the burden on the most vulnerable part of the population (Harvey, 2003, pp. 184–185).

ABD, however, does not benefit the capitalist class as a whole. Even if we do not accept the econocentric assumption of some Marxists that the total wage is always equal to the total social cost of labor reproduction, and accept only that wage is determined by the power relation between classes, then we must accept that an increase in labor reproduction costs will make the working class demand higher wages. Harvey (2003) claims that under overaccumulation, the “neoliberal project of privatization makes a lot of sense” (149). However, it actually makes sense only to those capitalists who are lucky enough to capture privatized assets. The remaining capitalists suffer from 1) the rising cost of labor reproduction, which will eventually raise wages, and 2) competition with the lucky ones whose production costs are lower as a result of capturing privatized assets.

This neglect of the intraclass dimension of ABD is itself a problematic but also leads to the neglect of the fact that such intraclass struggle is a link that connects ABD and the general instability of capitalism. If ABD can be a political solution to falling rate of profit as Harvey suggests, ABD should be the ultimate solution to the instability of capitalism, which is difficult to accept. Once we accept the intraclass dimension, we can understand that ABD is only a temporary fix in which each sect of capital attempts to achieve superprofit making the problem of falling rate of profit to even worse to other sects.

Based on this discussion, we conclude that it is difficult to define ABD in a way that encompasses all its various uses in the current literature. Once we accept this difficulty, we are left with two choices. The first is to abandon ABD in our discussion and use other more specific concepts, such as land grabbing, biopiracy, and state-led gentrification. We are reluctant to adopt this option considering how useful this concept has been for revealing various capitalist processes that actually have similar mechanisms. We propose, instead, accepting that various ABD mechanisms comprise a nebula of events that bear only a family resemblance to each other. Here, while a universal definition of the concept might not be realistic, context-specific definitions may be more useful and feasible. Among the various contexts that PA/ABD can be seen in, we argue that the specificities of the state are key factors. In the next section, we discuss how attention to the specificities of the state can resolve some of the abovementioned theoretical problems of PA/ABD.

Looking at ABD through the state

Marx and Harvey both acknowledge the critical role of the state in PA and ABD, though neither properly theorizes it. Marx wrote that the state must “hasten, as in a hothouse, the process of transformation of the feudal model of production into the capitalist mode, and shorten the transition” (1976, pp. 915–916). Similarly, Harvey argues that the state’s role in “both backing and promoting” ABD through “its monopoly of violence and definitions of legality” is an innate element of capitalism (2003, p. 145). We would like to go one step further and argue that the state is not a facilitator of PA/ABD but a final guarantor, and the way the state intervenes defines the nature of ABD.

To show the importance of the state, we start from the fact that ABD is a transformation of property rights—usually to private property rights from other types (Dobb, 1963; Heynan and Perkins, 2005; Robbins and Luginbuhl, 2005). As noted by Harvey himself, ABD involves the dispossession of rights in order to search for extra domains of accumulation. ABD is conditioned by what types of property rights are legitimized and prioritized by society and how the state endorses those property rights. This is endorsement, rather than legalization, because not all legitimization and formalization takes the form of legalization. There was no law that enabled Europeans to encroach upon Native American land, but the colonial state endorsed such action by choosing not to take action. The enclave moment in England and Germany was only legalized post facto.

For instance, if peasants' use of feudal land in seventeenth-century Germany had been recognized as an acceptable form of property rights and had been formalized in the modern capitalist state institution, then ABD over such land would not have been possible. Such property rights were, however, left in a gray area residing outside of a formalized type of property rights under the emerging capitalist state. That was why the process of formalization created institutional room for ABD to occur. Similarly, in the developing world, aboriginals used resources without formalized ownership, which can be understood as implicit use rights. ABD in that case would be the transformation of such implicit use rights into private ownership by dispossessors such as multinational corporations. In the case of privatization programs in transitional economies, a form already institutionalized by the state was suddenly deemed inappropriate, and the state reinstitutionalized property rights through the privatization process, as seen in the case of Chinese local governments' privatization of collectively owned land (Shin, 2016). Regarding privatization programs in the developed world (Fernandes, 2009), the resources were originally owned by the state and used by the people. Since, in this context, the state is the materialization of the collective, ABD in this case denotes the transfer from collective property rights to private property rights.

The acceptance of private property rights is determined by various factors. However, formalizing these rights and delineating which property right is entitled to protection can only be performed by the state. Even if dispossession is mainly accomplished through violence, violence cannot finalize the transfer since the property can again be violently taken by another entity. Successive violent takeovers can end when one such takeover is endorsed by the state and becomes formal. As such, it is reasonable to say that relatively stable property rights can only be established through the formal institutionalization of new ownership—a power reserved for the state in modern political systems.

