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Chapter
South Korea: A Success Story
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1. The authors wish to thank Hyeon Seok Park for his contribution to preparing this revision.
South Korea and North Korea share the Korean peninsula but were partitioned from one another at the end of World War II with the implementation of an agreement made between U.S. President Harry Truman and U.S.S.R. General Secretary Joseph Stalin in August 1945. In the early post-World War II period, South Korea received massive economic and military aid from the United States—due in part to Cold War strategic considerations. In contrast, North Korea struggled in isolation with limited assistance from the Soviet Union. South Korea became an economic powerhouse, while the North remains mired in poverty. Indeed, South Korea is a country that bases its political legitimacy on its remarkable record of economic success.

Though South Korea was ruled by military dictators between 1961 and 1987, the authoritarian regimes are credited with lifting the people out of poverty and protecting them from an aggressive and belligerent neighbor to the North. Democratization came to South Korea as part of the “Third Wave,” which included democratic transitions in Latin America during the 1980s and in the former Soviet Union and Central Europe during the 1990s. Political and economic liberalization were closely intertwined in South Korea and the country is often offered as a prototypical example of the close connection between democracy and economic well-being. Indeed, Korea has attracted enormous attention because both political democracy and economic development have been accomplished at levels so robust as to surpass most other non-Western societies. Attention has also focused on Korean politics because of the growing importance of the Korean economy in the global arena. In terms of gross domestic product (GDP), Korea’s economy is the 13th largest in the world (CIA World Factbook 2011).

The Korean state’s obsession with economic development, however, has arguably distorted Korea’s democratization as the interests of a state-business developmental coalition has taken precedence over citizenship
rights such as social welfare protections. Even democratically-elected administrations have tended to focus primarily on economic development and this is at times detrimental to civil society. The result has been a hyper-developmental political culture in South Korea.

Geographically, South Korea (officially called the Republic of Korea) is 99,646 square kilometers, about the size of the state of Indiana (smaller than Cuba, but larger than Panama). Its population numbered 48.9 million in 2010—a population smaller than that of Italy, but larger than that of Spain or Canada. The capital of South Korea, Seoul, is its largest city with over 9 million residents. In addition to Seoul, six other cities have over a million people: Busan, the major southeastern port; Daegu, in the southeastern region; Incheon, the major west coast port near Seoul; Gwangju, located in the southwestern province of Jeollanam-do; Daejeon, located in central Korea; and Ulsan, another southeastern port.

Korea has six distinct geographic regions. The first of these is the Capital Region, which includes Seoul, Incheon, and Gyeonggi (see map). The Chungcheong Region encompasses Daejeon, Chungcheongbuk, and Chungcheongnam. The Honam region (sometimes called the Jeolla region) consists of Gwangju, Jeollabuk (North Jeolla), and Jelloanam (South Jeolla). The Gyeongsang Region is Daegu, Gyeongsangbuk (North Gyeongsang), Busan, Ulsan, and Gyeongsangnam (South Gyeongsang). Two other regions correspond directly to the names of the associated provinces: Gangwon and Jeju.

Korea is one of the more densely populated countries on earth, with about 486 persons per square kilometer. Most of Korea’s population lives in an urban area. In 2008, 70 percent of the total population were living in large metropolitan areas, compared with an OECD average of 38 percent (OECD 2012, 56). (South Korea is a member country of the Organization for Economic Co-operation and Development [OECD]. For a list of member countries, see http://www.oecd.org/.)

Korea’s history is closely tied to China and Japan. The Korean Peninsula was unified under the Silla Dynasty in 668 C.E. The period of Unified Silla rule was marked by a strengthening of royal authority, the expansion of central and local administration, and the consolidation of military forces stationed throughout the provinces. Domestic and foreign trade (with Tang China and Japan) prospered. Silla lasted for nearly 1,000 years in the Korean Peninsula, but eventually Silla fell into decline and the Goryeo dynasty (918 to 1392 C.E.) developed out of the ruins of Silla. Goryeo leaders borrowed heavily from Chinese political thought and institutions. Such

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borrowing included the adoption of the Chinese system of official recruitment, which relied in good part on a state examination based on skill in literary Chinese and the Confucian classics.

The Goryeo dynasty collapsed with a military coup led by General (Taejo) Yi Song-gye who established the Joseon Dynasty in 1392. Yi Song-gye had become a powerful military figure as a result of exploits against the Japanese and against Mongol warriors during the late fourteenth century. The Joseon dynasty ruled Korea for more than 500 years until 1910 when Korea was forcefully annexed by Imperial Japan. Though Joseon Korea was a highly centralized state, mechanisms were established to check the arbitrary exercise of power. Censorate offices had responsibility for the surveillance of the king and any other official. In addition, rigid Confucian principles inhibited inappropriate behavior. A firmly held belief under the Joseon dynasty was that the government must be staffed and run by men of virtue and talent. State and local governments funded a well-structured educational system, and students received stipends and other privileges, such as exemption from military service (P. H. Lee 1993).

The upper class or aristocracy in Korean society, called the yangban, preserved its privileges through hereditary transfers of land and social status. The large majority of the people were commoners (sangmin), who bore most of the tax burden for the state. At the bottom of the society were slaves whose status was determined by birth. The economy was primarily agrarian, and thus the revenues for the state were drawn primarily from agriculture, rather than from commerce.

As part of the East Asian Confucian world order, the Joseon dynasty accepted junior partner status to China. Joseon leaders offered ritual tributes to Ming China in return for stability and peace in the region and the right to maintain independent nationhood. Nonetheless, Japanese warlords launched an invasion against Joseon in 1592 (Hideyoshi’s invasion of Joseon), and the capital city, Seoul, fell within just three weeks. The war lasted six years, decimated the population, and devastated the territory. Joseon also experienced foreign invasions in 1627 and 1636 by the same Manchu army that overthrew the Ming Dynasty and eventually founded the Qing Dynasty in China. To end the onslaught, the Korean king was obliged to kowtow to the Manchu conqueror and plea for peace.

Joseon’s approach to its neighbors from the mid-sixteenth century through the end of the nineteenth century was marked by isolation and hostility toward foreigners and resulted in the country being labeled the Hermit Kingdom by Western colonial powers. In spite of its isolation, Western ideas, including Christianity, began to filter into the Korean Peninsula, primarily through China during the seventeenth century. Contradictions between two great historical and religious traditions led to the banning of all forms of Western learning by the Joseon leadership in 1785. When Western ships began to arrive at the beginning of the nineteenth century, the government attempted unsuccessfully to shut its doors
to the Western “barbarians.” After the Japanese forced Joseon leaders to sign an unequal treaty in 1876 that opened three Korean ports to the Japanese and gave them extraterritorial privileges in these zones, similar treaties were demanded and received by the United States, Britain, Italy, and Russia.

Several attempts were made to reform and westernize the Joseon system of government when it was confronted by Western influences in the late nineteenth century, but anti-Western orientations among the population, the influence of conservative Confucian traditions, and the resistance of the powerful yangban obstructed any significant changes in the existing political and economic structures. When reformers were jailed by the government, discontent arose against corruption and oppression and the fervor swelled into a revolt known as the Donghak Rebellion (1894–1895). Both Chinese and Japanese troops were dispatched to the area which resulted in the First Sino-Japanese War (1894–1895). The Japanese military victories over China in 1895 and over Russia in 1905 ended China’s supremacy in the area and secured Japanese control over the Korean peninsula. Although King Gojong of the Joseon Dynasty proclaimed an independent Korea in 1897, Japan formally annexed Korea in 1910 with the coerced Japan-Korea Annexation Treaty, which is often called in Korea Gyeongsul Gakchi (the humiliation of the nation in 1910). The Annexation Treaty of 1910 marked the beginning of a 35-year period of Japanese colonial rule.

**Korea under Japanese Rule**

Korea underwent significant changes under Japanese colonial rule. The growth pursued by the Japanese did contribute to the economic development of the Korean peninsula in some aspects, but the building and reorganization undertaken were geared primarily toward enhancing the strength of the Japanese empire. Heavy industry and mines were constructed primarily in what is now North Korea, while commerce, light industry, and agriculture were concentrated in the south. The Japanese ruled through an authoritarian, centralized state apparatus, and left a legacy of paternalism in politics through the experience of state-controlled and state-managed industrial and commercial development.

Although the Japanese violently suppressed Korean uprisings against their occupation of the Korean peninsula, anti-Japanese movements continued nationwide. The “March 1st Movement” of 1919 is the most well-known of these rallies against Japanese rule. A Provisional Government of the Republic of Korea (Daehan Minguk Insi Jeongbu) was established by exiles in Shanghai, China, in April 1919, shortly after the March 1st Movement.

Japanese control of the Korean peninsula ended in 1945 at the end of World War II. The United States dropped atomic bombs on Hiroshima and Nagasaki in Japan on August 6 and August 9, 1945. The Japanese surrendered unconditionally on August 15, 1945. Significantly, it was on August 8, 1945, that the Soviet Union (U.S.S.R.) declared war against Japan and immediately launched an invasion of Manchuria and Korea.
Partition of Korea and the Korean War

At the end of World War II, several momentous events occurred for the future of Korea. The Allied powers of World War II had already decided in 1943 to strip Japan of all territories it had acquired since 1894. The decision was reaffirmed in the Yalta agreement of February 1945 and in the Soviet declaration of war against Japan, though no determination was made on the exact formula for governing the Korean peninsula. Because Soviet forces were on the peninsula at the time of Japan’s surrender, President Harry S. Truman proposed to Soviet leader Joseph V. Stalin in August 1945 that Korea be partitioned along the 38th parallel. Stalin agreed.

Because the United States and the Soviet Union could not agree on a government for all of Korea, the United States submitted the Korea question to the United Nations (UN) General Assembly for resolution in September 1947. The General Assembly ruled that UN-sponsored elections should be held and plans were made to establish a new government and withdraw occupation forces. The UN did supervise elections in South Korea for a national assembly in May 1948, and the adoption of a constitution modeled on the American system followed shortly thereafter. When South Korea was declared the Republic of Korea (ROK) in August 1948, Syngman Rhee assumed the presidency. President Rhee was an American-educated anti-Japanese activist and extreme anti-Communist.

North Korea, in contrast, rejected UN supervision of its elections and a separate regime was created in the North that included domestic Communists, Communists who had been working with Mao Zedong in China, and Communists who were either born in the Soviet Union or who were in exile there. When the Democratic People’s Republic of Korea (DPRK) was proclaimed in North Korea in September 1948, Kim Il Sung, an anti-Japanese guerrilla fighter and former Soviet army major, became supreme leader. With the government of Kim Il Sung established, Soviet troops were withdrawn from North Korea in December 1948. By June 29, 1949, U.S. occupation forces were withdrawn from the south—except for a few military advisers.

With the assistance of military training from the Soviet Union, North Korean armed forces numbered between 150,000 and 200,000 troops by June 1950. In June 1950, these North Korean forces suddenly launched an attack on South Korea. South Korea’s army was overwhelmed and the capital city of Seoul fell within three days. In the absence of the Soviet representative on the UN Security Council, the body adopted a series of resolutions establishing a UN command, with the United States as executive agent, whose purpose was to repel the North Korean invasion. Under UN auspices, President Truman ordered the use of U.S. planes and naval vessels against North Korean forces on June 26, 1950; on June 30, U.S. ground
forces were dispatched. The Korean War lasted until July 27, 1953, when a cease-fire agreement was signed. As of 2012, no comprehensive peace plan had yet replaced the 1953 armistice pact.

