

## ECONOMIC DEVELOPMENT, HOUSING STANDARDS, AND QUALITY OF LIFE IN S. KOREA\*

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*The question how socio-political changes due to economic growth have influenced on Korean people's quality of life has not been studied. This paper is an attempt to bridge the gap by addressing that housing is an important dimension in shaping Korean quality of life. We examine first how economic development has changed people's housing condition in Korea at macro level with aggregated national data for the period of rapid industrialization. Second, subjective evaluation on individual quality of life with regard to housing satisfaction is analyzed. A survey data based on a national sample of 1,000 South Koreans, performed during April 15-30, 1996, is used for this purpose. The regression result supports our argument that satisfaction on housing is one of important dimensions in determining quality of people's life in Korea.*

### INTRODUCTION

Despite the recent bust, Korea has achieved unprecedented quantitative economic development until the summer of 1997. However, it is not an exaggeration to say that there has been practically no study of the influence such rapid growth has had on the quality of life. In fact, studies of Korea's industrialization thus far have focused only on the quantitative aspect, showing little concern for how this quantitative growth has changed the quality of people's lives. In this regard, reports from the Bureau of Statistics of Korea (1995) and other international research institutes (UNDP 1994; World Bank 1994) show that Korea is near the bottom in comparison to other OECD (Organization for Economic Cooperation and Development) nations in areas such as health, welfare, education, culture, and the environment — all of which are good indicators of the quality of people's life.

In the West, the effect of economic development on the quality of life has been at the center of concern for scholars and officials (Inkeles 1993; Inglehart 1990; Johnston 1988; Zapf 1987). In the case of Korea, on the other hand, this issue rose only after the Kim Y.S. administration usurped the government in the early 1990s (Kim 1993; Korea Institute for Health and Societal Affairs 1995). GNP per capita reached over US\$10,000 in 1995, but the question of how socio-political changes due to economic growth have

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influenced the quality of life is still unanswered. No comprehensive study on this topic has yet appeared. From the perspective of policy-makers and researchers, such a situation is rather bewildering because the basis for new development strategy and policy-making is not founded yet.

This paper is an attempt to bridge the gap by addressing housing as an important dimension in shaping Korean quality of life. First, we briefly review the existing literature of quality of life in Korea.<sup>1</sup> Second, we examine how economic development has changed Korean housing conditions at the macro level. Aggregated national data for the period of rapid industrialization will be reviewed. Third, subjective evaluation of individual quality of life with regard to housing satisfaction will be analyzed. A survey data based on a national sample of 1,000 South Koreans, performed during April 15-30, 1996, will be used for this purpose. Finally, a policy suggestion based on our findings will conclude this paper.

## STUDIES ON THE QUALITY OF LIFE IN KOREA

There has been little progress in the study of the quality of life in Korea. This is because, among other things, economic policies that had given top priority to economic growth have shadowed interests in the quality of life. As a certain level of economic development has been reached, however, interests and research on the quality of life has been growing in recent years.

Studies on the quality of life in Korea are showing a pattern very similar to Western trends. The difference is that because quantitative economic growth has been a predominant ideology in Korea, the concern for quality of life rose above the surface only after 1990s. Since the Kim Y.S. administration preempted in 1992, issues such as class conflict, poverty, pollution, welfare, labor, discrimination against women, and regional gap, which have been put behind the scene of economic growth, are now on the stage. With these issues at stake, quality of life has become an essential point which both policy-makers and citizens cannot ignore, and the factor that cannot be disregarded in the formulation of development strategies. As the problems

<sup>1</sup> The concept of quality of life in general can be divided into two dimensions. One dimension reflects objective conditions of the quality of life, and the other dimension is the subjective evaluation of various objective conditions. Studies thus far have approached the issue of conceptualization and measurement in these two dimensions at the same time (Inkeles 1993). The objective indicator of the quality of life means any statistics that is measurable by external observers, without biases of subjects' internal conditions. Objective indicators include those which can be measured by concrete quantification. Subjective indicators, on the other hand, can only be measured by asking people for their evaluation and beliefs on their conditions.

of industrialization are given attention, so is the issue of the quality of life. As a result, the number of studies on this topic has increased drastically (Jeon 1991; Choo et al. 1987; Choo & Kim 1984; Yoon 1983; Shin et al. 1983; Kwon et al. 1981; Korea Development Research Institute 1987).