A logical corollary of the state's importance is the idea that specific state characteristics would influence how ABD unfolds. For this reason, we acknowledge Levien's (2011) contribution but try to go beyond it. Levien showed that ABD is contingent upon various political factors. Compared to Levien, we try to emphasize the stability of the way ABD unfolds by connecting the various types of ABD in relation to different types of capitalist states. Specific issues in ABD—such as what types of property rights are accepted, what is an acceptable way to transfer property rights, and what kinds of properties become objects of ABD—must be explained in relation to the historico-spatial specificities of the state.

Attention to state specificities can help resolve the economic versus extra-economic debate in ABD. Such debate must be contextualized since the boundary between these two spheres is not given but contingent upon sociotemporal specificities. Take loan sharks, for example. Many states legalize lending with interest rates above a certain level. Without the state's protection, lenders with higher interest rates have to resort to private violence to ensure repayment. Thus, predatory lending is based on extra-economic means. However, the state's criteria for interest rates are rather arbitrary from an economic point of view. In that sense, the boundary between economic and extra-economic is not economically determined but politically established by the state. Furthermore, the fundamental function of the capitalist state is to monopolize violence that can be exercised against those who violate the rules of property rights within the economic realm. In that sense, the debate over economic versus noneconomic cannot have a general conclusion. It does, however, have a conclusion that is contingent upon the specificities of the state.

Furthermore, considering the specificities of the state can solve the problem of ABD as intraclass struggle (i.e., struggle among various sects of the capitalist class). Marxist theories of the state almost always recognize this. Dependency theorists such as Frank (1972) claim that comprador capitalists' interests are prioritized by the state in the global periphery. Milliband's (1969) instrumentalist theorization of the state implies that the sect that has stronger ties with the state can better use the state for its own interests. Jessop (1990), using his concept of the strategic selectivity of the state, claims that a capitalist state is always biased toward the interests of a certain sect of the capitalist class. These theorists are just a few among many.

Which sect the state prefers is closely tied to the nature of the state, which is partly determined by the balance of inter- and intraclass power relations. An example would be Keynesian large-scale infrastructure projects funded by the state through the issuance of government bonds. Such bonds eventually become a burden on the national economy as a whole. Although such projects are meant to revitalize the national economy, capitalists in the building and financial sectors certainly benefit more than those in other sectors. Similarly, the neoliberal state's bailout of financial institutions during the 2008 global economic crisis certainly benefited the financial sector more than other sectors. Introducing the state into the discussion of ABD helps us to understand such intraclass struggles in ABD.

In this paper, we highlight this connection and focus on the relation between ABD and a specific type of capitalist state: the developmental state. The concept of the developmental state builds upon the long tradition regarding the state's role in capital accumulation (Steuart, 1767; List, 1841; Gerschenkron, 1962). Authors such as Johnson (1982) and Wade (1990) have used this concept to explain various aspects of state interventions in Japan, South Korea, and Taiwan that enabled condensed industrialization in the second half of the twentieth century. These authors argue that to accomplish economic growth, developmental states assumed the role of active entrepreneur rather than the typical role of passive regulator. The states chose, from a long-term perspective, which industries to grow, and they accomplished their goals through the direct control of financial institutions, protective trade policy, export promotion, official and unofficial coordination among competing firms, and other

means. Unlike its Taiwanese counterpart, the Korean variant of the developmental state uses the largest conglomerates, or chaebols, as the state's junior partners. The state had chaebols get involved in state-selected industrial sectors and offered monopolistic or oligopolistic positions within those sectors (Amsden, 1989; Sonn and Lee, 2015). We use the characteristics of the developmental state identified by these authors and illuminate the connections between those characteristics and how ABD unfolds. More specifically, we consider various policy measures the South Korean state used to create the peculiar residential landscape of Gangnam in the 1970s. In doing so, we emphasize that the creation of residential landscapes in the style of Gangnam was based on the dispossession of land, identified here as a key characteristic of ABD in the early phase of capitalist accumulation under the developmental state.²

The specific aspects of the developmental state we pay particular attention to are as follows. Johnson (1982) states that from the beginning of the concept, the state has prioritized economic development over other goals. This means the developmental state is now willing to apply its resources toward other goals, such as providing housing. For the South Korean developmental state, as both Amsden (1989) and Chibber (2003) explained, the state treated large capital as its junior partner for national economic growth, and the state used stick-and-carrot approaches in dealing with large capital. Such approaches included access to low-interest loans, which created monopolistic or oligopolistic markets for firms that ventured into sectors the state prioritized. Some of these formal rewards are believed to have been promised through informal deals. We will examine how these characteristics of state that the authors of developmental state identified are reflected upon the way ABD unfolded in the 1970s Gangnam.

