Hang Xu <sup>2nd</sup> year Master Student Faculty World Economy and International Affairs HSE University Moscow,Russia

# AN ANALYSIS OF URBAN ECONOMIC GENTRIFICATION: THE CASE OF CHINA AND KOREA

**Abstarct:** Commercial gentrification has become a major topic in Korea over the past few decades. Local governments in Seoul have attempted to respond to this phenomenon by introducing local gentrification policies, and there have been successful cases such as the Ihwa Mural Village, but these policies tend to be applied in areas where experts or the media are already aware of the seriousness of the problem. In China, urban gentrification is also an issue that needs to be addressed, as in the case of chinese urban villages, but it is still very difficult to effectively address the issue of commercial gentrification. This paper analyzes similar urban villages in China in the context of the urbanization case of Ihwa Village, and analyzes the whole stage of its gentrification transformation, to provide a model as well as a reference for the future gentrification transformation of China's urban villages and their urban economization.

## Keywords: Gentrification; Ihwa Viliage; Chinese Urban Villages

## Introduction

As a typical case of successful urban gentrification in South Korea, Ihwa Village in South Korea is undoubtedly very representative. Through the study and analysis of urban gentrification in South Korea, we understand the whole process of gentrification in Ihwa Village in South Korea, the current situation and the problems that need to be solved. As a problem that needs to be solved in the process of China's urbanization, the Chinese urban village is also in need of gentrification. Based on this, This paper also hope to analyze the similar urban villages in China with the case of Ihwa Village gentrification, and analyze the whole stage of its gentrification transformation, which will be of reference for the future

urban village gentrification transformation in China.

### **Overview of Urban Villages in China**

To a certain extent, the phenomenon of gentrification is similar to the process of urban "metabolism", in which the upper class labor force evicts and replaces the low-income indigenous people in the central city in order to enhance the city's image and transform and upgrade various types of land. Many city governments are steadfastly pursuing various urban renewal and land development projects to enhance the land value and physical landscape of the city by combining central business districts with high-profile consumer facilities and revitalizing abandoned industrial areas. What cannot be ignored, however, is the unique area based outside the basic urban areas - the urban village.

Many city governments are steadfastly pursuing various urban renewal and land development projects to enhance land value and the physical urban landscape by combining central business districts with high-profile consumer facilities, revitalizing abandoned industrial areas, and other means. But beneath the increasingly glamorous appearance of the city there is also a great deal of uncontrolled filth and chaos, with the bustling urban CBD just a block away from a dilapidated urban village or slum. With the spread of modern cities, the natural villages at the edge of the city have gradually become isolated islands in the middle of the bustling city. As a product of China's rapid population development in recent times, urban villages are common in all major cities in China. Although they are called villages, they do not have the green hills and water of villages, but only the hardest impervious concrete surface in the city. Urban villages are the inevitable product of the rapid urbanization of China over the past two decades, where villagers have lost their farmland as the cities have expanded, but have been able to maintain collective ownership of the housing base portion of their land in the villages. In the absence of planning control, the housing structures in urban villages are mostly face-to-face structures with poor ventilation and light, resulting in a slum-like built environment. Based on this, urban villages receive little public service support from the government, but are self-organized administrative units that look after their own community interests and are a special part of the city on their own.

Thus, it seems that the urban village is a territorial entity with an incomplete rural-to-urban transition and an obvious urban-rural dualistic structure, a peasant village in a civic urban

society. The emergence and formation of urban villages is the biggest "unintended consequence" of traditional land urbanization, which has accomplished China's industrial miracle, urban miracle, and even economic and institutional miracle. Behind the emergence and existence of urban villages, there are deep economic and social roots, and they have developed into an inseparable part of the city. Objectively speaking, urban villages are the result of the rapid development of China's urbanization process. Subjectively, it is the result of China's dualistic urban-rural management system and dualistic land ownership structure, which are also deep-seated institutional causes.

# Reasons for Gentrification of Urban Villages in China - Based on the Case of Iwha Village in Seoul

When analyzing the case of Iwha Village in Seoul, it was found that there are many advantages of gentrification in Iwha Village in Seoul, which are specifically divided into three points as follows.

1. Promote the economic development in the area and raise the income level of the residents in the community

With the transformation of Iwha Village from an ordinary village to a netflix comic village, and more and more film and television sets, it has attracted a lot of tourists to visit, and some residents have opened small stores, cafes, restaurants, convenience stores, etc. in front of their homes, which has not only solved the income level of the residents themselves, but also raised the economy of the whole Ewha Village area.

2. The urban environment of the area was improved

Since Iwha Village changed from a crowded, populated, and confusing community to a picturesque and famous community with its own architectural features, the residents living here also realized the importance of the community environment and paid more attention to building a good community environment, so the previous bad environment no longer exists, and the new Iwha Village with a beautiful environment emerged, which is a substantial improvement of the urban environment of the area.

3. The real estate industry in the area has recovered and reduced the vacancy rate of houses

As the urban environment became better and the economy was developed, the commercial value of Iwha Village was noticed by more people. While the original residents used their

houses to start small businesses, other unused houses were also driven to reduce the vacancy rate, and the real estate industry of the whole area was revived, attracting more people to develop and use it.