The result of a recent study suggests the necessity of further research on the quality of life in Korea (Chung et al. 1994). According to this study, the general quality of life level in Korea is one and half times higher than that of early 1970s, but the level of living satisfaction is still below the middle. The decreasing quality of environments and dissatisfaction with welfare cancelled off the increase of satisfaction with income. It follows that the Korean people's sense of satisfaction and happiness is more centered on qualitative rather on quantitative and economic aspects. Thus, future studies on the quality of life must extend into the concrete areas of life, addressing how, and to what extent, certain aspects of life influence Korean quality of life. In this context, this study aims to shed light on the relationship between housing and the quality of life in Korea.

#### ECONOMIC DEVELOPMENT AND HOUSING CONDITION IN KOREA: MACRO-LEVEL ANALYSIS

This paper argues that housing is an important quality of life issue in Korea. Housing is not merely a space for reproduction, but an important private asset, and, at the same time, an expression of individual achievement in Korea. By Korean standards, the significance of housing extends beyond family space, and people not possessing their own house feel a great sense of relative deprivation. Housing, there fore, is an essential aspect, which cannot be avoided in the discussion of quality of life in Korea. In this section, we will review changes in housing conditions in Korea by analyz-

TABLE 1. TREND OF PER CAPITA GNP

Unit: US\$

	Korea	USA	Malaysia	Italy
1988	4,295	19,820	1,930	13,350
1989	5,210	20,850	2,140	15,120
1990	5,883	21,700	2,340	16,850
1991	6,757	22,340	2,520	18,580
1992	7,007	23,830	2,830	20,790
1993	7,513	24,780	3,140	19,840
1994	8,508	25,860	3,520	19,270

Source: National Statistical Office. 1996. *International Statistics Year Book*. Seoul, Korea.

**TABLE 2.** HOUSING SUPPLY RATE\* IN KOREA (5-YEAR INTERVAL)

	Number of Housing (1,000 housing units)	Housing Supply Rate (%)
1970	4,360	77.8
1975	4,734	74.4
1980	5,319	71.2
1985	6,104	69.8
1990	7,357	72.4
1995	9,570	86.0

\* Housing Supply Rate = (Number of Housing / Number of Household) × 100.

Source: Ministry of Construction & Transportation. 1996. *Statistical Yearbook of Construction & Transportation*. Seoul, Korea

**TABLE 3.** COMPOSITION OF CONSUMPTION EXPENDITURES OF URBAN HOUSEHOLDS

Categories	Unit: %		
	1985	1990	1995
Housing	5.0	4.7	3.7
Food & Beverage	37.5	32.0	28.2
Utilities	7.5	4.5	4.1
Furniture & Household Equipments	4.8	5.7	4.8
Clothing & Footwear	7.7	8.3	7.9
Health & Medical Care	5.5	5.2	4.8
Education & Cultural Services	11.1	12.8	14.4
Transportation & Communication	6.4	8.4	11.6
Others	14.5	18.3	20.5
Total	100.0	100.0	100.0

Source: Statistical Office. 1996. *Annual Report on the Family Income & Expenditure Survey*. Seoul, Korea.

ing objective national aggregate data.