3. Urban conditions and housing production in 1970s Seoul

The early days of introducing apartments as dwellings had both successes and failures, but apartments quickly became objects of desire and speculative aspiration (Shin and Kim, 2016). Financial capital resulting from the booming economy—especially the overseas construction market in the 1970s—flowed into the new commercial apartment units, transforming them into appealing immobile investment assets in the context of high 1970s inflation rates. Apartments as a primary housing typology continue to dominate to this day. According to the 2010 census, in Seoul, 59% of all dwellings were apartment units, and approximately 40% of all municipal households lived in apartment

² Taking this analytical framework, this paper does not engage with the expanding geographical literature on the formation and reproduction of the developmental state. Geographers such as Glassman and Choi (2014), Hwang and Park (2014), and Park and Choi (2014) have shown that the developmental state is not a monolithic rational actor but a reflection of the vector sum of various forces that operate at local, national, and international scales. We agree with them, but we do not directly engage with that discussion in this paper. This is because we made a methodological choice to consider the state as a monolithic actor. Instead of tracking a policy as they did, we look across policies cross-sectionally and attempt to find the ABD pattern, thereby showing that the pattern reflects the nature of the state.

units (Statistics Korea, 2011). The gradual dominance of apartments in Seoul is shown in Figure 1. Given the history of apartment provision during South Korea's urbanization and economic development, one might say that apartments arrived at the right time. We argue, however, that the mass arrival of apartments occurred not as a natural evolution of the market but by design of the state. Before turning to the analysis of state actions, this section will first examine the economic and political background of the time.

<<Figure 1 about here>>

Increased demand, and mass production as the response

The Korean War (1950–1953) left half of all residential units in South Korea destroyed or uninhabitable (Kim W., 1996). Despite postwar reconstruction efforts, because the population quadrupled within 20 years after the war, by the 1970s the total housing stock became less than half of what was needed³ (Seoul Metropolitan Government, 1973, p. 185). Demand for higher quality also soared due to income growth.⁴

Given such conditions, the state attempted to supply a large quantity of new housing. However, a question arises about why it had to be apartments rather than other types of dwellings. One possible answer has to do with population density. However, not all cities experiencing rapid urbanization became filled with high-rise apartments. Cities in Taiwan and the Netherlands—just as densely populated as Seoul—are not full of high-rise dwellings. On the other hand, major cities in China are, despite the country's vast size. The answer to this question is related to the workings of the state as well as the technical characteristics of apartment construction.

Since the 1950s, Korean experts had celebrated the apartment as a modern form of dwelling while condemning detached houses as sources of social ills. We searched AURIC for articles containing the word “apartment” in the title. We limited the publication years to 1950–1975 to examine professional views before apartment development was completed in Gangnam. There were 43 hits. While reading these articles—published in professional magazines and academic journals of architecture, housing, and planning—we did not find a single negative perspective on apartments. Along with the obvious advantages—such as cost reduction through standardization, land savings, and economies of scale in infrastructure provision (Joo, 1966; Lee, 1968)—some authors (e.g., Haeyong Lee, 1968) viewed apartments as collective housing units where civil minds were valued and neighbors cared for each other; meanwhile, “selfish” family culture was associated with detached houses.

³ The proportion of the number of dwelling units to the number of households in Seoul fell from 50.1% in 1966 to 45.7% in 1972.

⁴ Between 1963 and 1979, the average annual income quadrupled (The Bank of Korea, 2011).

While praise for apartments dates to the 1950s (e.g., Kwon et al., 1955; The Kyunghyang Shinmun, 1953), the widespread praise among professionals in the 1960s seems connected with the ethos of the time. After General Park's military coup in 1961, industrialization became a way of thinking as well as the aim of all policies (Sonn and Gimm, 2013). This ethos was emphasized in President Park's message, reportedly delivered upon the completion of Mapo Apartment Danji in 1963, praising the apartment estate as "a symbol of revolutionary Korea by establishing a paradise for its future occupants" and "of a modern collective lifestyle" (MK Business News, 1991; The Hankyoreh Shinmun, 1999; see also Jeon et al., 2008, pp. 192–195).

Given the ethos of the time, it is not surprising that the authoritarian state had the Korea National Housing Corporation (hereafter, KNHC) develop technologies for the modularization and standardization of apartment construction not long after the coup. A prominent construction technology the KNHC experimented with was the concept of *danji*, referring to clusters of medium- to high-rise apartment buildings with various communal amenities.

Danji was the starting point for all other techniques. The standardized design of *danji* obviously reduced design costs. It also created a relatively homogeneous community, which in turn enabled the collective use of amenities, such as children's playgrounds, community centers, sports facilities (mostly tennis courts), and neighborhood shopping facilities, among others. Standardized design also allows for the standardization of construction materials and building processes, substantially reducing building costs. Moreover, the *danji* model helped minimize the cost of urban infrastructure, spreading the cost across households. That, in turn, made urban development possible, with minimal costs for the state. Starting with the Yeongdong Apartment Danji for Civil Servants in 1971, most apartments in Gangnam were designed following the *danji* concept (Gangnam District Government, 1993, pp. 185, 376).