**South Korea under the Authoritarian Rule**
Korea’s post-World War II history is often told by reference to terms of its presidents. In Table 1, we list these presidents for the purpose of providing

**TABLE 1**
Names of Presidents (and Main Political Actors) in Post-1945 South Korea

<table>
<thead>
<tr>
<th>Year (Mar)</th>
<th>Presidents</th>
<th>Party Affiliations</th>
<th>Main Opponents in Elections</th>
<th>Party Affiliations</th>
<th>Dates of Presidency</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1948</td>
<td>Rhee Syngman</td>
<td>NARRKI*</td>
<td>Kim Gu</td>
<td>KI</td>
<td>Jul 1948–Apr 1960</td>
<td>Resigned following popular uprising against election fraud; Rhee died in exile in Hawaii.</td>
</tr>
<tr>
<td>1952</td>
<td>Rhee Syngman</td>
<td>LP</td>
<td>Cho Bong-am</td>
<td>I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1956</td>
<td>Rhee Syngman</td>
<td>LP</td>
<td>Cho Bong-am</td>
<td>I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1960</td>
<td>Rhee Syngman</td>
<td>LP</td>
<td>Unopposed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1967</td>
<td>Park Chung Hee</td>
<td>DRP</td>
<td>Yun Bo-seon</td>
<td>NDP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1971</td>
<td>Park Chung Hee</td>
<td>DRP</td>
<td>Kim Dae Jung</td>
<td>NDP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1972</td>
<td>Park Chung Hee</td>
<td>DRP</td>
<td>Unopposed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1978</td>
<td>Park Chung Hee</td>
<td>DRP</td>
<td>Unopposed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1979</td>
<td>Choi Kyu-hah</td>
<td>I</td>
<td>Unopposed</td>
<td></td>
<td>Dec 1979–Aug 1980</td>
<td>Indirect election; served the presidency only for 8 months before another military coup led by Chun Doo-hwan.</td>
</tr>
<tr>
<td>1981</td>
<td>Chun Doo-hwan</td>
<td>DJP</td>
<td>Yu Chi-song</td>
<td>DKP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1987</td>
<td>Roh Tae Woo</td>
<td>DJP</td>
<td>Kim Young Sam</td>
<td>UDP</td>
<td>Feb 1988–Feb 1993</td>
<td>First presidential election with secret, direct popular vote after the democratization.</td>
</tr>
</tbody>
</table>

*Acronyms for Party Names: NARRKI (National Alliance for the Rapid Realization of Korea Independence); KI (Korea Independence); LP (Liberal Party); DP (Democratic Party); DRP (Democratic Republican Party); CRP (Civil Rule Party); NDP (New Democratic Party); DJP (Democratic Justice Party); DKP (Democratic Korea Party); UDP (Unification Democratic Party); DLP (Democratic Liberal Party); NCNP (National Congress for New Politics); GNP (Grand National Party); MDP (Millennium Democratic Party); UNDP (United New Democratic Party); I (Independent)
a historical timeline. The first of Korea’s presidents was President Rhee, who, during the Korean War, established an authoritarian regime that persisted even after the end of the fighting. In November 1954, for example, President Rhee amended the constitution to eliminate those provisions that would limit the president to only two terms in office. As the government grew increasingly repressive, it also grew increasingly corrupt. When the 1960 presidential election came to be widely perceived as rigged, students took to the streets and protested violently. President Rhee was forced to resign and when elections were held for a new National Assembly, the Democratic Party, formed in opposition to President Rhee, won an impressive victory and took over the government.

Division within the new ruling party, the Democratic Party, however, kept the new government (the Second Republic) from dealing effectively with the country’s economic problems. A military coup in May 1961, led by Major General Park Chung Hee, resulted in the dissolution of the National Assembly, the suspension of the constitution, and the disbanding of all existing political parties. The Third Republic was inaugurated in December 1963 after Park Chung Hee won a slender victory as the presidential candidate of the Democratic Republican Party. Presidential elections were held again in 1967 and 1971—each of which resulted in victories for Park Chung Hee.

Park Chung Hee’s government put forward five-year plans with the goal of strengthening Korea’s economy. Indeed, the government of President Park was highly successful in promoting economic growth—and this accounts in part for its ability to maintain power in spite of the numerous opposition movements that were mounted against the government. Economic development became a source of legitimacy of the Park regime as well as a national goal.

In preparation for the 1971 elections, however, President Park needed to have the constitution amended so that he could run for a third term. He declared martial law late in 1971 and launched the Fourth Republic with the adoption of a new constitution. This document was called the Yushin (Revitalization) Constitution. It provided for the indirect election of the president through a new assembly—the National Conference for Unification (NCU). After Park was elected to another term by this assembly in 1978, and when economic growth slowed, discontented workers stage strikes, students protested, and the government reached a crisis point. In this context, the director of Korea’s Central Intelligence Agency, Kim Chai Kyu, shot the president and killed him in October 1979.

As specified in the constitution, Prime Minister Choi Kyu Hah became interim president. President Choi initiated a period of political liberalization. Emergency decrees were repealed and political prisoners were released. With continued downturns in the economy and political unrest, however, Major General Chun Doo Hwan and close allies engineered an internal military coup in December 1979. The result was massive student
demonstrations in Seoul and in the southwestern city of Gwangju, plus increasing labor unrest. Universities were closed and strikes were banned. Riot police and army units used force against the crowds.

Under the shadow of the continued repression of the opposition, the NCU indirectly elected General Chun president in February 1981. In the election to the National Assembly which followed in March 1981, the ruling Democratic Justice Party (DJP) gained just over 35 percent of the votes, but the power of the president was secured when electoral rules resulted in majority control of parliament for the DJP. Thus, the Fifth Republic came into existence.

In the mid-1980s a new opposition party, the New Korea Democratic Party (NKDP), appeared. Although control of politics remained in the hands of Chun, this new opposition party gained substantial support (29 percent of the vote) in the February 1985 elections to the National Assembly. The ability of an opposition party to mobilize such strong support demonstrates that Korean politics during this period were semi-authoritarian, but not dictatorial. On March 8, 1985, the government lifted a ban enacted in 1980 by the Chun regime that had prohibited political activities by many of the opposition leaders.

**Democratization in South Korea**

The question of what causes democracy is a recurrent concern of scholars and policymakers. Democratization processes are multifaceted and a one-or-two-factor explanation of why South Korea instituted competitive elections in 1987 would be too simplistic and deterministic. In terms of long-term forces, a reasonable argument is that Korea has undergone democratization largely as a consequence of rapid economic development. According to this theory, economic development as indicated by wealth, industrialization, urbanization, and education promotes political democracy. A more immediate cause of the democratic transition in Korea was escalating violent confrontations between government and opposition forces that occurred in June 1987. University students (the National Coalition of University Student Representatives) took to the streets during 1986–87 to demand a direct presidential election and the resignation of President Chun Doo Hwan (J. Lee 2002). Ultimately, professors, white-collar workers, small business owners, and ordinary people joined in the pro-democracy demonstrations that unfolded in the center of major cities. These unprecedented political protests tipped the power balance favorably toward the opposition movements and the government agreed to direct presidential elections, increased freedom of the press, and amnesty for opposition leaders (the June 29 Declaration). The National Assembly approved these reforms and in October 1987, the people ratified a new constitution through a referendum.

In the December 1987 presidential election that followed the constitutional referendum, General Roh Tae Woo emerged victorious. The rule of President Roh Tae Woo is generally considered the beginning of democracy
in South Korea since he was legitimately elected by direct popular vote. But, on the other hand, the election of Roh also meant the continuation of a president with a military background. The first civilian president emerged from the 1992 presidential election. Kim Young Sam, a long-time opposition leader was elected as successor to president Roh in 1992. The next step of the democratic transition occurred when, in the midst of an economic crisis, a peaceful transfer of power to the candidate of an opposition party was realized for the first time in Korea. Kim Dae-Jung, a life-long opposition leader and democratic activist, was elected president in 1997 after three unsuccessful bids for the presidency in 1971, 1987, and 1992.

Democratic reform came to Korea’s legislature as well as to the presidency. Electoral reform changed the way deputies were elected to the National Assembly and in 1988 the Democratic Justice Party (DJP) lost its majority control of parliament. Kim Dae Jung’s party, the Party of Peace and Democracy (PPD) and Kim Young Sam’s Reunification Democratic Party (RDP) both gained seats and a single, dominant political party no longer controlled the government.

Kim Dae Jung, president from 1998 to 2002, implemented economic liberalization. Many enterprises that had been owned or operated by the government became privatized. Kim Dae Jung also pursued a “Sunshine Policy” of engagement with North Korea. The policy contributed to a positive change in the public’s view of North Korea. Kim Dae Jung received the Nobel Peace Prize in 2000 for his efforts to restore democracy in South Korea and to improve relationships with North Korea.

President Kim Dae Jung was not able to run for the 2002 election because a second-term presidency is restricted by the 1987 Constitution. The winner of the December 2002 presidential election was Roh Moo Hyun of the Millennium Democratic Party (MDP). Roh’s victory, like those of each of his three predecessors, put even more distance between his regime and authoritarian regimes of the past. Roh, a noted human rights lawyer, portrayed himself as a pro-democracy fighter and labor activist. His administration was referred to as “Participatory Government.”

Lee Myung-bak, the candidate from the main opposition party, won the December 2007 presidential election over Chung Dong-young, the candidate of the ruling United New Democratic Party (UNDP) by a significant margin (49 percent vs. 26 percent). In the presidential campaign, Lee Myung-bak depicted himself as an experienced manager who could improve the economy and create new jobs, based on his previously successful career as a former executive of Hyundai corporation and a mayor of Seoul. Although President Lee Myung-bak was elected with substantial popular support, his public approval ratings plummeted shortly after his inauguration. The low popularity of the new president (less than 30 percent

4. After Roh Moo Hyun’s presidential term ended, close relatives and political aides were convicted on charges of illegally accepting bribes. When prosecutors started a criminal investigation into corruption by the former president himself, Roh committed suicide (in May 2009).
approval) was unusual given that most previous presidents had earned approval ratings up to 70 percent in the early stages of their presidential terms (Hankyoreh editorial May 9, 2008). His unpopularity early in his term resulted in part from his attempt to reopen the Korean beef market to U.S. beef imports in 2008 after its closure to U.S. beef in 2003 following concerns of mad cow disease. Demonstrations against the reopening of the market to U.S. imports in 2008 were recorded as larger than any other anti-government protest in two decades in South Korea (K. Y. Lee 2010). The anti-government movement included nationalist slogans against the president’s pro-American attitude. Further, President Lee instituted several major policy changes, such as selling off public and state-owned enterprises, ratification of South Korea–U.S. free-trade agreement (FTA), and implementation of *Four Major Rivers Restoration Project*. All these major reforms divided the Korean population, and thus President Lee suffered from severe criticism from opposition groups. Although overall economic management of Lee’s administration was relatively successful during the global financial crisis of the late 2000s, inequality in wealth became more intense, and Lee Myung-bak’s popularity remained low throughout his tenure.