First of all, let us look at the economic growth of Korea in comparative perspective until the recent economic crisis. As shown in Table 1, per capita GNP increased from US\$4,295 in 1988 to US\$8,508 in 1994 represents a two-fold increase in less than 10 years. In comparison, the per capita GNP of Americans in 1994 was only 1.3 times greater than that in 1988. The situation is not so different in Italy. Of course, Malaysia, which also experienced rapid growth until the recent economic crisis, showed a significant growth in per capita GNP during the same period of time.

Along with this line of economic development in Korea, what level has

**TABLE 4.** INTERNATIONAL COMPARISON OF HOUSING SUPPLY RATE

	Year	Housing Supply Rate (%)
Korea	1995	86.0
USA	1980	113.3
Japan	1988	111.1
UK	1977	104.0
Italy	1981	117.9
Taiwan	1989	98.8

Source: Ministry of Health & Social Affairs. 1994. *Yearbook of Health & Social Statistics*. Seoul, Korea; Housing & Commercial Bank. 1996. *Housing Economic Statistical Yearbook*. Seoul, Korea.

**TABLE 5.** INTERNATIONAL COMPARISON OF HOUSING SELF-OWNERSHIP RATES

	Year	Self Ownership Rate (%)
Korea	1990	50.6
USA	1980	64.7
Japan	1988	61.3
UK	1977	59.0
Italy	1981	53.0
Taiwan	1989	79.1

Source: Housing & Commercial Bank. 1996. *Housing Economic Statistical Yearbook*. Seoul, Korea.

the quality of life reached with regard to housing? Table 2 shows the Korean housing supply rate, which is the most important statistic as far as housing is concerned. From 1970 to the late 1980s, the housing supply rate declined every year. It seems that housing supply could not catch up with the rate of natural increase in population and households. Nevertheless, from the 1990s, the housing supply rate significantly increased in Korea. It reached 86.0% in 1995. This resulted from the “2 million housing construction” policy which was implemented in the late 1980s. President Roh Tae Woo initiated this policy in an attempt to resolve the housing shortage, and, at the same time, to stimulate the construction and cement industries. Consequently, this policy contributed to improving the quality of life in regard with housing supply, significantly.

Table 3 provides additional evidence of improvements in the housing situation in Korea since the late 1980s. The table reports the composition of urban households’ consumption expenditure in 5 year intervals from official statistics of “1996 Annual Report on the Family Income and Expenditure Survey.” The share of housing expenditures decreases from 5.0% of total expenditures in 1985 to 4.7% in 1990, and 3.7% in 1995. This trend indicates

that the burden of housing expense has decreased in Korea.

Despite this change, however, the housing situation in Korea is worse than that of other countries. Table 4 indicates that the housing supply rate of Korea is 86.0% — the lowest among five other countries. As shown in Table 5, the self-ownership rate is in a similar situation. Korea's self-ownership rate reached 50.6% in 1990, which is even lower than that of US and Taiwan about 10 years ago. Despite modest improvements, Korea's comparatively disadvantaged housing situation is likely to exert a negative impact on the quality of life in Korea.

Another challenge to the evaluation of Korea's gradually improving housing situation is that, since the official survey addresses entire households, it does not consider differences between homeowners and non-homeowners. Additionally, the housing expense category does not include the actual price of housing, but is constituted of monthly rent, renovation, and other items of maintenance only. Thus, the national statistics do not correctly reflect the full extent of Korean housing problems, such as surging housing price, land speculation, and *chun-se*.<sup>2</sup> Therefore, in order to find a realistic solution,

**TABLE 6.** COMPOSITION OF URBAN HOUSEHOLDS' CONSUMPTION EXPENDITURE BY TYPES OF HOUSING OWNERSHIP, 1985

Unit: %

Categories	Chung (1990)			
	Statistical Office	Self-Owned	Chun-se	Monthly Rent
Housing	5.0	3.2	24.3	16.3
Food & Beverage	37.5	38.0	31.4	37.3
Utilities	7.5	8.1	6.0	6.7
Furniture & Household Equipments	4.8	5.1	4.1	4.8
Clothing & Footwear	7.7	8.1	6.4	7.2
Health & Medical Care	5.5	8.0	7.0	6.4
Education & Cultural Services	11.1	12.8	7.3	6.5
Transportation & Communication	6.4	6.6	5.7	6.4
Others	14.5	10.0	7.8	8.3
Total	100.0	100.0	100.0	100.0

Source: Statistical Office. 1996. *Annual Report on the Family Income & Expenditure Survey*. Seoul, Korea; Chung (1990: 92).