Changing view of housing policy: From welfare goods to commodities

The early 1960s saw a shift from welfare-oriented housing policy to market-based housing production (Lim, 2005, p. 58). As a reflection of this change, after the 1961 military coup, responsibility for housing policy was transferred from the Department of Health and Welfare to the Bureau of Reconstruction under the Economic Planning Board. This meant the state would intervene more actively through two channels but with minimal public spending (Lim, 2005, p. 40).

The first channel was the establishment of the KNHC in 1962, as mentioned previously. Its predecessor, the Housing Unit, or Jutaeg Yeongdan, was similar to housing corporations in the UK and elsewhere, whose main responsibility was to provide social housing for disadvantaged groups. However, the newly established KNHC was to fund itself by building and selling new housing units (i.e., more houses with less government money). The obvious target consumer was the middle class, who could afford these new housing units. On average, apartments made up about one-third (34.8%) of the KNHC's annual housing production between 1962 and 1966 (the period of the first Five-Year Economic Development Plan) but reached 97.8% between 1972 and 1981 (KNHC, 2001, p. 530).

The second channel comprised the large conglomerates serving as the state's junior partners. The state lured private capital by offering semi-oligopolistic positions (this will be explained later). That mechanism was strikingly similar to the state's actions in the steel, automobile, petrochemical, and shipbuilding industries (Yoon, 1994). As a result, large firms' share in the housing market increased dramatically. Before the 1970s, commercial housing construction was largely dominated by small-scale private builders, while major construction firms associated with conglomerates focused on government-funded infrastructure projects. The state's lure worked. Between 1976 and 1979, of 17,108 apartments completed in Gangnam-gu, nearly two-thirds (62%) were built by private builders (Gangnam District Government, 1993, pp. 380–381).

Why Gangnam?

Even if apartments had to be built, why in Gangnam? As a wide plain, Gangnam certainly had a geological advantage. However, the decision to pursue greenfield development rather than redeveloping undocumented settlements pertained to the weak legitimacy of the state. During the early years of post-Korean War reconstruction, Seoul's inner-city districts located north of the Han River were characterized by crowded housing conditions and mushrooming substandard settlements with illegal dwellings. To stem the growth of these substandard settlements and to release land for development in modernizing Seoul, the state used its apparatus and mobilized periodic campaigns to selectively demolish illegal dwellings and substandard settlements, prevent their construction, and relocate local residents to the urban outskirts. These attempts to relocate residents to release inner-city areas created severe problems for the displacees, as clearly seen in the riot at the Gwangju housing complex (Shin and Kim, 2016). For the Korean developmental state, which was struggling to gain political legitimacy and achieve national stability to address its developmental goals, such protests were to be avoided. When relocating urban poor became politically difficult, greenfield development became the best option. As such, urban expansion to the south of the Han River and the promotion of the Yeongdong development (subsequently renamed Gangnam) can be seen as political decisions.

4. Means of dispossession and their consequences

The previous section explained that since the 1960s there had been consensus regarding the mass production of apartments. However, major construction firms were reluctant to take risks in this new type of business since government-funded infrastructure projects were bigger and more stable (Lim, 2005, p. 80). To lure them into the apartment sector under these circumstances, the state had to create safe and lucrative business opportunities. The policy measures the state used for this purpose reveal two main aspects of the South Korean developmental state. First, the state lured businesses into a sector it viewed as strategically important. Second, public properties were reclaimed from the general public and transferred to a small number of privileged businesses—a process that contributed to capital accumulation by dispossession. Below, we analyze important policy measures that constituted the major means of dispossession.

Flood plain reclamation as the dispossession of public assets

One means of ABD used in the 1970s was the reclamation of flood plains along the Han River, the main river horizontally dividing the capital city. Many of Gangnam's earliest apartment developments were on this reclaimed land. The reclamation of flood plains began in 1967. Over the following decade, reclamation occurred incrementally, turning nine sites, or 7.7 km² of sand beach, into dry land (Chang, 2010). Today's posh high-rise apartment zones in Ichon, Jamsil, Yeouido, Banpo, and Apgujeong, among others, were all built on such reclaimed sites (Figure 2).

Developers' appropriation of reclaimed flood constituted a dispossession of public assets, similar to the privatization of public assets under structural adjustment programs in transition economies. First, the land belonged to the state, which was supposed to use it for the benefit of citizens. The easy profits developers made through reclamation projects, or through purchasing reclaimed flood plains at reduced prices, could have been retained by the state. As an example, consider the land reclamation project at Apgujeong, Gangnam-gu, conducted by Hyundai, the country's top builder. The company completed the reclamation of 0.16 km² in 1972 and retained 0.13 km² (about 83%), which was subsequently used to construct the Hyundai apartment *danji*, the first large-scale commercial housing estate built by a private firm (Gangnam District Government, 1993, p. 183).