Based on this, we can know that China's urban village and Seoul's Iwha village are both poorly built and densely populated communities, and most of the people living in both of them belong to urban low-income people. But when people mention Iwha Mural Village, it is a place where fairy tales and romance are brought to reality, and it is a filming location for various Korean dramas and variety shows. When you think of Chinese urban villages, it is the crowded space and lack of light in urban villages. "Dirty and messy" is the first impression people have of urban villages. Therefore, using the case of Iwha Village in Seoul, we are considering whether we can find a suitable type of gentrification for a specific urban village community, and bring cultural capital and spatial consumption to the urban village community without replacing the indigenous people, so that the residents of the urban village will improve the physical space and adapt to the new social network configuration at the same time, and can truly integrate into the urban society.

### **Problems of Gentrification of Urban Villages in China**

With the middle class and other middle and high income classes moving in, the indigenous people can still get the corresponding compensation by virtue of their villager status and the right to use the residential land, but a large number of new urban migrants who have been forced to move here without any compensation or even care, and are faced with the new confusion of choosing to live in a more remote urban village with worse public services and higher commuting costs, or to rent in a group in the city or to flee the city. And with the urbanization of urban villages, the cost of living is much higher than before, and the pressure of life for indigenous people has increased.

Urban villages are a concentrated expression of regional disparities, class differences and poverty disparities in China's cities. Under the traditional urbanization mindset, the transformation of urban villages is a big demolition and construction, focusing on the renewal of the physical form of buildings and less on the organic nature and diversity of the city, which in essence is only diverting or even covering up the problem, rather than systematically solving it. On the surface, because a certain urban village renovation project will improve a certain point or local landscape of the city, but what it damages is the social-ecological balance of the city. Such transformation does not solve the problem of social disparity between the rich and the poor, and does not give better housing conditions to the low- and middle-income classes who are relocated as a result of the transformation.

In the case of Shanghai, China, despite the improvement of the urban landscape, the lives of the people who originally lived there have been affected. The phenomenon of gentrification in Shanghai's urban villages has attracted a large amount of capital to the original old district, which has improved the quality of the original space and some buildings have been repaired and rebuilt, but while gentrification has brought positive external effects, it has also had an indelible impact on the social space of the city. For the gentrification of urban villages in Shanghai area, three main problems are as follows:

1. Caused damage to the original environment

Most of the gentrification in Shanghai is post-demolition reconstruction. After the developers build new communities, they change the environment of the communities and attract people to consume and live there, but they neglect the protection of the original residents, which makes a large number of original residents move out and destroy the original social environment. This kind of gentrification disappears not only the buildings, but also the historical lineage of the urban development process behind them.

2. Produced social isolation

Residents living in the original urban villages are often lower income groups in the city, while most urban villages gentrify and build new communities, often attracting many higher income white-collar groups into the area, the consumption level of this area will also increase, invariably creating a dividing line, different levels of people in different areas of activity.

3. Destroyed the social relationship network

The residents of the original urban village have already developed a sense of belonging in the area after a longer period of time, and after gentrification is a change in the structure of the residents in the community, the original stable neighborhood relationship is destroyed and the social network is fragmented. And after the new community is formed, the interpersonal relationship is more indifferent, and the original network is destroyed, the vitality will gradually decrease.

#### **Prospective Solutions to Gentrification of Urban Villages in China**

Gentrification of urban villages in China is intended to give people better housing conditions and solve the problem of low income of urban villagers and improve the local urban landscape, while keeping the social-ecological balance intact. Therefore, as in the case of Lihua Village, while keeping the original residents unchanged, some specific gentrification programs may be developed to bring more income possibilities to the urban village while changing the residents' living conditions and living environment.

For example, we can adhere to the principle of "keeping the land ownership basically intact, the spatial mechanism basically intact, the local residents basically intact, and the human ecology basically unchanged", and encourage young people and artists to carry out "small-scale, gradual" micro-renewal on their own initiative. Through the interaction between the market, the government and the community, we can select an industry suitable for urban villages, and through appropriate public policies and moderate government investment, we can guide the indigenous and foreign populations to join the new industrial chain, and cultivate a good social ecology and community atmosphere. The government can also choose to cooperate with real estate enterprises to develop and build talent apartments, which will improve the living environment of urban village residents and solve the problem of foreign population living in the village, and will bring new business opportunities to real estate enterprises.

### Conclusion

In Conclusion, through the above analysis, we can learn that, compared with the gentrification of Ihwa Village in South Korea, due to the special characteristics of Chinese urban villages, there are indeed many shortcomings in the process of gentrification in the past, which need to be improved and perfected. It is hoped that the study of gentrification in Chinese urban villages, combined with the impressions that gentrification brings to urban social space while improving urban physical space, will help people realize the necessity of gentrification in Chinese urban villages and its pros and cons, and adopt more appropriate solution is needed for the future gentrification of China's urban villages.

### Reference

1. He, S. (2007). State-sponsored gentrification under market transition the case of

Shanghai. Urban Affairs Review, 43(2), 171-198.

2. Kim, M. (2020). Placemaking and the Loss of Place: Perceptions of Tourism-Induced Neighborhood Change in South Korea'S Disadvantaged Neighborhoods (Doctoral dissertation, The University of Wisconsin-Milwaukee).

**3.** Park, H., & Kovacs, J. F. (2020). Arts-led revitalization, overtourism and community responses: Ihwa Mural Village, Seoul. Tourism management perspectives, 36, 100729.

4. Zhang, X., Hu, J., Skitmore, M., & Leung, B. Y. (2014). Inner-city urban redevelopment in China metropolises and the emergence of gentrification: Case of Yuexiu, Guangzhou. Journal of Urban Planning and Development, 140(4), 05014004.