<sup>2</sup> In order to understand the Korean housing situation, its unique 'chun-se' institution must be comprehended first. Chun-se is leasing a unit of house on a 2 year basis in general. Chun-se is not paid on monthly basis, but paid only once at the time of contracting as a total sum of

expenses related to different types of housing ownership, i.e. self-owned, *chun-se*, or monthly rent, should be differentiated. Chung (1990) tried to take this Korean situation into account. He distinguished the three types of housing ownership in Korea, then provided a reasoning to give different weight of expenditure index for each type of ownership.

Table 6 lists differences in the composition of consumption expenditures in urban households for 1985. The official government index from Table 3 and Chung's weighted index for different types of housing ownership are reported side by side for comparison. Our concern here is, of course, focused on the weight for the different types of housing ownership expenses. Although the official government index for housing expense is 5.0%, Chung's index for self-owned is only 3.2%, while *chun-se* and monthly rent are 24.3% and 16.3% respectively.<sup>3</sup> It turns out that housing expenses for *chun-se* are 7.5 times higher and monthly rent is also 5 times higher than that of self-owned. It goes without saying that housing expenses are extremely burdensome for non-homeowners in Korea.

The next issue is how much space an individual can have. This can be found by analyzing the area measurement and number of rooms in each housing unit. As shown in Table 7, area measurement per housing unit

TABLE 7. TREND OF HOUSING AREA AND NUMBER OF ROOMS IN KOREA

	Area (m <sup>2</sup> )			Number of Rooms		
	Per Unit	Per Household	Per Capita	Per Unit	Per Household	Persons per Room
1970	47.7	35.9	6.8	3.0	2.2	2.2
1975	58.2	41.4	8.2	3.1	2.2	2.3
1980	68.4	45.8	10.1	3.3	2.2	2.1
1985	71.0	45.3	11.1	3.5	2.2	1.8
1990		51.0	13.8		2.5	1.5
1995		58.9	17.1		3.1	1.1

Source: National Statistical Office. 1996. *Population & Housing Census*. Seoul, Korea.

rents for the given period with the consideration of the current money market interest rate. Usually it is based on monthly interest of 2%. When the lease period is over, a landlord should return the exact amount, without any interest, paid in advance to a tenant. *Chun-se* price is usually determined at 60-70% of the real estate price. A landlord can take advantage of *chun-se* money for his own purposes, including bank saving or investment. The amount of *chun-se* money plays a role similar to that of the security deposit in Western nations.

<sup>3</sup> The reason why the *chun-se* index is higher than the monthly rent is that the increase in *chun-se* was higher than the increase in monthly rent at the time (Chung 1990).

**TABLE 8.** INTERNATIONAL COMPARISON OF NUMBER OF ROOMS AND PERSONS PER ROOM

	Year	Rooms per Household	Year	Persons per Room
Korea	1990	4.0	1990	1.5
USA	1985	5.3	1979	0.5
Japan	1988	4.9	1988	0.7
UK	1986	4.3	1988	0.5
Italy	1986	4.1	1981	0.9
Taiwan	1989	4.4		

Source: Ministry of Health & Social Affairs. 1994. *Yearbook of Health & Social Statistics*. Seoul, Korea; National Statistical Office. 1994. *Social Indicators in Korea*. Seoul, Korea.

increased from 47.7m<sup>2</sup> in 1970 to 71.0m<sup>2</sup> in 1985. Individual space also shows a significant increase, from 6.8m<sup>2</sup> in 1970 to 17.1m<sup>2</sup> in 1995. It can be interpreted that there has been a general expansion in the size of housing units. Another factor contributing to this trend may be the prevailing tendency toward the nuclear family in Korea. These two factors taken together account for much of the increase in individual space in housing.