Second, citizens' use rights associated with public spaces were transferred to private developers without any compensation. For years, the riverside beaches had been used for leisure purposes. In summer, the Ichon beach often attracted more than 100,000 daily visitors who could not afford vacations on the seashore or in the mountains (The Kyunghyang Shinmun, 1962). Some of these beaches were used for major festivals such as the Air Show (The Kyunghyang Shinmun, 1968) and political events such as speeches by presidential candidates (The Kyunghyang Shinmun, 1961, 1963). Physical access to the Han River, as well as the panoramic river views, was monopolized by the apartment estates constructed on the reclaimed flood plains and adjacent planned areas. Exclusive access to the river, appropriated by builders and homebuyers, was reflected in the market value of apartments.

This opportunity to extract extra profits fueled suspicions of corruption, which in some cases resulted in political scandal (The Kyunghyang Shinmun, 1969, 1971). Under the developmental state, informal coordination, along with formal consultation, was often used to lure private firms into sectors the government prioritized, such as heavy and chemical industries and defense industries in the 1970s and electronics industries in the 1980s (Sonn, 2007). A similar method was used for apartment development. A conspicuous example is the aforementioned reclamation of Apgujeong. Hyundai initially applied for government permission to develop a manufacturing district. Then, without city hall's knowledge, the central government changed the zoning into a housing district, which would give builders much bigger profits by providing commercial housing estates. Furthermore, the original permit was for the development of 0.12 km², but Hyundai exceeded this by 30%, eventually reclaiming 0.16 km². When city hall ordered the restoration of the illegally reclaimed portion, the company simply did not comply. Hyundai ultimately got away with it, which aroused suspicion that the company had used connections above the local government level (Cheong, 1990). The reclaimed land became the foundation for Hyundai's construction of high-rise luxury

apartment estates from the late 1970s, for which it used its own brand name, Hyundai, which later became a name brand of luxury apartments.

Intraclass dispossession through exclusion for size

While floodplain reclamation amounted to dispossession from the general public, there was also an intraclass dimension of ABD in apartment development—namely, the dispossession and exclusion of small landlords and developers through government interventions.

In August 1976, the state designated “apartment construction zones,” which enabled the construction of large-scale apartment estates (The *Kyunghyang Shinmun*, 1976a). Eleven such zones were designated, with a total area of 12.29 km² (see Figure 2). Banpo (5.51 km²), Jamsil (2.45 km²), and Apgujeong (1.19 km²) were the three largest zones, which, along with Cheongdam and Dogok, were part of the Gangnam district that came into existence on October 1, 1975 (Seoul Metropolitan Government, 1999, p. 47). Within two years, apartments constructed in the Gangnam district became especially popular, leading to an upturn in the real-estate cycle (The *Kyunghyang Shinmun*, 1977). They became some of the most sought-after homes in Seoul. By March 1977, one more site was added to the original designation, and 12 sites in total, or 12.70 km², were designated as apartment zones (MK Business News, 1977a). Altogether, they covered approximately 2% of Seoul’s total surface area. Within each zone, only apartment buildings and public facilities permitted by the master plans were to be constructed. To facilitate sales of new units, the apartment zoning included exemptions from sales and registration tax, too (The *Kyunghyang Shinmun*, 1976b).

<<Figure 2 about here>>

Apartment zones additionally benefited from the state-led provision of transport infrastructure. The Seoul Municipal Government embarked on the construction of the circular Green Line, which effectively connected major apartment zones south of the Han River with the historic city center in 1977 (MK Business News, 1977b). Key apartment zones were also connected by a number of bridges, including the Seongsu Bridge in April 1977 (Dong-a Ilbo, 1979). Other measures included the relocation of major elite high schools (e.g., Gyenoggi and Whimoon) from the old center of Seoul to the Gangnam district, for which the state offered various incentives. This helped to further attract middle class people who wanted to send their children to these elite schools.

The zoning placed various constraints on the rights of existing private landowners to ensure that the state’s vision of transforming the zones into high-rise residential landscapes was realized. For instance, those who owned land parcels in an apartment zone were required to sell the land only to the government or to construction firms building apartments in the corresponding zone (Dong-a Ilbo, 1976).

In addition, only “certified construction firms” (*jijeong eopchae*) were allowed to build in designated apartment zones. On May 12, 1978, the central government appointed 46 construction firms as *jijeong eopchae*. Only these certified firms were allowed to build apartments in apartment zones (MK Business News, 1978a). Based on the 1977

revision of the Act for the Promotion of Housing Construction, these certified firms were given preferential treatment, such as the power to apply for the compulsory purchase of privately owned lands if more than two-thirds of the land within an apartment zone was acquired (ibid.).⁵ The certified firms were also allowed to receive foreign loans for housing construction (MK Business News, 1978b). The main justification for confining housing construction to a selected few was based on the understanding that small firms could not handle the large-scale development of high-rise apartment estates, which required capital and technology.

