

**P**OLICE have begun to crack-down on crooked land deals in Korea.

In one case, eight men were prosecuted for making illegal profits out of the purchase of land from the Korea Land Development Corp.

Their companies had previously sold the land to the KLDC. Then, when the

land came up for public sale, they bought it back — at lower prices than they had received for the original sales.

A police investigation revealed bribery, proxy bidding and collusion with officials.

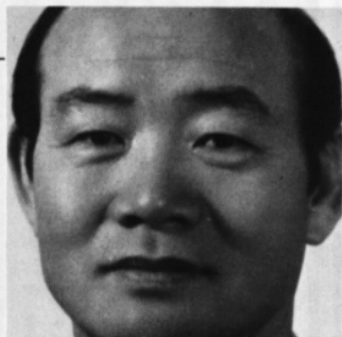
But the cheekiest racket was run by 34-year-old Kwon Tae-kyun and his associates.

Rumours were spread among women land speculators that they could make a 20 per cent profit within 45 days if they bought land from Kwon.

The women handed over large sums in the belief that prices would skyrocket because of development prospects. In fact, the land was worthless.

Kwon also had another profitable side-line going for him, according to police in Yoido, Seoul. He netted 280m won by selling 55,000 pyong of forest land in southern Cheju Island.

There was only one snag: he did not own the land. Police are still searching for his accomplices.



## Recovery under threat

**R**EAL ESTATE speculation is threatening to destroy the boom that is now predicted for Korea.

President Chun Doo-hwan has now asked social leaders to take the lead in a campaign to prevent the recurrence of speculation.

In a speech on September 14 the President (pictured above) said: "Speculative investment, if it occurs again, will paralyze the economic order, and bring ruin on our nation in the long run."

The government has set up an anti-speculation task force in response to an increase in real estate prices of up to 20 to 30 per cent in some areas, since last spring.

Economic indicators are promising boom conditions for Korea. The construction industry promises to lead the economy out of the slump, with nearly 30 million square kilometres licenced for building construction during the first seven months of 1983.

But the President has warned his country that land speculation was detrimental to development.

His government's action has been criticised as inadequate however. One economic commentator, Han Kon-ju, declared in the *Korea Times* on September 13: "Speculative investment in real estate, including apartment houses, will not be blocked completely as long as earnings from real estate deals are judged lucrative."

Mr. Han called for tougher action, including higher taxes on the profits from land deals.

# Land speculation is now rampant

Report by Peter Poole

**P**ARISIAN scholar Claude Balaize flew into Seoul on July 25, 1982 to study the way in which the Koreans used their natural resources.

A month later he informed the Press: "Few countries have utilized their land to the maximum extent like Korea, apart from Japan and the Netherlands."

He praised the people for thoroughly cultivating mountainous land and overcoming rough natural conditions.

The French doctor's glowing analysis of land use is at odds with the picture that emerged over the following 12 months.

● Data collected by the Korean Appraisal Board revealed that land prices increased by 16.7 per cent in 50 cities, compared with an increase of 1.1 per cent increase in wholesale prices, during the 12 months up to last April.

● Land speculation has been rampant in Korea over the past year, reaching intolerable levels after a 63-fold

increase in prices over the past 15 years.

The speculation has now forced the government to take action, but the proposed measures have merely succeeded in freezing up the land market.

**T**HE ECONOMIC costs of land speculation are now being identified in the Korean newspapers.

One journalist, Hong Tae-hee, explained how industry had suffered as a result:

"Cash-laden businessmen have often converted large sums of their corporate money into grabbing extensive land, often with money borrowed from banks under the guise of corporate financing programmes.

"The money spent on land purchases by corporations in this way, however, has bred better profits than using the money for operations on expanding their factories."

### Highest Prices per Sq m In Commercial Areas

	April 1, '82	April 1, '83	Increase Rate
Myong-dong, Seoul	6,655	7,600	14.1
Changson-dong, Pusan	4,537	6,000	32.2
Tongmun-dong, Taegu	3,000	3,900	30
Inhyon-dong, Incheon	1,200	1,600	38.3
Chungjangro, Kwangju	2,700	3,600	33.3
Unhyang-dong, Taejon	2,100	3,000	42.8

### Land Price Increase Rates In Six Biggest Cities: %

	Commercial	Residential	Industrial	Average
Seoul	30.3	21.9	15.9	25.7
Pusan	19.3	14	12.9	16.2
Taegu	15.1	4.1	4.1	8.5
Incheon	6.6	7.6	9.6	7.6
Kwangju	18.8	14.5	15.2	16.1
Taejon	10.2	8.7	12.5	9.3
Average	22.7	14.8	11.6	18.1