Korea's area measurement per housing unit is relatively small, however, in comparison with that of other countries. For Korea in 1990, the number of rooms per housing unit and the number of persons per room were 4.0 and 1.5 respectively. Compare this with 5.3 and 0.5 in the US in 1985, and 4.1 and 0.9 in Italy in 1986.

#### HOUSING SATISFACTION AND QUALITY OF LIFE IN KOREA: MICRO-LEVEL ANALYSIS

Thus far, on the macro-level, the quality of housing conditions in Korea has been reviewed with objective aggregate data. From now on, we will address subjective perceptions of the quality of housing life in Korea through the analysis of survey data.

##### *Data*

The data come from a nation-wide survey which was performed by the Institute of Social Development Studies at Yonsei University in Seoul. The survey was comprised of a sample of 1,000 South Korean adults. Sampling was based on probabilities proportionate to the representation of gender, age, and regional population of South Korea. The survey was conducted during April 15-30, 1996. Questionnaire topics covered various aspects of



**TABLE 9.** GENERAL CHARACTERISTICS OF THE SAMPLE

		Frequency	%
Gender	male	500	50.0
	female	500	50.0
Age	20's	287	28.7
	30's	277	27.7
	40's	170	17.7
	50 and over	266	26.6
Region	Seoul/Kyungki	201	21.1
	Gangwon/Cheju	63	6.3
	Choongchung	174	17.4
	Cholla	227	22.7
	Kyungsang	329	32.9
	North/Oversee	6	.6
Total		1,000	100.0

quality of life in Korea, including housing. Face-to-face interviewing was the principal method of data collection to collect data. The general characteristics of the sample are described in Table 9.

### *Relative Importance of Housing Satisfaction on Quality of Life in Korea*

To determine the relative importance of housing in Korea, we follow a two-step analysis. First, we take an exploratory factor analysis from a comprehensive set of variables related to the subjective life satisfaction. A total of twenty different questions (B01 to B20) addressing a wide variety of dimensions of life are asked in the survey to measure respondent's subjective satisfaction.<sup>4</sup> Of course, housing was one of the items. The housing question is excluded from the factor analysis, however. This decision is necessary for the next step of the analysis.

As shown in Table 10, four rotated factors have emerged out of 19 aspects

<sup>4</sup> The exact wording of these questions are as follows:

"How satisfied are you in the following areas of quality of life? Please evaluate each of them."

Very satisfied (1)—Satisfied (2)—Moderate (3)—Dissatisfied (4)—Very dissatisfied (5)  
 (B01) health (B02) family (B03) affection (B04) work/occupation  
 (B05) income (B06) education (B07) public safety (B08) leisure  
 (B09) social status (B10) cultural life (B11) friends (B12) savings  
 (B13) domestic work (B14) social security (B15) digital information process (B16) nursery  
 (B17) home education (B18) senior plan (B19) housing (B20) children