Zoning substantially increased the value of the land over the years. If the state had not wielded its zoning power and allowed the market to determine the course of urban development, the location of each site would have determined the rent, which, in turn, would have determined the density of development. Thus, the practice of exempting certain areas from density regulation while regulating all other areas resulted in the transfer of potential rent from the latter to the former.⁶ By 1987, 93,552 apartments had been built in the Gangnam area: 47.56% were supplied by the nine biggest certified firms, 22.45% by the other 37 certified firms, and the remaining 30% by other firms (Lim, 2005, p. 88). They were the main beneficiaries of this state-created oligopolistic market.

One of the main characteristics of the developmental state was allowing for monopolies or oligopolies in the sector by excluding competitors through regulation and certification. This was one of the main mechanisms used to lure businesses to sectors of strategic importance, a method replicated in the apartment sector.

Outcomes of ABD

From a macroeconomic perspective, a consequence of these policy measures was a marked increase in the total share of national housing investment in the country's total output. In the first half of the 1960s, housing investment was only about 1.7% of the gross national product (Chang, 1994, p. 79). However, it became 3.9% in the early 1970s and 5.2% in late 1970s (The Bank of Korea, 2004).

These processes contributed to the formation of some of the largest construction firms in South Korea. No apartment-specialist builder was among the top 100 Korean firms in 1965. By 1984, however, Hanyang ranked twentieth, Samho seventy-third, and Life seventy-fourth (Lim, 2005, p. 88). Many of these major builders used their apartment construction profits to diversify their businesses, becoming new conglomerates. For instance, Sam'ik Jutae established subsidiaries in shipping, distribution, and furniture. Life also grew quickly since its establishment in 1975, adding business subsidiaries

⁵ While clearly stated in the Act and subsequent government guidelines, compulsory purchase was exercised very rarely since companies feared it could damage their reputations.

⁶ In return for such preferential treatment, certified firms were required to supply at least 1,000 housing units annually to help meet government targets for annual housing provision.

(banking, securities, footwear, a golf course, and a hotel) to become a major conglomerate by the early 1980s (Dong-a Ilbo, 1984). Hanbo Jutaeg, which built an enormous high-rise apartment estate (4,424 units) in Daechi-dong, Gangnam District, in the late 1970s and early 1980s, added trading, lumber, mining, leisure, textile, and eventually steel to its business portfolio, becoming one of the top 30 conglomerates in Korea by the end of the 1980s. Some of these successful specialist firms went bankrupt during the real-estate downturn in later years, but that did not mean that ABD through apartment building vaporized. The assets of bankrupt companies were picked up at a low price by the companies that survived the downturn, contributing to their further accumulation—a process Harvey included as another means of ABD.

Mergers and acquisitions of construction firms by the subsidiaries of large businesses also enabled construction firms to grow, allowing them to participate in the construction of large-scale apartment estates in the 1980s. As noted earlier, the South Korean developmental state is known for using large businesses or chaebols like the state's arms, rewarding conforming behavior and sanctioning nonconforming behavior (Castells, 1992; Chibber, 2003; Park, 1998; Woo-Cumings, 1999). Their construction firms grew in size, initially aided by their participation in state-funded infrastructure projects (e.g., hydraulic dams, expressways, and power plants). From the 1970s onward, however, the construction subsidiaries of chaebols became major actors, as medium- and high-rise apartment estates became the preferred mode of housing among the middle class.

Hyundai is the best example of this. Having been a key player in the nation's post-Korean War reconstruction, carrying out major infrastructure projects, it grew even larger by participating in overseas construction markets, especially in Vietnam in the 1960s and the Middle East in the 1970s. Subsequently, as the government began to actively consider the policy of designating apartment zones, the domestic housing market, especially in the apartment sector, became one of the conglomerate's main business areas. Its construction subsidiary, Hyundai Engineering and Construction Co. (HDEC), set up a subsidiary called Hanguk Doshi Gaebal in 1976 to build and sell apartments. A major focus area was the Apgujeong apartment zone discussed earlier.

5. Conclusion

This study shed light on the politico-economic origins of South Korea's high-rise residential landscape. This landscape, which Shin (2011) calls vertical accumulation, began in Gangnam in the 1970s as part of the state's efforts to address the housing shortage in Seoul. Once the construction of Gangnam apartment zones neared completion, similar methods were applied to greenfield developments and even to urban renewal sites (Ha, 1994; Shin, 2009). Other cities followed suit, creating their own versions of Gangnam. Examples include those in small cities such as Yongsang-dong in Andong, as well as those in major cities such as Yusong in Daejeon, Susong in Daegu, and Haeundae in Pusan (Hwang, 2016). In the 1990s, the same model was even applied to rural housing.

Government measures in the 1970s determined how high-rise apartments were produced. Such production was made possible by the strategically planned

interventions of the South Korean developmental state in the housing sector, with large business conglomerates serving as the state's junior partners.

These empirical findings bring us to this study's main theoretical contribution: specifically, the way ABD unfolds is strongly influenced by the characteristics of the state. That is, the way the state created Gangnam reflects the very nature of the South Korean developmental state.