As of August 2012, the list of candidates for the December 2012 presidential election included, but was not limited to Park Geun-hye (Saenuri Party); Moon Jae-in (Democratic United Party [DUP]), the Chief of Staff to the former President Roh Moo-hyun); Kim Doo-kwan (DUP, the Governor of South Gyeongsang Province); and Ahn Cheol-soo (Independent, Chairman of software firm, AhnLab Inc). Park Geun-hye, chairwomen of the ruling Saenuri Party was credited with winning the 2012 National Assembly election but her path to the presidency was uncertain because the victory of the Saenuri Party was in part an artifact of disproportionate seat-vote ratio. Although the ruling party gained 127 or 51.6 percent of the total district seats, the percentage accounts for only 43.3 percent of the total vote cast, and the combined percentage of votes cast to the candidates from the opposition coalition was 43.9 percent. These numbers suggested that the presidential election scheduled for December 2012 would be a close contest between conservative and liberal candidates.

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**Political Culture**

Political culture focuses our attention on characteristics of a society that appear to maintain a certain stability and coherence in spite of changes in political leadership and in the operation of political institutions. For example, Confucian principles that emphasize an individual’s relationship to his

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5. The *Four Major Rivers Restoration Project* involves building numerous dams, canals, and reservoirs for the purpose of controlling seasonal floods and droughts but is controversial among environmentalists in Korea.
or her family and to fellow community members are often considered to be at the core of Asian-based cultures (Pye 1985). Some argue that Confucius principles of collective good and social obligations are deeply entrenched in Korea (Park and Shin 2006).

Although Confucianism was introduced to Korea several centuries earlier, the philosophy expanded its influence greatly during the Joseon dynasty (1392–1910) when it was officially adopted as the state ruling ideology. Given that Confucianism placed emphasis on maintaining hierarchical social order, and embracing loyalty, obedience, and filial piety as its fundamental moral values, Korean Confucianism can be credited in some respects with the maintenance of an authoritarian political system during this period. The non-democratic characteristics of traditional Korean political culture were reinforced by militaristic Japanese rule between 1910 and 1945. Although a notion of liberal democracy was introduced to Korea shortly after liberation from the Japanese control, the authoritarian political legacy inherited from Confucius morality and the Japanese occupation caused a majority of Korean citizens to think of obedience to the government as proper, rather than regarding the government as the public’s servant (H.N. Kim 1998, 101–105). According to a study by Chong-Lim Kim (1988, 44–72), this lack of experience with democracy was one of three critical barriers that delayed the development of a modern democratic political system in South Korea. South Korea’s political culture began to change, however, as the country underwent massive social and economic transformations in the process of rapid industrialization.

Other scholars, however, argue against the “myth” that East Asian countries, including South Korea, have non-democratic or authoritarian political cultures. Dae Jung Kim (1994) contends that the philosophical and historical underpinnings of Asian culture place great emphases on “people-based politics,” thus Asian values are as suitable for democracy as is Western philosophy. Given this recognition, the biggest obstacle to democratization in Korea, in his view, was found in the resistance of authoritarian rulers to change rather than lying in an authoritarian cultural heritage. Thus, no scholarly consensus on the compatibility between the Confucian tradition and democratic development in East Asia has emerged (Spina et al. 2011).

Scholars do agree that the influence of traditional ideas based on Confucianism has waned dramatically compared to the past. Core notions of Western society, such as autonomy, independence, individual rights, and freedom, have been transplanted to South Korea and have replaced some traditional ideas. Nonetheless, the legacy of Confucianism is still a distinctive characteristic of Korean political culture when compared with countries from other geographical regions of the world. Both old and new values and beliefs are mixed and coexist in contemporary Korean political culture. In this regard, Hong-Nack Kim (1998) characterized Korean political culture using seven major components that include both old and new concepts: these are (1) authoritarianism, (2) civic orientation, (3) collectivism (pri-
macy of a group over an individual), (4) alienation, (5) factionalism (including regionalism), (6) propensity to resistance, and (7) nationalism.

As an example of the mix of old and new, the Confucian emphasis on patrilineal descent has had a significant consequence for women’s relationships to men and for female positions in society. Confucian ideology stressed a woman’s devotion to her husband; thus, in the Joseon period, women were to concern themselves exclusively with the domestic realm and were not to concern themselves with public affairs. Under this tradition, men have dominated politics and business arenas in Korea. More recently, however, with women being given greater opportunities for education, they have started to enter into public life. The first female Prime Minister (Han Myeong-sook) was confirmed by parliament in 2006. Both generational change and higher education are reducing the influence of Confucian tradition in contemporary Korea.

As another example, the structural shift from the extended to the nuclear family reduced the scope and the influence of familism—an important variant of collectivism (as opposed to individualism) in South Korea. The trend away from collectivism was re-enforced by the financial crisis of 1997–8. For some, the bleak prospect of securing jobs and even destitution resulted in defamiliation—a reduction in the moral significance and importance of the family in individual life. The historical importance of familial commitments and obligations in Korea is thus currently under strain. Though families can provide resources in times of trouble, family ties can also result in major economic burdens and stresses. Thus family relations can seem unbearably burdensome and can even increase a sense of desperation (Chang 2012).

Yet, according to the East Asian Barometer Survey:

The Confucian ideal of family remains a model of state governance in the eyes of many ordinary Koreans: in their minds, the family is still the moral source of social and political relations. The organic notion of society or polity as one family is widely accepted. All elements of society are seen as hierarchically ordered; [and] individual rights are viewed as less important than the collective welfare of the polity. (Park and Shin 2006, 360)

**Culture and the Economy**

Political culture also influences economic relations. For example, Max Weber (1958) stressed that cultural differences play a critical role in the processes of economic development and modernization. Weber argued that a Protestant work ethic was the basis for the development of Western capitalism. The Protestant ethic emphasizes such values as hard work, thrift, and integrity.

An argument can be made, similar to Weber’s, that neo-Confucianist writings also encourage a strong work ethic. According to Kahn (1979):

The modern Confucian ethic is superbly designed to create and foster loyalty, dedication, responsibility, and commitment and to intensify identification with the organization and one’s role in the organization. All this makes the economy and the
society operate much more smoothly than one whose principles of identification and association tend to lead to egalitarianism, to disunity, to confrontation, and to excessive compensation or repression. (122)

The scholars who link Confucianism to East Asian economic success are numerous and they often point to the following characteristics of Confucian culture: “hierarchical collectivism, loyalty toward authority, emphasis on education, and secularism which in turn emphasizes diligence, frugality and discipline” (Kwon 2011, 2; Allen et al. 2007; Power et al. 2009). Relatedly, the Confucian culture has influenced the role of government in the economic development process (Tai 1989). The interaction between government and business in Korea has generally been mutually supportive. At the same time, this relationship has been set in a hierarchical structure. High-ranking government bureaucrats, situated at the top of this hierarchy, planned an efficient allocation of resources for fast economic growth, and business was cooperative with their initiatives. Indeed, the effectiveness of government intervention has been buttressed by cultural norms supportive of government policies. Due to the relatively small size of the Korean economy and the relatively small number of large enterprises, the Korean style of government-business alliance involved effective communication and operated as a quasi-organization.

We must acknowledge that not all cultural contributions are positive for economic growth. For example, when considering the Korean financial crisis of 1997 in terms of Confucian culture, Mo (2001) argues that the Confucian legacy constrained economic reforms in Korea, which may have allowed the country to avoid the crisis. Lee and McNulty (2003) argue that a labor market based on guarantees of lifetime employment, which reflects collectivist Confucian values, cannot work well under globalization and liberalization. Kwon (2011) argues that the strong work ethic of Korean workers has weakened, alongside a decline in workers’ diligence, loyalty and dedication to their employer companies. Last, but not least, perceptions of injustice in society have grown because of increasing inequality in income and wealth distribution—all of which serve to raise transaction costs and socio-economic instability, which may adversely affect Korean economic development in the future (19).

POLITICAL INSTITUTIONS

The political ideology of the South Korean leadership in the post-1945 period can be described as staunchly anti-Communist and adamantly pro-capitalist. Until the changes that began to take place in 1987, strong threads of authoritarianism could be found throughout the political and economic spheres. More democratic political processes based on deliberation and compromise began in the 1980s to replace the authoritarian governing procedures of the past.
South Korea is currently operating under the constitutional framework of the Sixth Republic, which is grounded on the constitution authorized by the National Assembly on October 12, 1987, and approved by 93 percent of voters in a national referendum on October 28, 1987. The constitution (the original version dates back to August 15, 1945) became effective on February 25, 1988, when Roh Tae Woo was inaugurated as president. The importance of this constitution is that it was written after negotiation and compromise among the major political parties, and that it was not imposed by the executive branch on the parliament and then on the people—as had been done with Korea’s previous constitutions.6

The Presidency

The constitution that was adopted in 1987 provides for a strong presidency with significant powers. Because of these constitutional provisions, South Korea may be classified as a presidential system (Hicken and Kasuya 2003). Presidential systems are those in which an executive (a) is elected by a popular vote, (b) holds office for a fixed term (i.e., is not dependent on parliamentary vote of confidence), (c) selects and directs the cabinet, and (d) has legislative authority.

Why did South Korea adopt a presidential system of government? The answer lies in the democratization movement of June 1987—the people wanted to choose a president through direct elections rather than by indirect vote under the authoritarian regime. They felt that only a directly elected president had legitimacy. As a consequence, a presidential system, based on direct elections was implemented (Lee 2007). The Constitution and the amended presidential election law of 1987 specify that the president of South Korea shall be elected by direct, secret ballot.

The president, as stipulated in the 1987 constitution, is the head of state, chief executive of the government, and commander-in-chief of the armed forces. The president has the power to declare war and conclude treaties, to appoint senior public officials (including a cabinet consisting of the prime minister, deputy prime ministers, and other ministry posts), to bring important questions to the people by national referendum, and to assume emergency powers during periods of serious turmoil. The preeminence of the president is demonstrated by the fact that he has veto power over the actions of the parliament that take a supermajority to overturn.

The adoption of a presidential system during the democratization process actually represents continuity with Korea’s pre-1987 political system. Prior to 1987, a strong presidential system based on military rulers was an important factor in the country’s rapid economic development. Presidentialism was also an effective institutional design that permitted the

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opposition to take power from authoritarian rulers during the democratic transition.

The president has less power under the 1987 constitution than in the authoritarian era, but executive dominance still exists in Korean politics. The reduced power of the president after 1987 is exemplified by the 1988 general election, when the president’s party failed to achieve a majority in the National Assembly—for the first time in the history of South Korea. From that point forward, the National Assembly, sometimes led by opposition parties, became a more significant political player. The emergence of divided government (*yeoso-yadae*)—in which an opposition party or an opposition coalition controls the majority of the seats in the legislature—has important political consequences. First, when the National Assembly is controlled by a political party other than that of the president, the president must negotiate more often with the Assembly to achieve political goals and policy objectives. Second, political parties must recruit more competitive candidates to the National Assembly elections to win as many legislative seats as possible. The importance of securing majority status in the National Assembly has led to changes in the way candidates are recruited and elected. Although the influence of the central recruitment committee and the president over the nomination of candidates for legislative elections is still strong, political parties have institutionalized a candidate nomination process for general and presidential elections that employs nomination committees and includes competitive elections by party members (primaries).

A dramatic example of what can happen under divided government occurred in 2004, when the National Assembly impeached President Roh Moo Hyun for his alleged violation of presidential obligation to political neutrality as a public official as defined in the constitution. In the end, however, the Constitutional Court turned down the impeachment. Thus, despite reduced presidential power in South Korea compared to the authoritarian era, executive power is still stronger than in any other branch of the government (e.g., legislative and judicial branches).

