

The
Presidency in
Korea 2013
No. 5

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Discussants

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This product presents a
policy-oriented sum-
mary of Presidency in
Korea 2013 roundtable

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The Presidency and Economic Democracy

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In an effort to address the challenges facing South Korea since its democratization in 1987, the East Asia Institute (EAI) has proposed new institutional strategies for the desirable role, power, and responsibility of the president through the projects *The Presidency in Korea* in 2002 and *Presidential Transitions in Korea* in 2007. Today, the rapid growth of social networking technologies creates new dynamics which requires South Korea to meet the demands for increased political participation and interactive communication.

In response, the EAI has reviewed achievements from previous government administrations and launched *The Presidency in Korea 2013*, which seeks to develop governance that will facilitate the decision-making process of the president engaged in this new political environment.

On June 21, 2012, Jong-in Kim, Chairman of the Research Institute for Korean Development Strategies and former Senior Secretary to the President for Economic Affairs was invited to speak at the fifth roundtable meeting. The following is the summary of the main contents of the meeting.

The President is the Problem

One of the main reasons for the failings of previous administrations in South Korea is the president himself. Their only focus was on being elected to the extent that they did not have any concrete vision or plan on what to do

after they won. Although a president should always prioritize the most pressing issues, former presidents in South Korea have often not completed this basic task. Instead, presidents have served their terms in office being almost wholly dependent on government officials.

A president cannot perform effectively in his job when he depends upon rigid government officials while the international environment and domestic opinion is constantly changing. Even presidents who have made sufficient preparations tend to endure difficult times during their term in office. It is inevitable then that presidents who only made impulsive pledges during the campaign period will come to depend too much upon government officials when he or she enters office. Simply making reforms or changes among government officials is not the answer to this problem. With only a five-year single-term system, the president must explain clearly his or her agenda to the people from the very beginning.

One of the reasons why President Kim Young-sam was unable to achieve success was that he lacked his own agenda. During his term as president, his policies evolved out of his own political instincts and reading of public opinion. Yet for all the problems during his presidency, government officials still blindly followed him. These were some of the factors that led to the difficulties South Korea faced when confronting the Asian Financial Crisis.

Overcome the Legacy of Authoritarianism

Despite the last twenty-five years of democracy in South Korea, the country still has not been able to overcome the socio-economic conflicts that built-up under the military dictatorships of the past. This is due to the fact that former presidents have all stuck to the economic growth strategy forged under the Park Chung-hee dictatorship. The Asian Financial Crisis was the perfect opportunity to change South Korea's distorted economic structure, however the Kim Dae-jung administration choose the easy way out and saved the *chaebols* or conglomerates by providing them with public funds. These measures ultimately resulted in strengthening the power of the *chaebols*.

The Roh Moo-hyun administration acted in a similar way. Because the administration came to power with little preparation, the economic policies were implemented based on ideas from the *chaebol*-affiliated research institutes. Ironically, over the past ten years of progressive administrations, the power of the *chaebols* has grown stronger and the polarization in society has worsened. As yet presidents in South Korea have been unable to break away from Park Chung-hee's economic model of relying upon growth.

President Lee Myung-bak who came to power as the "economy president" is the most faithful follower of Park Chung-hee's economic model. Given this background, one can understand the rise and popularity of independent politicians, such as Seoul Mayor Park Won-soon and presidential candidate Ahn Cheol-soo. Although democratization in South Korea has advanced, the socio-economic legacy of the Park Chung-hee era remains. If this severe economic polarization in society is not resolved, the next president

will be unlikely to achieve any success in his or her policies.

Strengthen Economic Democracy

South Korea has the second worst case of wealth distribution after the United States. The economic policies of previous governments have resulted in great polarization in society. As the Kim Yong-sam administration pursued political democratization, the government's power weakened while the influence of the *chaebols* became stronger. This led to the nation's policy function being dominated by the power of the markets due to relaxation of regulations, opening of markets, and a weakening of regulatory oversight. In particular, the growing dependency on political funds from the *chaebols* has had a major effect on the way politics is conducted. The legislation process has also been similarly affected by increased lobbying from the *chaebols*. Their economic power has grown too big and now dominates every facet of society. If the government does not control this expansion of economic power, the polarization within society will only become worse.

As the *chaebols* are often at the source of conflict and division within society, measures must be adopted to control their all-powerful influence. However, the human instinct to be greedy makes this a difficult challenge to address. The solution is for the visible hand of the government to do what the invisible hand of the markets cannot do. Economic democracy is about providing an institutional strategy to regulate excess greed. In the process of making progress with economic democracy, opposing economic forces will resist strongly. Thus, a president will need the trust of the people in order to push through such change.

President Roh Moo-hyun correctly recognized the situation of the time, and placed tackling economic polarization and enhancing social integration as one of his main policies. However, despite it being at the top of his agenda, he was unable to achieve any success. This is due to the way that he did not create any specific policies and was also not properly prepared for the tasks at hand. In this sense, a president must be prepared to have a clear vision for economic democracy and must also possess specific policy capabilities.

The Road to Presidential Success

Recently there has been a lot of support for making a constitutional amendment to the current five-year, single-term system. However, this does not address the problem and there is no guarantee that a president can succeed with a four-year, two-term presidential system. In the current political environment, if the system changes to a two-term presidency the first four years will only serve the function of preparing a president for his or her second term. If a president makes effective preparations for his or her policies and selects the right personnel, then the current single-term system is more than sufficient time. Success will certainly be guaranteed if the president proposes an agenda that is able to meet the challenges of the time and win the people's trust.

One of the important conditions for success is the president's knowledge on security, economy, and education as he or she will be selecting the ministers, a process which must be done in advance. In particular, the choice of who will be the chief of staff, the brain of statecraft, will ultimately decide the success or failure of the president. Previous administrations have all made the same mistake in ap-

pointing personnel from among their campaign staff who often lack any statecraft skills. This problem can end up being magnified when someone who does not know much about how to manage the country is chosen. Another difficulty with selecting the right personnel is that political parties are focused centrally on a strong presidential candidate or a senior political figure. This means that the political parties are usually unable to put forward talented individuals who can serve the government effectively and suggests the need for a new generation of politicians to be trained through a revised political process.

Finally, a successful president must exercise caution and not become too dependent on the people around him. A president should be able to recognize and attract outstanding individuals. As the past cases of presidents who failed to make policy achievements show, the president must be very careful in selecting his staff. Ultimately, the president himself should be someone who is completely free from interest groups or economic influences. ■

About the Speaker

Jong-in Kim

Jong-in Kim received his PhD in economics from Münster University and was a professor of economics at Sogang University. He was served four terms as a member of the National Assembly from 1981 to 2004, and was also Minister of Health and Social Affairs in 1989 and Senior Presidential Secretary for Economic Affairs in 1990. Currently, he is the Chairman of the Research Institute for Korean Development Strategies.

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