First, state ABD actions in residential development were similar to ABD in the heavy and chemical industries during the 1970s. Headed by President Park, who came to power through a military coup in 1961, the South Korean state aimed to gain legitimacy by leading the nation's industrialization. For economic growth, Korea picked strategically important sectors (e.g., heavy and chemical industries in the 1970s) but did not use its own resources to develop those sectors. Instead, the state lured large business conglomerates to those sectors by offering opportunities for ABD through the privatization of public assets and the deprivation of consumers through trade barriers, among other measures. While the concept of ABD has rarely been used in the literature, the state's industrial policies for ABD are well documented in developmental state literature (e.g., Amsden, 1989).

The way apartments were built in Gangnam during the 1970s was similar to the process of industrialization. All policy measures discussed in this paper offered an oligopolistic position to the biggest players in the construction industry. This finding is similar to the findings of Yoon's (1994) study of the 1980s construction industry. Under these circumstances, in the construction and housing sectors, selected builders were elevated to big firms, rendering them capable of carrying out the large-scale mass production of high-rise apartment estates during the 1980s.

Second, the level of resistance to ABD was low compared to the enclosure movement and many ABD cases in the developing world. Harvey (2003) argues that dispossessing the means of living tends to create unfocused but highly intense resistance. As noted in other literature, dispossessing private use rights (e.g., family homes) also has the potential to be highly violent. However, the dispossession of public use rights for waterfront spaces in Gangnam during the apartment construction process was less likely to meet with strong resistance from citizens. The weak resistance that ensued was also related to the way the developmental state acquired legitimacy. The South Korean state offered almost no social security measures, except for civil servants and a few other selected professional groups. Individuals regarded personal income increases, family savings, and investments in their children's education as private means of social security. That view was not completely unreasonable as the economy quickly grew. With this view, people could overlook the state's special treatment of large business conglomerates since those conglomerates were regarded as the main drivers of economic growth. Similarly, the state's housing policy offered little for low-income households, but people still overlooked ABD, even if the resulting apartments were mainly for the successful middle class. People had hoped that anyone could soon obtain an apartment by working hard and saving, a strategy that actually worked for some.

Finally, typical ABD in the developing world did not always result in a general accumulation of capital. Instead, ABD often gave away valuable resources to multinational firms or inefficient domestic firms that had connections with the state.

Meanwhile, urban ABD in South Korea created market competition, albeit oligopolistic competition as opposed to neoclassical competition with numerous suppliers. This difference furthers our understanding of the nature of the developmental state. Unlike many other states in the developing world, South Korea had a clear aim—providing housing for the middle class—and ABD was subordinate to this aim. The state offered housing developers an oligopolistic position, contributing to the formation of big firms in the sector. This process is compatible with the emerging evolutionary view of developmental states (Lee, 1999; Sonn, 2007). According to this view, prevalent among Marxists in South Korea, the economic plans and outcomes were in large part a response to the state’s attempt to adjust to the external environment, as opposed to rational decisions made by wise politicians and bureaucrats.