TABLE 10. ORTHOGONALLY ROTATED FACTOR MATRIX (N=950)\*

	Social Security & Cultural Life	Economic- Social Status	Personal Rel. & Health	Child Raising & Education	
	Factor 1	Factor 2	Factor 3	Factor 4	Communality
B14	<u>.66691</u>	.22818	-.01282	.15276	.28852
B07	<u>.64940</u>	.02969	.04657	.07355	.55909
B10	<u>.61963</u>	.28735	.12642	.06941	.57122
B08	<u>.53463</u>	.28036	.29834	-.15081	.44717
B15	<u>.50311</u>	.06513	.04307	.20738	.64183
B05	.09956	<u>.77873</u>	.13929	.07811	.36874
B12	.09773	<u>.77832</u>	.03394	.21705	.43017
B18	.37398	<u>.55337</u>	.05454	.22745	.47618
B09	.34402	<u>.51516</u>	.29341	-.00730	.46988
B04	.13074	<u>.47040</u>	.45264	-.06261	.48731
B03	-.01268	.12801	<u>.70699</u>	.23418	.39662
B02	-.11225	.08397	<u>.64843</u>	.34492	.66360
B11	.36957	-.05601	<u>.50474</u>	.04619	.20059
B01	.25870	.18967	<u>.43081</u>	-.00498	.52033
B13	.24132	.11369	<u>.34352</u>	.10689	.30222
B16	.14393	.14539	.10308	<u>.71390</u>	.56213
B17	.23073	.06366	.18334	<u>.66852</u>	.53782
B20	-.15086	.10373	.50377	<u>.53314</u>	.50079
B06	.39669	.09706	.12718	<u>.43102</u>	.57154

\*We handled missing values in a listwise way.

of satisfaction. Factor 1 can be labeled as 'satisfaction with social security and cultural life', because it has high loadings with satisfaction measures for social security, public safety, cultural life, leisure, and digital information processing. Factor 2 can be labeled as 'economic-social status' because it has high loadings with satisfaction measures for income, saving, senior plan, social status, and work/occupation. Factor 3 can be labeled as 'personal relations and health' because it has high loadings with satisfaction measures for affection, family, friendship, health, and domestic work. Factor 4 can be labeled as 'children raising and education' because it has high loadings with satisfaction measures for nursery, home education, children, and education. These four factors are the basic dimensions constituting the subjective evaluation of the quality of life in Korea. Housing satisfactor is deliberately excluded here.

Second, we take a regression analysis on the general happiness of Korean

**TABLE 11.** REGRESSION ON OVERALL HAPPINESS (N=950)

Variables	Beta	Sig
Factor 1	.03	.35
Factor 2	.28	.00
Factor 3	.40	.00
Factor 4	.11	.00
HSAT	.10	.00

R<sup>2</sup> = .284

Note: mean, SD, and zero-order correlations of variables are not provided here because most of them are factor scores.

people (HAPPY)<sup>5</sup> with the four satisfaction factors plus the measure on housing satisfaction (HSAT).<sup>6</sup> Had we included the measure on housing satisfaction in the previous factor analysis, the regression model would have a serious theoretical and empirical problems, due to problems multi-collinearity among independent variables as well as the confusion among the meanings of variables. From the results of this regression analysis, we are able to determine the relative importance of housing satisfaction compared with other dimensions of satisfaction.

