



## **South Korean Voters Signal Economic Democratisation**

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The Presidential election in the Republic of Korea on 19 December is significant as it reflected a shift from a growth focused to a more welfare oriented polity . The major issues weighing with the electorate were a more equitable society, fair distribution of income, employment for university graduates and high cost of education. The emergence of a popular non-Party figure as an influential political force reflected the dis-satisfaction of the masses with the self-serving practices of the established political class as is visible in our own country.

Republic of Korea has a Presidential system of government and a unicameral National Assembly. Haunted by the bitter past experience of successive Presidents extending their terms by un-democratic methods during 1950-87, the present Constitution in force since 1988 permits only one 5-year term for the President. In a rather peculiar arrangement the National Assembly, last elected in April-2012 , has a four year term.

After considerable churning of political equations three candidates emerged for the Presidential race. Conservative ‘Saenuri’ Party leader Ms Park Geun-hye; ‘Democratic United Party’ frontrunner Moon Jae-in and an independent Ahn Cheol-soo. Ms Park had to repeatedly deal with the controversial legacy of her father President Park Chung-hee who ruled Korea with an iron fist during 1961-79. On the contrary her main rival Moon Jae-in is a Human Rights

attorney and was Chief of staff of President Rho Mu-hyun (2002-07) who had a record of life long struggle for democracy in Korea.

The third aspirant Ahn Cheol-soo is a businessman, Professor and a maverick in the political arena. He shook up the established parties by his charisma, huge following among the youth and a populist agenda. Ahn is a self-made software entrepreneur and a role model for the masses. His two rivals had to constantly react to Ahn's agenda for a new non-ideological people-oriented politics, opposition to Chaebol-centered economic system and more space to new ventures and Small and Medium Enterprises (SME) which generate maximum employment.

Real democracy was ushered in ROK in 1988 after un-interrupted strong arm rule of two Generals Park Chung-hee and Chun Doo-hwan since 1961. ROK made remarkable economic progress in that dictatorial era but at a high human cost for a generation of Koreans. Korean workers were deprived of all their rights, toiling for up to 72 hours a week and modern Korea was built on the foundation watered by their sweat and blood. For the masses the famed 10% plus annual growth came on the back of denial of democracy, freedom of expression and basic human rights.

ROK is a deeply divided society despite one ethnicity and one language. Politics is fractured along regional lines with South-East being more industrially advanced and the western provinces being more agricultural. The two main Parties have major differences on socio-economic policies and enhanced allocation of resources for welfare against mega projects like linking of rivers. Polity is divided on the approach towards the United States and North Korea but this subject was rather peripheral in the Presidential elections. The foreign policy issue which generated debate was the alleged offer of former President Rho Mu -hyun to North Korean Leader Kim Jong-il at their Summit in 2007 to modify the Northern Limit Line (NLL)-the present maritime boundary between the two Koreas. It may be noted that the NLL was unilaterally drawn by the UN Command at the end of the Korean War, runs uncomfortably close to the North Korean coastline and has not been accepted by the North Koreans. To ward off the Conservative attack on a possible 'sellout' to the North, candidate Moon was forced to unequivocally declare his commitment to preserve the NLL in its current delineation.

It is paradoxical that the globally admired Korean Chaebols Samsung, Hyundai, LG etc are reviled at home for their suppression of workers' rights, legal & financial jugglery and for squeezing to the bone their suppliers. The Chaebols have un-doubtedly been a major factor in the success of the export led growth model of Korea but the charges of crony capitalism corruption etc. against them have also been substantiated. There has been a long string of corporate scandals in Korea where owners of Chaebols have been indicted and convicted but later pardoned in the larger interests of the national economy. These closely held family run corporations have also been criticized for suffocating SMEs at the cost of jobs and more widely distributed entrepreneurship.

The buzzword during the long campaign was the term 'Economic Democratisation'; a concept favored by eight out of ten voters. In public perception the term encompasses distributive justice and restraints on income disparities and unfair competition. All the three Presidential contenders vocally embraced the idea but remained vague about its details. For the liberal Moon it implied a fair economic structure that promotes good aspects of market economy in which everyone grows together. Ms Park endorsed the idea without getting into the specifics.

Ms Park's manifesto championed the right to pursue happiness, economic democratization and customized welfare services. Her instinct would be to bank on the growth and job creation capacity of Chaebols rather than curbing their domination of the economy. But sensing the mood of the electorate she also promised Chaebol reforms such as restrictions on cross-holdings of equity investment among Chaebol affiliates which make the non-family shareholders ineffective. Left of the center Mr. Moon, on the other hand, was for strict cross-share holding norms and changes in the present ownership structures to promote fair competition and social justice. Independent Mr. Ahn was categorically against unfair and monopolistic trade practices of Chaebols.

Korea is now 80% urban and 20% rural. It has full literacy and 82% of high school graduates go for tertiary education. There is dearth of white collar jobs and un-employment among university graduates runs to 20% after an expensive education. The Korean society is shifting its focus from single minded pursuit of economic growth to inclusive growth and more

welfare oriented policies. For instance, free lunch at government schools has emerged as a contentious issue between the conservatives and liberals.