The term of office for the president is five years and reelection of the president for a second term is prohibited. The single-term provision was adopted in 1987 to preclude any possibility of retrograding to authoritarian rule. This has led to a general trend that presidents become weaker by the end of their terms. South Korean presidents who started their presidencies with what could be termed as “imperial” power ended their presidencies “imperiled” (Jaung 2009). With declining public approval ratings, every Korean president since 1987 has ultimately been forced to or has chosen to leave the ruling party. Indeed most of these presidents were “lame ducks” at the later stages of their presidencies. The lame duck phenomenon in Korea is almost inevitable because the president can only serve a single five-year term with reelection forbidden by the Constitution.
Looking at the drastic decline in popularity of Korean presidents at the later phase of their terms, a columnist of a South Korean newspaper wrote that “Korea’s last nine heads of state had exceptionally unhappy endings to their presidencies” (Chang-sup Lee 2012). Presidents from the authoritarian era faced tragedy at the end of their lives. Rhee Syngman, the first president of Korea, resigned from his presidency when confronted with popular protests against him, and died in exile in Hawaii. Park Chung Hee, who became the president after he led a military coup in 1961, was assassinated during his presidency. Chun Doo-hwan and his successor Roh Tae-woo, both of whom started their careers as military officers, were imprisoned after being convicted on corruption and treason charges during the Kim Young-Sam administration. Presidents who served after democratization have also experienced their share of troubles. Roh Moo-Hyun suffered from a family scandal and left the ruling party before the next presidential election. Heading toward his end of tenure, President Lee Myung-bak, elected in 2007, was also surrounded by relatives and close aides who were under legal investigation.

These “unhappy endings” of Korean presidents are behind the calls for institutional reform in the structure of the presidency in South Korea. Some reformers call for the removal of the one-term limit to improve the democratic accountability of the president and to encourage the president to pursue long-term policy objectives rather than focusing on the short-term goals (H.C. Lee 2009; see also Jaung 2009). The unbalanced power distribution between the president and the legislature also sometimes engenders debate over the need to reform Korea’s constitution from a presidential to a parliamentary system (Chang-sup Lee 2012).

The one-term limit also affects the political party system. The unofficial custom of presidents abandoning their party affiliation just before the coming presidential election has become a sort of tradition in Korean politics. Roh Tae Woo left the Democratic Liberal Party three months before the 1992 presidential elections and Kim Dae Jung also abandoned his party seven months prior to the 2002 elections. In November 1997, just one month before election day, Lee Hoi Chang, the presidential candidate of the ruling NKP, asked President Kim Young Sam to withdraw from the party; Kim Young Sam accepted Lee’s proposal and resigned from the NKP (Hankook Ilbo Feb, 21, 2007). Often presidential elections go hand in hand with a renaming and/or reorganization of exiting political parties. For instance, just before the 1987 presidential election, the opposition New Korea Democratic Party divided into the Party for Peace and Democracy and the Reunification Democratic Party, led by Kim Dae Jung and Kim Young Sam, respectively. President Lee Myung-bak, elected in 2007, abandoned his affiliation with the ruling Grand National Party about a year ahead of the presidential election scheduled for December 2012. The party was reorganized into the Saenuri Party in February 2012. Thus, the five-year single-term presidency arguably undermines democratic accountability and
may weaken representativeness, which is related as well to the unstable party system (Kwak 2009).

The Legislature

The unicameral legislature in South Korea is called the National Assembly (Kuk Hoe), and members of the Kuk Hoe are elected by direct popular vote held every four years. Under the 1987 constitution, the president cannot dissolve the National Assembly and the Assembly has the power to approve presidential actions such as nominating the prime minister, making treaties, and declaring war. The Assembly has the authority to approve or disapprove of presidential emergency measures before they take effect. The president can veto National Assembly legislation, but the Assembly by a two-thirds majority can override this.

The National Assembly has a speaker and two vice-speakers who serve two years, and they are elected by a majority vote among all members. The Speaker represents the National Assembly of Korea, and regulates its proceedings, maintains its order, and supervises its affairs. Once a member is elected as the Speaker, he or she must abandon his or her party membership during his or her term of office, but the Speaker can reestablish a party affiliation once the term of office is complete.

According to the National Assembly Act, the Assembly meets every year in a regular 100-day session from September to December, and it also holds provisional sessions of 30-days starting the first day of February, April, and June respectively. In addition, on special occasions, the Assembly is also convened by presidential request or by the request of one-fourth of its members for a provisional session of up to 30 days.

The National Assembly currently maintains a mixed-member electoral system with some members elected in single-member districts (SMDs) and other members elected based on a proportional system (PR, closed national party list). When elections were held in April 2008, 245 out of 299 Assembly seats were filled by direct election from single-member districts, while the remaining 54 were elected by proportional representation (PR). A party only qualifies for PR seat distribution if it wins at least 3 percent of the total vote share in the PR ballot or if it wins at least 5 seats from single-member districts. A voter casts two ballots, one for his or her district representative and the other for a preferred party from a party list.

Under rules adopted in 2004, one-half of candidates on each party’s PR list should be women. As a result, the National Assembly has seen a gradual increase in the number of female members. The proportion of female members increased from 5.9 percent in the 2000 National Assembly to 13.7 percent (41 out of 299) in the 2008 National Assembly. In 2012, 47 of 300
elected members were women, bringing their representation to 15.7 percent. (In February 2012, the National Assembly adopted amendments to the Electoral Law, increasing the statutory number of members from 299 to 300.) Advocates of electoral reform argue that an enlargement in the number of seats allocated by party-list votes would lessen the effects of regionalism, so prominent in single-member-district voting, and enhance proportionality as well as minority representation.

Prior to 2000, voter turnout for National Assembly elections was higher than in most Western nations, but disenchantment among the Korean public was apparent with a turnout of 57.2 percent in the 2000 election. In the 2004 election, voter turnout rose from the 2000 election to 60.6 percent. Critical national issues such as the impeachment of President Roh and the introduction of a “two-ballot system” are believed to have contributed to the higher turnout in the 2004 legislative election. Popular turnout dramatically declined to 46.1 percent in the 2008 election, the lowest on record. Voter turnout for the 2012 election was 54.3 percent—an 8.2 percentage point increase over the 2008 election.

The Prime Minister and the State Council
South Korea has a prime minister who is appointed by the president and approved by the National Assembly. Because the country has such a strong presidential system, the prime minister has relatively limited power. Officially, the prime minister is responsible for the supervision of the activities of the various governmental ministries; he or she coordinates and leads the cabinet. In Korea, the cabinet is called the State Council and is composed of the president, the prime minister, and between 15 and 30 ministers, not all of whom are members of the National Assembly though many are. The most important ministries are the Ministry of Finance and Economy, the Ministry of Education and Human Resources Development, and the Ministry of Science and Technology. These three “super agencies” are in charge of policy planning, coordination, and implementation—thus, these are the ministries that have overseen Korea’s industrialization process, astonishing economic growth, and first-in-the-world development of information and communication technology.

The Courts
The judicial branch of the Korean government consists of the Constitutional Court, the Supreme Court, and lesser courts, such as the Family Court and the District Courts. The president appoints the Chief Justice and Justices of the Supreme Court with the consent of the National Assembly. The Chief Justice, with the consent of the Conference of

9. In Korean politics a lower turnout generally benefits conservative parties while a higher turnout is beneficial to more liberal parties (The Hankyoreh, April 10, 2008). This is because voting among older people, who are more likely to support conservative parties, is relatively more consistent than that of younger people.

10. For more detail on the powers of the Prime Minister, see Section II in Chapter IV of the Constitution of South Korea.
Supreme Court Justices, appoints judges other than the Supreme Court Justices. Justices of the Supreme Court serve six-year terms, while lower-level judges serve ten-year terms. In addition to hearing appeals from lower courts, the Supreme Court has the right to review regulations and decrees issued by ministries and other government agencies.

A separate Constitutional Court, created in 1988, is empowered to rule on constitutional petitions and has the authority to judge the constitutionality of laws enacted by the National Assembly. In addition, the Constitutional Court is empowered to pass judgment on matters of impeachment and the dissolution of political parties. Of the nine members of the Constitutional Court, the National Assembly chooses three, the Chief Justice chooses three, and the president selects three. All are subject to presidential approval (for six-year terms).

Though the courts have consistently tried to detach themselves from political issues, even under the authoritarian regimes, the judicial branch is an important political actor in Korean politics—especially after the establishment of the Constitutional Court. Major political parties, individual politicians, and civic associations make petitions to the Constitutional Court about government policies and political issues. The Constitutional Court’s rejection of the impeachment of President Roh in 2004 shows the political importance of the judicial branch in South Korean politics.

Civil Service

The staff for the general administrative offices of government, foreign affairs, and justice, as well as public school teachers and faculty members at state universities are recruited through a system of competitive examinations. The upper levels of the civil service, particularly in the economic ministries, generally draw upon some of the best-trained and most technically competent members of the population (Shaw 1992). Graduates of Seoul National University, Yonsei University, and Korea University (all located in Seoul) continue to have an edge in gaining employment and are disproportionately represented in the higher civil service grades.

Because the more financially rewarding jobs are now often found in private industry and commerce, the civil service has lost some of the prestige that it enjoyed in traditional Korean society. The reputation accorded to bureaucrats tends to be an ambivalent one, containing both references to competence and dedication and innuendos to the ever-present possibility of corruption. The anti-corruption reforms of President Roh Tae Woo resulted in the prosecution of high-level officials and relatives of the previous president Chun Doo Hwan. President Kim Young Sam likewise prosecuted officials associated with previous governments. Political pressures can be quite intense on lower-level public officials, especially during times of election campaigns.
Local Government

When operating properly, local government can provide a mechanism for checking and balancing the power of the central government. In addition, effective decision making at the local level should help the government perform better in seeing to the needs of the people. Local government should also serve to reduce the workload of the central government and reduce the number of conflicts that need to be mediated at the central level. Local self-government, better than a distant centralized government, should also more easily respond and adapt to local conditions (Kim & Chung 1993, 202–203).

In the less-than-ideal world, however, local governments may be driven by local (parochial) interests and may lack a broader worldview. They tend to be characterized by favoritism and nepotism, dominated by powerful local businesses or landowners, and are not responsive to the needs of the poor or of ordinary workers. Especially in societies marked by hierarchical social arrangements, the ordinary citizen may have little real opportunity to participate in or influence local politics. Rather, workers may be obligated because of dependent economic relationships to support a local “patron” and may not be able to act independently in support of their own interests. Finally, the decentralization of decision making can contribute to an increase in regional disparities. Only a centralized government has the power to reallocate resources from more well-off regions in order to promote growth in the less-developed areas.

In the context of this theoretical debate, we note that in South Korea, authentic local self-government was essentially nonexistent during much of the post-World War II period. Although a local autonomy law was enacted in 1949, local elections for mayors, provincial governors, and local councils were not held until December 1960; and immediately after the 1961 military coup led by Park Chung Hee, all local assemblies were dissolved. Seoul, Pusan, and the provincial governments came under the direct control of the central government. Thus, until 1989, Korea was characterized by a highly centralized system of administrative control. Under such a system, local leaders were not accountable to the local populace, rather they functioned as obedient agents of the president. This lack of local autonomy was one of the major factors in the continuation of authoritarianism in Korea.