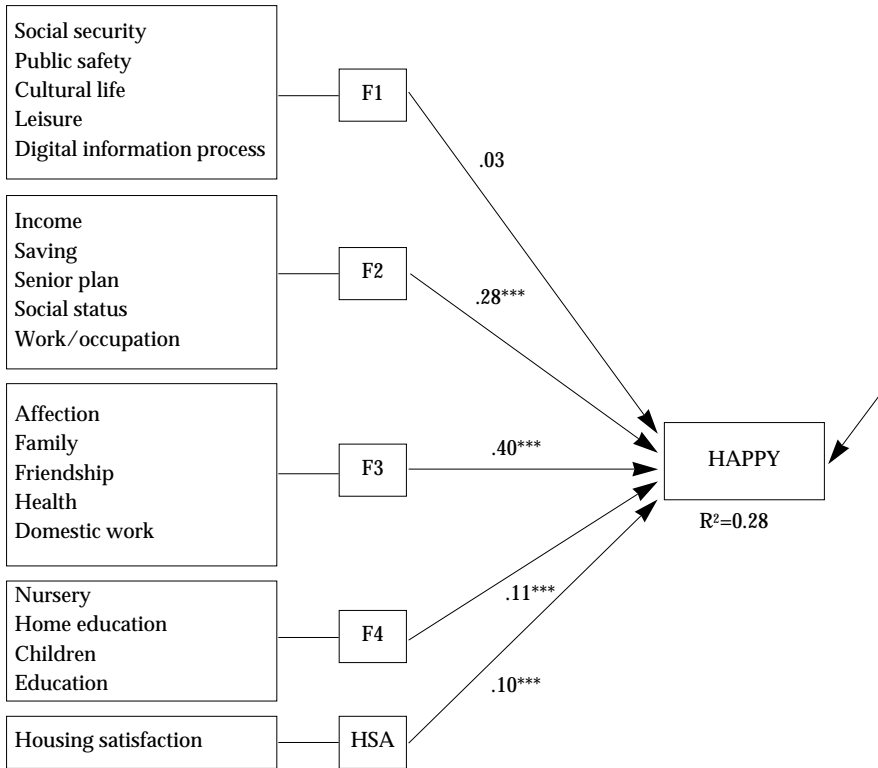
As shown in Table 11 and Figure 1, the standardized regression coefficient of housing satisfaction, a single variable coefficient, is as big and significant as Factor 4, 'satisfaction on children raising and education' which is a composite of 4 variables. Factor 3, 'satisfaction on personal relation and health' which is a composite of 5 variables, turns out to be the single most important dimension in determining overall happiness in Korea. Its influence is four times greater than that of housing satisfaction.

The next influential dimension is Factor 2, 'satisfaction on economic-social status', which is another composite of 5 variables. Its influence is nearly three times greater than housing satisfaction. Factor 1, 'satisfaction on social security and cultural life' which is another composite of 5 variables, shows no influence at all on Korean people's happiness.

The regression results indicate that Koreans report higher levels of happiness when they are satisfied with personal relations and health. Satisfaction

<sup>5</sup> The exact wording of this question is as follow: (H10) "Considering all the relevant factors, do you feel happy these days?" 1) Not at all 2) Not happy 3) Moderate 4) Happy 5) Very happy.

<sup>6</sup> The exact wording of this question is as follow: (HSAT) "How satisfied with the home you or your family currently live?" 1) Very unsatisfied 2) Unsatisfied 3) Moderate 4) Satisfied 5) Very satisfied.



\*\*\* p<.001

FIGURE 1. PATH DIAGRAM ON OVERALL HAPPINESS

with socio-economic status is found to be the second most important factor leading to happiness among Korean people. Together with satisfaction with child-raising and education, housing satisfaction constitutes a third important dimension of happiness in Korea. These findings, support our argument that housing satisfaction is an important dimensions in determining the quality of life in Korea.

*Determinants of Housing Satisfaction in Korea*

The final step of analysis takes housing satisfaction as a dependent variable to find which aspects of housing condition are important for Koreans in evaluating subjective satisfaction on housing. The survey asked respondents about four different aspects of housing conditions. These aspects were price (PRICE),<sup>7</sup> size (SIZE), number of rooms (ROOMS), and type of ownership

(OWN) of the home in which they currently live.<sup>8</sup> Zero-order correlations as well as means and standard deviations of variables in the model are listed in Table 12. No serious multi-collinearity is found.

The results of the regression of the independent variables (PRICE, SIZE, ROOMS, and OWN) on housing satisfaction (HSAT) are reported in Table 13 and Figure 2. According to these results, the size of housing, number of rooms, and ownership are important factors explaining housing satisfaction in Korea. Home price was not significant. Our assertion that the type of ownership is among the most important determinants of subjective housing satisfaction in Korea is supported. Taken together, these findings, suggest that Koreans evaluate housing in practical terms rather than in market value. As long as they own a house which is spacious enough for their living, they apparently do not care about its cost or whether it is in the market.