Recent trends in elections in Venezuela and Brazil have revealed that a welfare dominated electoral agenda attracts popular vote. The debate leading up to the Presidential election revealed a similar tendency among the Korean electorate. Left of the center Moon inter alia promised to expand free childcare services for double income families and halving the university tuition fee from the current levels. Even the conservative Ms Park promised to increase social spending to attract moderate voters. She promised free high school education, expanded healthcare for the elderly and enhanced child benefits. She also proposes to introduce one month's paid paternity leave.

Another notable factor overshadowing Korean politics is the frustration of the electorate with the established political parties and professional politicians .In 2011 the prestigious post of Seoul Mayor was won by an independent candidate Lawyer turned activist Park Won-Soon. Reflecting this sentiment independent Ahn Chul-soo emerged as a very strong contender for the office of the President. Till mid- November the three front running candidates had about 30-35% support each. Opinion polls indicated that if the liberal vote gets split between Mr. Ahn and Mr. Moon, the conservative Ms. Park would easily romp home. This scenario was reminiscent of the first truly independent and free Korean Presidential election in December 1987 when the liberal vote was divided between two longtime fighters for democracy Kim Young-sam and Kim Dae-jung. As the two Kims were unable to come together, the nominee of the outgoing dictator Chun Doo-hwan General Roh Tae-woo won in the three legged race with only 37% vote.

In the month of November hectic parleys were undertaken between Mr. Ahn and Mr. Moon to unify their campaigns and put forth one candidate. However the terms for the two groups to come together could not be agreed in spite of their similar agenda. In a sudden move on 23 November Mr. Ahn withdrew his candidature but initially did not endorse the Democratic Party candidate. After an agonizing wait in the liberal camp Ahn finally declared his full support to Moon Jae-in on 7 December following hectic backroom negotiations and with some commitments on changes in future policy by Mr.Moon if elected.

In 2007, President Lee Myung-bak had won on the conservative platform with an agenda of 'Creative Pragmatism'. He had noticeable foreign policy achievements and also successfully steered the Korean economy during and after the 2008 Global financial crisis. But his term has been attacked by the liberals for repeated corruption scandals, support for US-Korea FTA and pro-Chaebol policies. His popularity in the country is low in the 20-30 % range. As Ms Park has been a political adversary of President Lee, despite being of the same Party, her electoral prospects were not harmed by the anti-Lee sentiment.

After a long and vigorous campaign the election day on 19 December witnessed a high 75.8 % turnout. The country was almost evenly divided with a slight edge for the conservatives. With 51.6% of the vote 61 year old Ms Park Geun-hye emerged as the first woman President-elect of this male dominated country. Her rival Moon Jae-in put up a strong fight and garnered 47.9% of the vote. Exit polls revealed that the older generation voted for Ms Park but a majority of below 40 voters went for liberal Mr. Moon.

North Korea's satellite launch on 12 December perhaps fueled support for a robust approach towards that country among the voters and indirectly helped Ms Park. The launch just a week before the South Korean elections indicates that the North Korean leadership did not care whether it adversely impacts on the prospects of liberal Mr. Moon who had stubbornly defended the 'Sunshine Policy' of his former boss President Rho My-hyun.

It may be noted that Ms Park had met former North Korean leader Kim Jong-il in Pyongyang in 2002. Ms Park has outlined her idea of 'Trustpolitik' towards DPRK last year in the magazine 'Foreign Affairs' advocating resumption of dialogue, increased humanitarian support and efforts to carry out agreements already reached by North Korea with the outside world. During the campaign Ms Park mooted the possibility of establishing representative offices of the two Koreas in each other's capitals. She also expressed her readiness to meet the young North Korean leader Kim Jong-un with the caveat that it should be 'an honest dialogue on issues of mutual concern'.

On taking over as President on 23 February 2013, the primary task ahead for Ms Park would be to spur the present anemic growth and balance it with distributive equity. She has a stronger hand than President Lee as most of the members of the National Assembly are loyal to her. Under Ms Park's decisive leadership Saenuri Party had won a majority in the Assembly elections earlier this year.

In her political career, Ms Park has spoken for strong security links with the United States and relations with the US are expected to move on an even keel in her 5 year term. Beijing is now the biggest partner of Seoul for trade, Korean investments and tourism and would have a prominent place in the future policy formulations of the incoming President. How the expected rightward swing in Japan's external policies under Mr. Shinzo Abe would impact on the festering issues of Dokdo/Takeshima island, comfort women etc, between Korea and Japan would be a factor to watch. In the changing equations in North-East Asia all the three countries- China, Japan and ROK- would have new leadership by February 2013.

Stronger relations with India have an abiding bipartisan support in South Korea. Resolute steps have been taken by successive Korean Presidents to take the bilateral relationship to higher levels. 'Longterm Cooperative Partnership for Peace and Prosperity' was forged between the two countries during the incumbency of liberal President Rho Mu-hyun in April 2004 which was elevated to 'Strategic Partnership' in 2010 by the conservative President Lee Myung-bak.

In the coming years the core of India-ROK relationship would continue to be economic cooperation with gradual and calibrated layering of strategic elements to the contents. The Korean President-elect is favorably disposed towards India and had met both the present and former Indian Ambassadors to Seoul. A return Presidential visit from Korea to India is due and South Block would do well to invite President Park to visit India during 2013.

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