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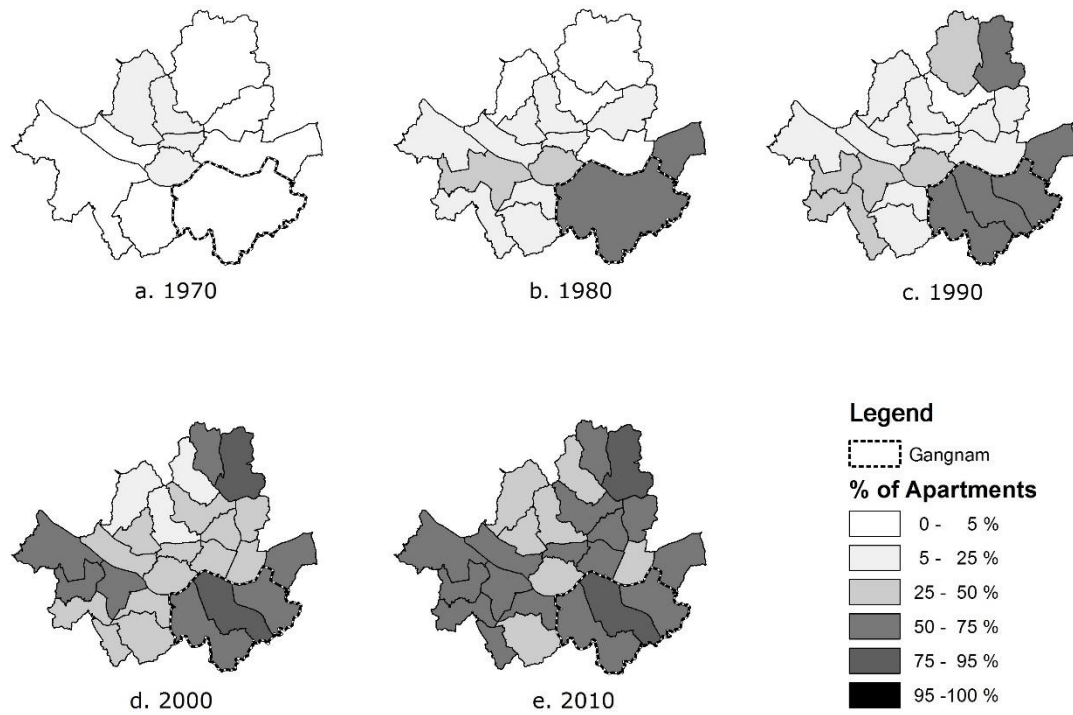
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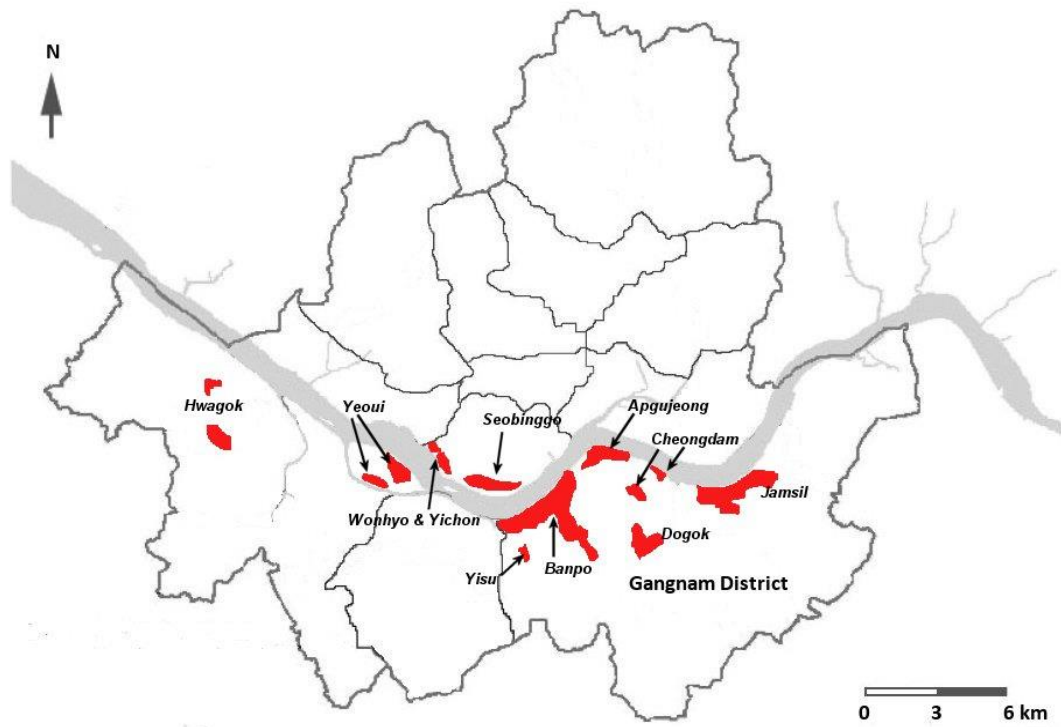
Figures

Figure 1: The share of apartments in housing stocks by districts



Source: Authors' calculation based on Statistics Korea (2013).

Figure 2. Apartment zones (in red) designated in August 1976.



Note: The district boundaries refer to the administrative boundaries as of 1975.

Source: Prepared by the authors

Tables

Table 1. Summary of debate on primitive accumulation of capital/accumulation by dispossession

Definitions of PA	Origin in Marx	Advocates	Examples	Strength	Weakness
A historical stage	“ <i>primitive accumulation</i> appears as a distinct historical process, as the process of the emergence of capital” (Marx, 1998, p. 272, italics in original).	Engels, Lenin	Enclosure, slave trade, wage capping in 16 th -century UK	Avoids conceptual confusion	Does not capture contemporary ABD
Separation of workers from means of production	“The so-called primitive accumulation, therefore, is nothing else than the historical process of divorcing the producer from the means of production” (Marx 1998, p. 1021).	De Angelis, Weber, Wood, Harvey	Enclosure in 16 th -century UK; migrant workers in contemporary Chinese cities	Locates PA as a fundamental element of capitalism	Does not capture ABD that does not separate workers from the means of production
Accumulation through extra-economic means	“The bourgeoisie, at its rise, wants and uses the power of the state to ‘regulate’ wages, ...to lengthen the working-day and to keep the laborer himself in the normal degree of dependence” (Marx, 1998, p. 1055).	Luxemburg, Harvey	Privatization of state-owned corporations, compulsory purchase for private real estate development, privatization of village-owned agricultural land in urban fringes in China	Covers a wide range of means of accumulation outside of the economic	Does not recognize the fact that the boundary between the economic and non-economic is not fixed
Accumulation through interaction with noncapitalist economy		Luxemburg, Amin, Harvey	Land and resource grabbing in developing world	Captures the spatial aspects of ABD	Does not capture ABD within capitalist economies