These findings are also consistent with our earlier argument. Chung's objective index (1990) reveals that the proportion of housing expenditure in urban households varies significantly among different types of ownership. Although we did not differentiate all possible types of ownership in our

**TABLE 12.** MEAN, SD, AND CORRELATION MATRIX OF VARIABLES (N=950)

	PRICE	SIZE	ROOMS	OWN	Mean	S.D.
HSAT	.224	.246	.282	.263	2.584	.996
PRICE		.452	.454	.486	7782.851	7459.816
SIZE			.516	.351	26.427	16.870
ROOMS				.444	2.785	1.080
OWN					.652	.477

<sup>7</sup> Variable 'PRICE' represents the price of housing, chun-se and monthly rent. The price of monthly rent is converted to price of chun-se as follows: Price of chun-se converted from price of monthly rent = Security deposit + (Price of monthly rent × 50).('50' reflects the monthly interest rate of 2%.)

<sup>8</sup> The exact wording of these questions are as follows:  
(PRICE) "How much does your home cost?"

If you are the owner, please specify the amount: \_\_\_\_\_ won

If you live in chun-se, please specify the chun-se deposit: \_\_\_\_\_ won

If you live in a rented unit, please specify:

security deposit: \_\_\_\_\_ won; and monthly rent: \_\_\_\_\_ won.

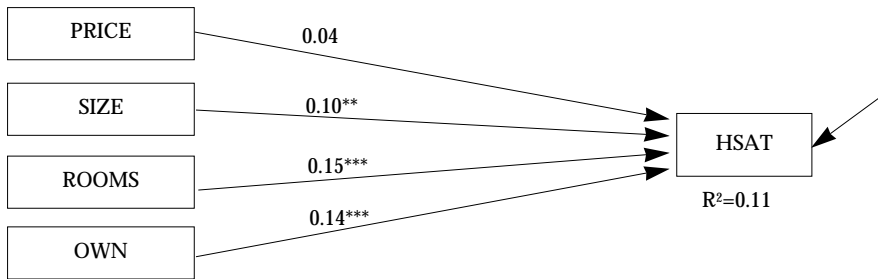
(SIZE) "How big is your home?" \_\_\_\_\_ m2

(ROOMS) "How many rooms do you have in your home?"

(OWN) "What type of ownership is your home?"

1) Self-owned 2) Chun-se 3) Monthly rent 4) Room and board 5) Other

\* In the question (OWN), except for 1), all other responses were recoded to zero to make it a dummy variable.



\*\*  $p < .05$ , \*\*\*  $p < .001$

**FIGURE 2.** PATH DIAGRAM ON HOUSING SATISFACTION

**TABLE 13.** REGRESSION ON HOUSING SATISFACTION (N=950)

Variables	Beta	Sig
PRICE	.043	.261
SIZE	.102	.007
ROOMS	.147	.000
OWN	.142	.000
$R^2 = .113$		

model, the coefficient of OWN, which is a dummy variable of home ownership, is found to be very important in determining subjective satisfaction with housing.

## CONCLUSION

Although Korea experienced tremendous economic development until the summer of 1997, the objective conditions and subjective evaluations of housing has not yet been comprehensively examined. This paper found that not only the objective gap in housing expenses, but also the subjective sense of deprivation between those who have homes and those who have not can lead to considerable social and psychological conflict among Korean people. Findings confirm that housing is a crucial determinant of quality of life in Korea. Policies directed toward reducing this gap will be important in raising the level of happiness and life satisfaction in Korea.

With the onset of recent economic crisis, Korean society is undergoing fundamental reforms. IMF intervention requires painful efforts for all parties of Korean economy to eliminate unproductive elements. Surging hous-

ing prices, stimulated by real estate speculation in the bubble period, provides an example of a counter-productive element to be eliminated. In this sense, IMF intervention has provided the opportunity to suppress the real estate boom. The recent economic bust may have unintended consequences for Korean people wishing to live happily in a comfortable house at a low price.

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