In 1989, the National Assembly passed legislation designed to increase local autonomy. Although historically the president appointed governors to South Korea’s nine provinces and the mayors of the six major cities (after nomination by the prime minister), these leaders were subject to direct elections as of 1995. The popular election of these local leaders was considered an important step in the process of democratization in Korea. However, the major political parties continued to exert their control by choosing the candidates for local assemblies and by selecting council chairmen. Another continuing concern is that Korean electoral districts are unreasonably large. In contrast to Western systems where electoral districts generally comprise
fewer than 10,000 citizens, Korea’s districts encompass an average of 130,000 citizens. This places too great a distance between local leaders and individual voters. In addition, the low level of voting in local elections (see Table 2) weakens the idea that local autonomy contributes to democracy through increased popular participation. For the local elections held in June 2010 (local elections include: (1) City, County, and District Council Elections, (2) Provincial Assembly Elections, and (3) Governor Elections), voter participation was 54 percent (of the eligible electorate).

BASES OF POLITICAL CONFLICT

Compared with other countries, including the United States, South Korea does not have major divisions within its population based on ethnicity; rather, the country has a relatively homogeneous population. One mark of homogeneity is language—Korea has no significant linguistic minorities—though the number of immigrants and foreign workers is increasing. Koreans do follow a diversity of religious traditions, but these do not provide a foundation for societal cleavages. The mainstream and most influential religious traditions are Buddhism and Christianity.

The dominant cleavage in Korean politics is regionalism. In addition, generational gaps and ideological divisions from the Cold War era provide foundations for political competition. Increasing income inequality emerged as a significant source of political cleavage after the Asian financial crisis at the end of 1990s.

We start with a discussion of political and social tensions tied to regional disparities. The basic rivalry is between the southeastern and the southwestern regions of the country and is in part a carryover from traditional Korean politics. Regionalism has been reinforced by state-sponsored programs that promote development in targeted regions. Although the capital city of Seoul is located in the northwestern part of the Korean peninsula (in the middle of Gyeonggi province), before 1997, Korea’s leaders tended to come from the southeastern provinces (Gyeongsangnam and Gyeonsangbuk). From this it followed that the Gyeongsang provinces received preferential treatment by the government in comparison with other areas. During the era of fast industrialization (the 1960s and 1970s), the cities in this region, such as Busan, Daegu, and Ulsan, became major industrial centers of the peninsula. In contrast, the southwestern part of the peninsula, Jeollanam-do and Jeollabuk-do, had backed minority parties and until recently were the most important agricultural areas in South Korea. As Tables 2 and 3 indicate, conservative candidates and parties have been dominant in the Southeast while liberal parties are dominant in the Southwest. For example, in the 2002 presidential election, the liberal candidate Roh Moo Hyun (of the Millennium Democratic Party [MDP]) received landslide support in the


TABLE 2
Percentage of Votes in the Presidential Elections

<table>
<thead>
<tr>
<th></th>
<th>Conservative Candidate</th>
<th>Liberal Candidate</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeast Region</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>80.17</td>
<td>10.24</td>
<td>9.59</td>
</tr>
<tr>
<td>2002</td>
<td>69.4</td>
<td>25.76</td>
<td>4.84</td>
</tr>
<tr>
<td>1997</td>
<td>84.12</td>
<td>13.46</td>
<td>2.42</td>
</tr>
<tr>
<td>1992</td>
<td>74.69</td>
<td>10.1</td>
<td>15.21</td>
</tr>
<tr>
<td>Southwest Region</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>12.51</td>
<td>79.7</td>
<td>7.79</td>
</tr>
<tr>
<td>2002</td>
<td>4.92</td>
<td>93.2</td>
<td>1.88</td>
</tr>
<tr>
<td>1997</td>
<td>4.79</td>
<td>93.8</td>
<td>1.41</td>
</tr>
<tr>
<td>1992</td>
<td>6.59</td>
<td>91.88</td>
<td>1.53</td>
</tr>
</tbody>
</table>


TABLE 3
The Number of National Assembly Members Elected from Each Region in the General Elections

<table>
<thead>
<tr>
<th></th>
<th>Conservative Parties</th>
<th>Liberal Parties</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeast Region</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>46</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>2004</td>
<td>60</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>2000</td>
<td>64</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>1996</td>
<td>51</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>1992</td>
<td>53</td>
<td>0</td>
<td>18</td>
</tr>
<tr>
<td>Southwest Region</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>0</td>
<td>25</td>
<td>6</td>
</tr>
<tr>
<td>2004</td>
<td>0</td>
<td>25</td>
<td>6</td>
</tr>
<tr>
<td>2000</td>
<td>0</td>
<td>25</td>
<td>4</td>
</tr>
<tr>
<td>1996</td>
<td>1</td>
<td>36</td>
<td>0</td>
</tr>
<tr>
<td>1992</td>
<td>2</td>
<td>37</td>
<td>0</td>
</tr>
</tbody>
</table>

(See Figure 1 for the changing names of the conservative and liberal parties over time.)

southwestern region while the conservative candidate Lee (of the Grand National Party [GNP]) won resoundingly in the southeastern region. Six of the country’s eight presidents have come from North Gyeongsang province; while Roh Moo-hyun and Lee Myung-bak hail from South Gyeongsang province.

Table 4 shows the exact distribution of votes over regions in the 2007 presidential election. Although Lee Myung-bak (the conservative candidate) won in most of the regions in South Korea, the figures reveal a continuation of regionalism in Korean electoral politics similar to previous elections. While Lee Myung-bak won a remarkable number of votes from the southwestern part of the Korean Peninsula including such specific regions as South and North Gyeongsang provinces, Busan, Daegu, and Ulsan cities, he only gained one-digit vote shares from the southeastern regions such as Gwangju City and South and North Jeolla Provinces, which have been the typical strongholds of the United New Democratic Party (UNDP), and where Chung Dong-young, the candidate of the liberal party

TABLE 4
Electoral Support (percent) for Candidates in the December 19, 2007, Presidential Election by City and Region

<table>
<thead>
<tr>
<th>Presidential Candidates</th>
<th>Lee Myung-bak (GNP)</th>
<th>Chung Dong-young (UNDP)</th>
<th>Lee Hoi-chang (Independent)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>48.7</td>
<td>26.1</td>
<td>15.1</td>
</tr>
<tr>
<td><strong>Areas</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seoul</td>
<td>53.2</td>
<td>24.5</td>
<td>11.8</td>
</tr>
<tr>
<td>Gyeonggi-do</td>
<td>51.9</td>
<td>23.6</td>
<td>13.4</td>
</tr>
<tr>
<td>—Incheon (Metropolitan area)</td>
<td>49.2</td>
<td>23.8</td>
<td>15.2</td>
</tr>
<tr>
<td>Gangwon-do</td>
<td>52.0</td>
<td>19.0</td>
<td>17.6</td>
</tr>
<tr>
<td>Chungcheongbuk-do</td>
<td>41.6</td>
<td>23.8</td>
<td>23.4</td>
</tr>
<tr>
<td>Chungcheongnam-do</td>
<td>34.3</td>
<td>21.1</td>
<td>33.2</td>
</tr>
<tr>
<td>—Daejeon (Metropolitan area)</td>
<td>36.3</td>
<td>23.6</td>
<td>28.9</td>
</tr>
<tr>
<td>Jeollabuk-do</td>
<td>9.6</td>
<td>81.6</td>
<td>3.6</td>
</tr>
<tr>
<td>Jeollanam-do</td>
<td>9.2</td>
<td>78.7</td>
<td>3.6</td>
</tr>
<tr>
<td>—Gwangju (Metropolitan area)</td>
<td>8.6</td>
<td>79.8</td>
<td>3.4</td>
</tr>
<tr>
<td>Gyeongsangbuk-do</td>
<td>72.6</td>
<td>6.8</td>
<td>13.7</td>
</tr>
<tr>
<td>—Daegu (Metropolitan area)</td>
<td>69.4</td>
<td>6.0</td>
<td>18.1</td>
</tr>
<tr>
<td>Gyeongsangnam-do</td>
<td>55.0</td>
<td>12.4</td>
<td>21.5</td>
</tr>
<tr>
<td>—Busan (Metropolitan area)</td>
<td>57.9</td>
<td>13.5</td>
<td>19.7</td>
</tr>
<tr>
<td>—Ulsan (Metropolitan area)</td>
<td>54.0</td>
<td>13.6</td>
<td>17.5</td>
</tr>
<tr>
<td>Jeju-do</td>
<td>38.7</td>
<td>32.7</td>
<td>15.0</td>
</tr>
</tbody>
</table>

**Source:** Korea National Electoral Commission, http://www.nec.go.kr.

**Note:** Some candidates from small parties or independents won a small portion of votes in the election, but those numbers are not represented in the table. “–do” is an administrative division that is commonly referred to as province.

secured about 80 percent of votes (see the map of Korea). Lee Hoi-chang, who had previously run unsuccessfully as the GNP presidential candidate in 1997 and 2002 obtained a fair proportion of the vote share from Chungcheong provinces as he tried to establish those regions as his provincial base. Therefore, the election result of 2007 confirmed again that inveterate regionalism still functions as the foremost characteristic of Korean electoral politics.

The second major cleavage in Korea society is generational. In terms of generational gaps, those who were socialized and educated after the Korean War (1950–53) are different from the pre-war generation in many aspects. Those born before 1950 experienced the trauma of Japanese colonial rule, the Korean War, and the immediate post-war reconstruction period. In contrast, those born later had the advantage of living in relative affluence achieved through economic growth. More recently generational differences can be attributed to the influence of the urban life-style on younger Koreans. During the period from 1965 to 2010, the proportion of the population living in the urban areas of South Korea (in cities with populations over 50,000) increased from 32 percent to 83 percent. As discussed in the Political Culture section, the hierarchical structure of traditional family has lost some of its functional relevance in the highly mobile society of postwar Korea.
The pre-Korean War generation tends to have stronger anti-Communist sentiments and more negative orientations toward North Korea. Support for the unification of North and South Korea comes primarily from younger generations. A survey by Gallup Korea (September and October 2010) indicates that half of the younger generation (twenties, thirties, and forties) perceive North Korea as a partner with which South Korea should cooperate. However, only 33 percent of those in their sixties and older answered in a similar manner.

After the introduction of President Kim Dae Jung’s “Sunshine Policy” toward North Korea in 1998, an ideological divide regarding the issue of reunification, which cannot be explained simply by intergenerational differences, became clearly visible in Korean society. Conservatives are highly skeptical of negotiation with the regime in North Korea and are genuinely uncomfortable with any reconciliation. Conservatives argue that the “Sunshine Policy” policy has failed to change the behavior of North Korea. In contrast, liberals (or progressives) are supportive of engagement with North Korea. In the 2010 Gallup Korea survey, 57.8 percent of progressives perceive North Korea as a partner to cooperate with, while only 36.1 percent of conservatives see North Korea in the same way.

Thus, although regionalism remains important in Korea, it cannot account completely for the results of elections. One can see ideological cleavages in Korea’s elections. In the 2002 presidential election, the candidate from the ruling MDP, Roh Moo Hyun, was regarded as a quite liberal politician. During his campaign, Roh consistently emphasized redistribution in the economy and reform in the political system. In contrast, Lee Hoi-Chang, the presidential candidate from the Grand National Party, emphasized economic growth rather than redistribution and political stability in Korea by furthering Korean-American relations (H. E. Kim et al. 2008).

