

Don't fall for the myth of balanced education

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Bank of Korea (BOK) Governor Rhee Chang-yong came up with an intriguing approach to ensure price stability. It was a proposition to restrict applications to elite Seoul National University (SNU) from aspirants living in the Gangnam neighborhood in Seoul — the hotbed of expensive apartment prices — to make more room for those applying from outer Seoul regions so as to tame inflation in home prices in the capital as well as promote balanced growth across the country. In disbelief that a seasoned economist like Rhee would suggest such an unorthodox idea, I read through a BOK research paper and found it had a similar conclusion based on empirical studies.

The recommendation from Rhee and BOK economists brought attention to the accumulated chain policy failures that led to Korea's structural predicaments. Let's first look at the state-administered college entrance system. Before a policy from 1974 enforced the standardization of high schools across the nation and the unionization of teachers from the late 1980s, there had been elite high schools in local regions that competitively sent graduates to SNU as often as schools in Seoul. But things changed after elitism in education was shunned through the proliferation of liberal-minded teachers who championed democratic and universal education.

Elite schools in provincial areas were not bred through government sponsorships under a grandiose slogan of balanced growth or balanced education. They were the result of the combined efforts of zealous schools, students and parents to not fall behind education standards in Seoul.

But a narrow-minded policy with the sole objective of quelling the overheated competition to get into select prestigious universities in Seoul also quenched the self-reinforcing longing in provincial residents. Authorities belatedly imposed a quota for students from local regions under the banner of balanced education, but the effect had been small. They ended up producing another populist makeshift gimmick.

Despite the myriad list of policies to support regional growth, few elite schools are left in the provinces. Students are biased toward universities in Seoul because tertiary education in their area has become subpar. Authorities have been imposing restrictions around the capital region from the 1980s to contain overconcentration around Seoul. But more than half of the population lives in or around Seoul now while the standards of other areas are deteriorating.

Inequality and imbalance issues should be gone by now in Korea if an equal divide of resources and opportunities can ensure uniform advances in education and living standards across the country. But so far, no country truly tackled the balanced growth issue.

The answer to balanced growth is not equal distribution. It can be achieved through a concentrated promotion of metropolitan university and high school

cores cultivating growth through competition. That simple theory, however, gets ignored by Korean politics driven by ideology.

Korea has become obsessed and overheated with private education because public education has descended into a pitiful state. Under the equalization policy, few elite schools are left. Secondary education has long been subpar because public education denounces superiority. Public policy is entirely out of sync with reality because today's parents with higher incomes and fewer children want the best education for them, which explains the overwhelming demand for private education.

Parents must squeeze out their monthly earnings to pay for their children's private tuitions for the high-level education they could have gotten for free when there had been many elite high schools. Authorities claimed that competition would be solved when education becomes universal. But the upshot is the menacingly competitive private education market. The state could be sued for pulling off such a universal scam against people.

As public education can no longer be depended on for admissions to dream universities, the wealth of parents who can afford to send their kids to expensive and selective cram schools decides the outcome of university entries now. Approaching the skewed education system with a balance theory by making top universities favor students from local regions over those from Gangnam can only increase socialist egalitarianism.

We need a system respecting diversity and the freedom to choose superior education. A regulatory policy targeting a certain area can only fail. It will end up creating Gangnam-like hotbeds of families migrating to evade regulations.

Whether a restrictive policy toward Gangnam students can bring stability in home prices as the BOK envisions is also doubtful. The overheated real estate market in a certain area stems from relative price distortion — not from an overall inflation of absolute prices. It is common wisdom in macroeconomics to distinguish between the general price level and relative price level.

Translation by the Korea JoongAng Daily staff.



Bank of Korea Gangnam SNU elite real estate

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