The controversy surrounding the attempt to impeach President Roh revealed both ideological and generational divisions within Korea. When in 2004, the Korea National Assembly led by the majority Grand National Party attempted to impeach Roh (though ultimately the Constitutional Court of Korea overturned the impeachment motion), the more conservative older generation tended to support the impeachment process while a progressive younger generation actively participated in the rallies in support of Roh Moo Hyun against the impeachment attempt. This polarization of Korea society intensified as the Roh administration continued to embrace active engagement with North Korea (continuing the Sunshine Policy established by President Kim Dae Jung). Opposition to the “Sunshine Policy” was a major theme in the 2007 presidential campaign of conservative presidential candidate Lee Myung Bak.

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11. Even with the fall of East European Communism, the breakup of the Soviet Union, and the death of Kim Il Sung in 1994, the commitment of the North Korean leadership to state Communism has not wavered.
This distinction between liberal and conservative positions is now ingrained in the Korean media. In the campaign for the 2012 presidential election, Park Geun-hye of the ruling Saenuri Party was repeatedly referred to as a conservative while the opposition candidates were dubbed as either “liberal” or “progressive.” The Grand National Party (renamed the Saenuri Party in 2012) generally receives much of its support from conservative voters while opposition parties such as the Millennium Democratic Party are more likely to receive the support of liberal voters.

Though discussed further in a later section of this chapter, we note here that since the 1997 Asian financial crisis, the consensus support among Korean people for rapid economic growth began to diminish as inequality became an important social and political issue. The demand for social welfare programs and income redistribution to mitigate the effects of inequality has increased significantly. In the 2010 Gallup Korea survey, 45 percent of respondents supported the idea that the government’s primary concern should be economic growth rather than income redistribution, but 30 percent answered that the government needs to be primarily concerned with income redistribution.

The 2012 National Assembly election was largely fought over economic issues such as rising prices and a difficult employment situation, and it was the ruling conservative party that emerged as the winner. The DUP, led by former prime minister, Ms. Han Myeong-sook, criticized the government over rising prices and pledged to re-negotiate a free trade agreement with the United States (KORUS FTA), which came into force on March 15, 2012. The 2012 election revealed that cleavage structures can in fact be fluid, especially in new democracies where people adjust their political orientations in response to new social and political developments. Ideological differences, increased significance of younger voters, and somewhat weakened regionalism all characterized the 2012 election and differentiated it from elections prior to 2004. For the 2012 presidential election, economic and welfare issues were of key interest to the voters. Relations with North Korea, however, also remained at the forefront of voters’ minds—with the death North Korea’s long-term leader Kim Jong Il in 2011, concerns over political instability coexisted with hopes for improved inter-Korean relations.

**Political Parties**

In February 2012, the ruling Grand National Party merged with the much smaller Future Hope Alliance and renamed itself the Saenuri Party (New Frontier Party). The name Grand National Party had emerged after a merger in 1997 between the New Korea Party and the Democratic Party. The renaming in 2012 was part of an effort to break away from the tainted
image of the unpopular and lame-duck president Lee Myung-bak in preparation for the April 2012 National Assembly elections and the December 2012 presidential elections. Planning for the same elections, the leading opposition party also adopted a new name, the Democratic United Party (DUP), after merging with the Citizens Unity Party and members of the Federation of Korean Trade Unions.

These examples illustrate how new political parties emerge and disappear in Korean politics making the political party system appear quite unstable. Political parties in South Korea repeatedly split and merge ahead of national elections, and this often results in the adoption of a new party name. Korean scholars of political parties acknowledge a well-known but unwritten rule that no party label that has successfully elected a president survives after the president’s tenure. Without exception, as outgoing presidents lose popular support, a ruling party will choose to either rename itself to reframe its image or will reorganize under a new party banner by merging with other parties or by splitting. Changing a party name before a presidential election is regularly done to hide from voters’ dissatisfaction with poor management in the previous administration. This is why one rarely finds a political party in Korea that exists under the same party label for more than ten years.

The short life span of Korean political parties has a rather long history. A surfeit of party formation and re-formation has been a significant and foremost characteristic of the Korean political process since 1945. For example, the ruling New Korea Party (NKP) changed its name to the Grand National Party right before the 1997 presidential election when it merged with some of the remaining members from the Democratic Party. At that time, the ruling NKP and the government were targets of an unfavorable public mood because of poor economic performance and national financial crisis.

A related fact is that Korean parties are generally very election-oriented, and this extreme focus on vote-seeking by politicians becomes the primary incentive to organize parties, which sometimes leads to mergers among parties with quite different policy goals (Kwak 2009). Thus, parties tend not to be distinguished by ideological differences across political platforms, but rather differences across political parties are based more upon interpersonal relationships, regional ties, and individual personalities. It is therefore difficult to find ideological continuity in Korean political parties. Given their temporary nature, the link between political parties and citizens is weak, and individuals often express low levels of trust toward political parties (Kang 2009, 120).

Because most Korean political parties are dependent on specific individuals rather than on ideology, “party bossism” is a major characteristic of the Korean party system. “Party bossism” means that parties are managed not by policy-centered, but by boss-centered, organizations. In the extreme case, the boss manages an election by controlling the power to nominate
party candidates in districts, with the outcome that the successfully elected representatives arrive at the National Assembly and function as direct subordinates of the party boss (Lee 2007). South Korea’s democratic transition has not led to significant change in its boss-centered party system.

These negative aspects of Korean parties have contributed to a weak, under-institutionalized party system. Nonetheless, we can find continuity in South Korea’s political party system by looking at party leaders rather than at the names of the political parties. In the following paragraphs, we outline the paths of political party evolution in South Korea. Given the frequently changing names of Korea’s political parties, the reader may more easily follow this overview by referring to Figure 1.

We begin our overview with the 1985 National Assembly elections, when Kim Dae Jung and Kim Young Sam were united in opposition, and together served as de facto leaders of the New Korea Democratic Party (NKDP). The opposition split when Kim Dae Jung formed the Party for Peace and Democracy (PPD) and Kim Young Sam formed the Reunification Democratic Party (RDP) before the 1987 presidential election. Meanwhile the ruling conservative Democratic Justice Party (DJP) stayed steady and received 35 percent and 34 percent of the vote, respectively, in the 1985 and 1988 National Assembly elections. The 1988 legislative election, however, was the first election held under the new constitution, and with the new election rules, the DJP failed for the first time to secure a majority of the seats in the National Assembly. In early 1990, the DJP led by President Roh Tae Woo merged with the two opposition parties, RDP and New Democratic Republican Party (NDRP), which were led by Kim Young Sam and Kim Jong Phil, respectively. This three-party merger between ruling and opposition parties to form the Democratic Liberal Party (DLP) resulted in a win in the National Assembly. In the 1992 elections, however, the ruling Democratic Liberal Party (led by President Roh Tae Woo and Kim Young Sam) won less seats, and was unable to obtain a clear majority. The dramatic reduction in the number of seats controlled by DLP again revealed that the popular bases of Korean parties were not stable. The opposition Democratic Party headed by Kim Dae Jung won almost a third of the seats.\footnote{Detailed information on election results can be found in the election archive of the official webpage of the National Election Commission of Korea: http://www.nec.go.kr/engvote/main/main.jsp.}

Kim Young Sam, as the Democratic Liberal Party’s presidential nominee, won the presidential election of 1992, but factionalism within DLP was pronounced because it was composed of three parties with different political backgrounds. Indeed two previous leaders of the DJP (the predecessor to the DLP), were prosecuted in 1995 under Kim Young Sam’s leadership. Those prosecuted were former presidents Roh Tae Woo and Chun Doo Hwan—for corruption and for the military coup that brought Chun Doo Hwan to power. Kim Jong Phil’s faction also left the DLP and organized the United Liberal Democrats (ULD). Right after the departure of Kim Jong-Phil, the DLP was renamed the New Korea Party (NKP) in 1995.
Figure 1
Korea’s Parties in Transition
All political parties responded to the return to politics of Kim Dae Jung in 1994. Instead of coming back to the Democratic Party, to which he belonged before his retirement, Kim Dae Jung chose to form the National Congress for New Politics (NCNP) in 1995. In the 1996 general election, the ruling New Korean Party (NKP, formerly the Democratic Liberal Party) secured the most seats in the National Assembly, but was short of a legislative majority. Kim Dae Jung’s NCNP came in second and the third-strongest party in the 1996 elections was Kim Jong Pil’s ULD.13

The NKP changed its label again to the Grand National Party (GNP) prior to the 1997 presidential election. But the 1997 presidential election was won by Kim Dae Jung and the National Congress for New Politics (NCNP) became the new ruling party and the Grand National Party became the main opposition party. Less than two months before the April 2000 National Assembly election, President Kim Dae Jung reinvented his National Congress for New Politics under the name of the Millennium Democratic Party (MDP).

The candidate of the ruling MDP, Roh Moo Hyun, won the 2002 presidential election. In 2003, some of the supporters of president Roh Moo Hyun split from the MDP to form the Uri Party. The Uri Party (associated with President Roh) went on the win the 2004 National Assembly elections. The election of April 2004 was the first to be held after the introduction of the two-ballot system. Noteworthy is that seats occupied by the two opposition parties (GNP and MDP), which had initiated an impeachment of President Roh, diminished drastically in the elections.

In the run up to the 2007 presidential election, the ruling Uri Party merged into the United New Democratic Party (UNDP) and its nominated candidate Chung Dong-Young entered the 2007 election with a new party label (UNDP). After Chung Dong-Young’s defeat in the 2007 election, the UNDP changed its party label and experienced a series of splits and mergers, ultimately becoming the Democratic United Party (DUP) to contest the 2012 National Assembly and presidential elections.

Meanwhile, reeling from defeat in both the presidential (2002) and parliamentary elections (2004) the Grand National Party (GNP) was confronted with the challenge of building new leadership. The party elected Park Geun-hye, a daughter of former president Park Chung Hee, as their chairwoman and nominated Lee Myung-bak as their candidate for the 2007 presidential election. Lee Myung-bak of the GNP won the presidential race of 2007 over the ruling UNDP. In the 2008 legislative election, the Grand National Party became the majority party and United Democratic Party became the main opposition party. The noteworthy result from the 2008 election is that conservative parties including GNP, Liberty Forward Party, and the Pro-Park

13. This election was executed under the old electoral law with only a single vote casted by a voter. At that time, 237 seats were filled by direct election from single-member districts. The proportional seats were assigned to the parties that had won at least 5 percent of the vote.
Coalition\textsuperscript{14} gained 185 seats out of 299 seats in the Assembly, while liberal and progressive parties including United Democratic Party, Democratic Labor Party, and Creative Korea Party secured only 89 seats.

In February 2012, the ruling Grand National Party (GNP) renamed itself as the Saenuri Party (New Frontier Party), under the leadership of Ms. Park Geun-hye, daughter of former president Park Chung-hee. In the April 2012 election, the ruling Saenuri Party kept its majority in the National Assembly by winning 152 of the parliament’s 300 seats. Many experts had predicted the defeat of the ruling party given the low popularity of the incumbent president Lee Myung-bak. An opposition coalition of the Democratic United Party (DUP) and the United Progressive Party (UPP) attempted to capitalize on President Lee’s declining public approval, but came in second to the Saenuri Party.

This overview provides evidence that the frequent shifting of party names, party coalitions, and party members is a regular characteristic of Korean politics. Korean political parties, including the ruling parties, are often plagued by internal factionalism and by low levels of grassroots support. Parties tend to split over issues of personality rather than principle. According to Chan Wook Park (2000):

A typical Korean party is personality dominated and rallies around a particular boss to maintain its vigor. . . . A party’s crucial electoral base is its leader’s native region. . . . Personality dominance, bossism, and lack of ideological distinction all contribute to the instability of the party system. Prominent leaders make and remake parties all the time. Members of the National Assembly change their party affiliation according to their relationship with the leaders or political convenience.

Thus, it makes sense that when looking for continuity in South Korea’s political party system, we look at party leaders rather than at the names of the political parties. A related predictable characteristic of the political landscape is that parties do receive strong support in the home region of their national leaders. For example, in the 2000 parliamentary election, each of the political parties went into the election with a clear regional power base: the Grand National Party (GNP) in the southeast (the Gyeongsang region), the Millennium Democratic Party (MDP) in the southwest (the Honam region), and the United Liberal Democrats in the central region (Chungcheong). As an indicator of the strength of regionalism in Korea, neither the GNP nor the MDP managed to win a single seat in each other’s home region in the 2000 election. The result of the April 2012 election suggested the continuation of regionalism, with both the Saenuri Party and the Democratic United Party taking almost all the seats in their respective strongholds (Myoung-ho Park 2012).\textsuperscript{15}

\textsuperscript{14} The Pro-Park Coalition was organized in 2008 by conservative politicians who supported Park Geun-Hye, a former leader and a presidential hopeful of the Grand National Party after her losing presidential nomination to the incumbent president Lee Myung-Bak. The party was later merged back into the GNP on April 2010.

\textsuperscript{15} Jeolla province has historically been a stronghold of the opposition and indeed, the DUP performed well there in 2012.
One of the reasons why the two-vote mixed member electoral system was institutionally adopted before the 2004 legislative election was to mitigate the effect of endemic regional voting, and to encourage voters to make their electoral choice more on ideology, issue preferences, or retrospective policy evaluations (Park 2009). According to an empirical study of the 2004 and 2008 National Assembly elections, however, the moderating effect of the new electoral system was not as dramatic as expected. Park (2009) found that the regional voting pattern stayed strong in district candidate voting (SMDs), and this accounts for a majority of seats, while partisan voting, ideology-based voting, and retrospective voting patterns did to some degree influence the district plurality vote, though it was more pronounced in the nationwide party-list vote (PR). Park also showed that about 40 percent of the voters who participated in 2008 general election chose to split their tickets. These ticket-splitters tended to vote strategically for a viable candidate from a major party in the plurality vote while they voted sincerely for PR seats in which ideology-oriented small parties gained a non-negligible number of seats.

Before closing this section on political parties, we note that in addition to the forces of regionalism and ideology, local leaders develop their own personal followings in their bids for parliamentary seats. Although overall party support in a region is clearly tied to the popularity of the national leaders, the popularity of local candidates can also influence the electoral fortunes of the political parties in parliamentary elections. Personal relationships between voters and local candidates do significantly influence electoral outcomes in Korea—much more so than in countries like the United States or Britain, where loyalty has traditionally been to a political party rather than to an individual candidate (Thomsen & Kim 1993). Huge sums of money go into nurturing district party machines—and even though election laws require that every campaign manager report the money spent during an official campaign, in practice the official reports account for only a small portion of the total expenses (Park 2000).

Organizational Interests
Social groups in Korea can be classified into three categories: kinship groups, local-tie groups, and interest groups. Kinship and local ties (including school ties) have traditionally been strong in Korea, but recent times have seen the growing importance of associational groups based upon shared interests. Local-tie groups (jiyonjipdan) were referenced above in the discussion of localism and regionalism as predictors of electoral outcomes. The kinship (blood-tie) group (hyulyonjipdan) is representative of Korean traditional culture based on familism, as we discussed in the political culture section. Kinship groups include both the nuclear and the extended family and are marked by norms of filial piety and mutual self-help. The third category, the interest group or pressure group (iikjip-dan), is comprised of individuals who band together to advance their interests within the political process.
During the authoritarian period, the Korean government made a concerted effort to discourage professional or occupational groups from pressing political demands upon the government. Nonetheless, both political and economic demands found organizational representation through a variety of associations or more loosely connected federations. A few illicit or dissenting groups engaged in extensive anti-government campaigns. In general, however, dissenting groups were rarely an influential part of the political process.

After democratization, a number of civic organizations emerged, as the 1987 Constitution explicitly guarantees the freedom of assembly and association. These citizen groups rapidly expanded their political influence over such diverse areas as the environment, women’s roles, human rights, reunification, and anti-corruption (Yoo 2003). Rather than staying outside the political process in conducting their surveillance of the government, some former leaders of citizen groups have decided to run for elections. As an example, the mayor of the capital city Seoul elected in 2011 was Park Won-soon, a long-time leader of Korean civil society, who established the People’s Solidarity for Participatory Democracy.

Under the authoritarian era, institutional-based interests, such as those of the armed forces, the internal security forces, and the government bureaucracy, were capable of pressing the government quite effectively. After democratization, the political influence of institutionally-based groups declined, whereas the organized expression of interest by occupation-based pressure groups became more pronounced than before; these include business people, labor unions, intellectuals and students, civic groups, the mass media, and agricultural workers.

**Military and Security Organizations** President Rhee Syngman, who ruled Korea from 1948 to 1960, used the military police and the Counter Intelligence Corps to repress opposition—and he used the military for his advantage during elections. From 1961 through 1992, Korea’s leaders either were themselves drawn directly from the military or were very receptive to military viewpoints. During this period, the share of military officials among government ministers was large. As of May 2012, however, no military men were in the cabinet, with the notable exception of the Minister of Defense of South Korea, General Kim Kwan-jin, appointed in November 2010.

The leaders of the 1961 coup d’état (General Park Chung Hee and Lieutenant Colonel Kim Jong Pil) denounced the role of the military in the elections, though they themselves were part of the military establishment. Indeed, after Park took power through the 1961 coup, the mainstream of the military consisted of generals from Park’s home region (Gyeongsang). After the assassination of Park in 1979, a military group that had been favored by Park, led by General Chun Doo-whan and General Roh Tae-woo, undertook a coup d’état to seize governmental power. Thus, General Chun
assumed the presidency by force, and another military leader became the head of South Korea. In the 1987 presidential election, retired General Roh Tae Woo, was elected president.

The South Korean Ministry of National Defense was founded in 1945 under the name Defense Headquarters. The Ministry consists of numerous planning, operational, logistic and training offices and bureaus. Responsibilities for the country’s defense are divided between the Army, Navy and Air Force, with the Marine Corps being under the direction of the Navy. Since its inception, the South Korean military has worked closely with the U.S. military (South Korea and the United States have maintained a bilateral security alliance since the Korean War). Although U.S. and South Korean officials agreed on a 2012 timetable for the transfer of operational wartime command from Washington to Seoul, this transfer has been delayed to 2015.

Given the close relationship between the militaries of the United States and South Korea, and given the shared security concerns of the two countries, the size and the strength of Korea’s army is of interest to foreign policy makers in the United States. The Korean military is a formidable force with approximately 687,000 active duty personnel. This includes 520,000 in the Army, 68,000 in the Navy, and 65,000 in the Air Force. In addition, South Korea has a reserve force of 4,500,000. Korea’s forces are also well-equipped with tanks, armored vehicles, artillery, and combat aircraft.

The National Police Agency, the National Intelligence Service (NIS), and the Defense Security Command (DSC) are the principal internal security agencies of the Republic of Korea. The National Intelligence Service (NIS) was originally called the Korea Central Intelligence Agency (KCIA). Its mission is akin to that of a combined U.S. Central Intelligence Agency and Federal Bureau of Investigation. The Defense Security Command (DSC) was originally founded as the Army Counter-Intelligence Corps on October 21, 1950, and it worked as the anti-Communist force to crush attempts by the North Korean regime to defeat the South Korean military. The DSC continues to be involved in surveillance, though more recently it works in areas such as high-tech cyber surveillance, along with the Ministry of National Defense’s counterintelligence arm.

**Business and Worker Organizations** Separate from government employees, the business community is a potent political force. The heads of Korea’s largest industrial conglomerates wield significant political influence. Since 1964, the Federation of Korean Industries (FKI) has represented the major conglomerates. Such global companies as Samsung, Hyundai Motors, and LG electronics are major components of the FKI, and they have maintained

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17. The Federation of Korean Industries was formed in 1964 through the reorganization of the Korean Business Association, which was formed in 1961.
close relations with the government and politicians based upon their financial power. In addition to the large individual firms, the business sector is also represented by numerous associations and federations, including the Federation of Small and Medium Industries (FSMI), the Korean Trader’s Association (KTA), and the Korean Federation of Textile Industries (KFTI). The political and economic sectors of Korean society are closely intertwined, not only as a result of the establishment of myriad formal agencies and channels of interaction, but also through informal networks based upon shared university experiences, together with family and regional ties. In addition, the larger corporations make substantial contributions to major political parties during elections.

Another force on the Korean political scene is labor organizations. Although Korea’s constitutions since 1948 have regularly recognized the “rights” of labor, in practice the government has attempted to control labor and mitigate the effects of unionism. After the military coup of 1961, labor activists were arrested, the top union organization was dissolved, and new labor laws were put forward that strictly prohibited unions’ political activities. Since 1987, labor frustration has exploded several times and has manifested itself in work stoppages, sit-ins, and other forms of both violent and nonviolent demonstrations. The Federation of Korean Trade Unions (FKTU) and the Korean Confederation of Trade Unions (KCTU) represent the two most powerful organizations in this realm. The more liberal of these two organizations is the Korean Confederation of Trade Unions, established in 1995 as an alternative to Federation of Korean Trade Unions, which the KCTU accuses of “collaborating” with management. These two major labor organizations directly involve themselves in the political process. For instance, the FKTU, representing the conservative sector of Korean politics, officially announced its organizational support for the presidential candidate of the GNP (Grand National Party), Lee Myung-bak, during the 2007 election (The Hankyoreh Dec. 9, 2007). The other labor group, the liberal KCTU, officially joined a coalition with the opposition Democratic Party and established the Democratic United Party in December 2011.

**Intellectuals and Students** Intellectuals and students have also played important roles in Korean politics. Educated persons have traditionally enjoyed high status in Korea; thus, intellectuals can place pressure on the government because of their prestige. Korean intellectuals, partly influenced by the neo-Confucian heritage, have engaged in protest by moral obligation and have stood up against social injustices within the system. Intellectuals have consistently put forward demands for greater freedoms and for more attention to human rights. Although still serving as watchdogs over government behavior, intellectuals have also been co-opted into government service. The Cabinet of South Korea under President Lee Myung-bak included former university professors, such as Minister of Strategy and Finance Bahk Jaewan.
The Korea Federation of Teacher’s Associations (KFTA) and the Federation of Artistic and Cultural Organizations of Korea generally maintain politically conservative standpoints, but more progressive organizations also exist. In 1988, a group of more liberal artists organized the Korean People’s Artist Federation (KPAF) and this group has been very active in cultural exchanges with North Korea. The Korean Teachers’ and Education Workers’ Union (KTEWU) was formed in May 1989. Compared to the KFTA, the KTEWU tends to reveal a more liberal attitude toward public affairs, including North Korea issues. Since its establishment, the KTEWU has been a major member of the Korean Confederation of Trade Unions (KCTU). In sum, the range of unions demonstrates the ideological spectrum of Korea politics.

Students in Korea’s universities have frequently given voice to broad-based public discontent. From 1961 to 1987, students consistently maintained resistance against the military regime. By the 1980s, students had achieved a high degree of organizational competence and sought political alliances with farmers, laborers, and the poor. Many who were involved deeply in the student movements in the 1980s, generally called the “386 generation,” are now serving as politicians or public officials. However, student activism has not subsided, even after the establishment of civilian governments. Student movements continue to express grievances about the established ruling authorities. One radical student activist group, the South Korean Federation of University Students (Hanchongryun), was outlawed by the government for its anti-government activities.

**NGOs, the Mass Media, Agricultural Workers, and Others**

A total of 4,023 NGOs were listed in the 2000 Directory of Korean NGOs, excluding branch associations. Including branches, the Directory estimates the total at more than 25,000 (E. Kim 2009, 875). Major examples include the People’s Solidarity for Participatory Democracy, the Citizens’ Coalition for Economic Justice, the Korean Federation for Environmental Movement, and the Green Korea United. Early evidence indicated that NGOs were playing a significant role in the political process. In 2000, the Citizens’ Alliance for the 2000 General Elections (CAGE), which was comprised of more than 450 civic organizations, blacklisted candidates for the National Assembly election who were accused of corruption, embezzlement, or vote buying. Of the 86 candidates who were blacklisted by the CAGE in the 2000 Elections, 59 were in fact defeated (Eui Hang Shin 2005, 62). In the 2004 election, the 2004 Civil Action for the General Election, the successor organization, comprised of some 354 civic groups, again released a blacklist of candidates who were not to be elected.\(^\text{18}\) As a result, 129 (62.6 percent) out of 206 of the

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\(^\text{18}\) The criteria include “corruption,” “violation of election laws,” “behavior against civil rights and destruction of democratic and constitutional orders,” “unsatisfactory legislative activities and anti-parliamentary and anti-voters behaviors,” “ethical qualities toward the reform oriented legislation and policies,” and “comprehensive approach and cross-evaluation” (Eui Hang Shin 2005, 62–63).
blacklisted candidates lost the election (E. H. Shin 2005, 63). These blacklisting movements demonstrably affected overall electoral outcomes as well as the candidate-nomination processes.19

The proliferation of NGOs in South Korea has been linked to a variety of factors, including the institutional weakness of political parties and the National assembly and a generally supportive legal and institutional environment. Since 2005, however, the influence and credibility of Korean NGOs have been in decline. Indeed, survey data published by Gallup Korea in 2007 revealed that the Korean public trusted the army more than they did NGOs. The decline of Korean NGOs can be attributed to a lack of financial, human, and organizational resources. Most NGOs have few members and small budgets. Also important has been a backlash among legislators against NGO-sponsored blacklist campaigns. The involvement of civic groups in election campaigns has left an impression that they “are partisan and power-oriented, thus damaging the appearance of neutrality and the public-interest image of NGOs in South Korea” (E. Kim 2009, 888). Thus, the “over-politicization” of NGOs has become detrimental to their contribution to the maintenance of civil society in Korea.

The mass media is also considered a formidable force in Korean politics. A few of the larger newspapers published in Seoul are politically influential. Newspapers and other print media have historically attempted to push the bounds of government censorship and have offered as much criticism of the government as would be tolerated by the regime. However, the center of gravity of media influence has shifted from newspapers to the airwaves, with television being the primary source of political information for most voters. Both the press and major television stations are at times critical of the government.

It is imperative to note that Korean society is distinctive because it is one of the most advanced in terms of information knowledge and infrastructure on the planet. Koreans have moved toward Internet usage at one of the highest rates in the world, if not the highest rate of Internet usage in the world—in part, because of active support by the government of Internet technology and infrastructure. Some 83 percent of the population has an Internet connection.20 The United Nations Telecommunication Union identified South Korea as the world’s most advanced nation in terms of information and communication technology usage. Although the proportion of the working force devoted to agricultural activities has declined considerably over the history of the Republic of Korea, rural voters comprise an important component of the overall political landscape. As rural-urban income disparities grew, the government took steps to improve rural life and income. The government has attempted to

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19. NGO participation in electoral campaigns is formally illegal in Korea. Opponents of these “defeat movements (Naksunundong)” have raised questions about their democratic legitimacy and the impartiality of their activities. Regarding the limitations of CAGE movements, see H.R. Kim (2004).

manage the political participation of farmers and has sought to instill values into rural communities that the regime has seen most conducive to economic growth (Turner et al. 1993). Farmers have at times become politically mobilized and have demonstrated in Seoul in an effort to stop the importing of American agricultural products. Farmers have also demonstrated against U.S. pressure on the Korean government to reduce agricultural subsidies.

All of these groups, from farmers to military officers, are the source of the varied interests that comprise Korean politics today. Most have formed organizations to represent their political interests in South Korea. Unorganized civic movements, which involve citizens who are neither a member of a group, nor are mobilized by any social organizations, who voluntarily participate in rallies against disliked government policies, also play a role in Korean politics. The 2008 candlelight vigils are exemplary of the kinds of activities characteristic of this contemporary trend. During these vigils, groups of citizens rallied together to express their opposition toward resuming negotiations over U.S. beef imports to South Korea.

THE STATE AND THE ECONOMY

The increasing economic and political importance of East Asia in the global market place requires a deeper analysis of the nature of the economic systems operating in this region. Korea is a valuable case to study as it is often considered the proto-typical example of an “East Asian economic miracle.” Korea progressed remarkably from one of the poorest countries in the world in the mid-1950s to a middle-income country by 2010. Korea’s economy has transformed from one based on agriculture to one based on technology and industry, and Korea’s citizens have experienced nearly constant increases in income per capita. Korea posted remarkable economic growth rates from the 1950s up until the Asian financial crisis of 1997. The crisis of 1997–98 did cause an abrupt decline in growth rates, but recovery came quickly and Korea fared remarkably well in weathering the storms of the 2008 global financial crisis.

Economic growth is regularly measured in terms of improvements in gross domestic product (GDP). GDP refers to the total amount of value-added production in all industries, including services. In 2010, the GDP for the United States was around $14.5 trillion, in contrast to South Korea’s $1 trillion—so Korea’s overall economy is significantly smaller than that of the United States—but Korea’s economy is 13th to 15th largest in the world, depending on the economic measure employed, and Korea is one of the G20 (see Table 5). The Republic of Korea comes behind the relatively high-income economies of the world with a GNI per capita of $19,890, but this represents a significant increase over the per capita GNI of earlier years, and South Korea is well ahead of such low-income countries as India ($1,340) and China ($4,260).
TABLE 5
Economic Statistics for Selected Countries

<table>
<thead>
<tr>
<th>Countries</th>
<th>GDP (Current US $) 2010</th>
<th>GDP (Growth Annual %)</th>
<th>Exports (2010)</th>
<th>GNI Per Capita (Current US$) 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>2,087,889,553,822</td>
<td>6.09</td>
<td>7.49</td>
<td>11.15</td>
</tr>
<tr>
<td>China</td>
<td>5,878,629,246,677</td>
<td>14.20</td>
<td>10.30</td>
<td>29.57</td>
</tr>
<tr>
<td>Germany</td>
<td>3,309,668,874,172</td>
<td>2.66</td>
<td>46.83</td>
<td>43,330</td>
</tr>
<tr>
<td>India</td>
<td>1,729,010,242,154</td>
<td>9.82</td>
<td>21.54</td>
<td>1,340</td>
</tr>
<tr>
<td>Japan</td>
<td>5,497,812,568,086</td>
<td>2.36</td>
<td>15.22</td>
<td>42,150</td>
</tr>
<tr>
<td>Kenya</td>
<td>31,408,632,915</td>
<td>7.01</td>
<td>27.52</td>
<td>780</td>
</tr>
<tr>
<td>Korea, Rep. of</td>
<td>1,014,483,158,314</td>
<td>5.11</td>
<td>52.39</td>
<td>19,890</td>
</tr>
<tr>
<td>Russia</td>
<td>1,479,819,314,068</td>
<td>8.54</td>
<td>30.04</td>
<td>9,910</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>375,766,400,000</td>
<td>2.02</td>
<td>56.79</td>
<td>17,200</td>
</tr>
<tr>
<td>South Africa</td>
<td>363,703,902,727</td>
<td>5.57</td>
<td>27.31</td>
<td>6,100</td>
</tr>
<tr>
<td>United States</td>
<td>14,582,400,000,000</td>
<td>1.94</td>
<td>12.61</td>
<td>47,140</td>
</tr>
</tbody>
</table>


TABLE 6
Sociodemographic Statistics for Selected Countries

<table>
<thead>
<tr>
<th>Countries</th>
<th>Population 2010</th>
<th>Annual Pop. Growth (%)</th>
<th>Internet Users (Per 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>194,946,470</td>
<td>0.92</td>
<td>0.89</td>
</tr>
<tr>
<td>China</td>
<td>1,338,300,000</td>
<td>0.51</td>
<td>0.51</td>
</tr>
<tr>
<td>Germany</td>
<td>81,635,580</td>
<td>–0.19</td>
<td>–0.28</td>
</tr>
<tr>
<td>India</td>
<td>1,170,938,000</td>
<td>1.34</td>
<td>1.34</td>
</tr>
<tr>
<td>Japan</td>
<td>127,380,000</td>
<td>–0.05</td>
<td>–0.11</td>
</tr>
<tr>
<td>Korea, Rep. of</td>
<td>48,975,000</td>
<td>0.31</td>
<td>0.29</td>
</tr>
<tr>
<td>United States</td>
<td>309,712,000</td>
<td>0.92</td>
<td>0.86</td>
</tr>
</tbody>
</table>


Another notable difference between Korea and China and India is population growth rates (Table 6). Korea’s lower growth rate can be partly attributed to President Park Chung Hee’s nationwide family planning program, but other factors contributed as well, such as higher education levels, later marriages, urbanization, a large number of women in the workforce, and better health standards. Korea’s population structure resembles the pattern of Western countries, rather than the pattern found in much of the developing world.

For a time, Korea’s economy grew at an enormous rate—far in excess of what any of the high-income economies could show. Between 1985 and 1994, Korea achieved an average annual growth rate of 7.8 percent—higher than almost any other country for the same period. This growth rate was equaled only by China and exceeded only by Thailand. The comparable growth rate for the United States for the same period was 1.3 percent. Thus, Korea’s development was described as “one of the most amazing economic feats in history” (Wang 1989, 47). A seminal World Bank study noted that the impressive growth rates achieved in East Asia were accompanied by unusually low levels of inequality. This positive association between growth and low inequality in East Asian economies was different from other
countries (World Bank 1993). However, this trend changed significantly after the 1997 Asian financial crisis. Since then, income inequality has become an important political and economic concern in Korea (Gill and Kharas 2007).

In order to understand Korea’s phenomenal economic achievements, we need to overview briefly Korea’s development during the post-World War II period. Then we will review the specific programs and policies initiated by the government that have been credited with promoting Korea’s growth and international competitiveness. We conclude with a discussion of challenges that may affect Korea’s future growth.

Korea’s Economic Development
Korea’s rapid industrialization and economic growth through the mid-1980s were orchestrated by an authoritarian military-controlled state. Policies and decisions made during the Park Chung Hee era set Korea on a developmentalist path from which it has not significantly wavered. The hardship and instability that Koreans experienced during the Korean War period, plus direct state control of the economy initiated by Park Chung Hee, put Korea on a path-dependent course that continues to define the state-economy-society relationship today. Economic development in South Korea is often analyzed using a “developmental state model” that stresses a strategic role of the government and an alliance between the government and society (business). Amsden (1992) is a classic work that explains Korea’s industrialization as a direct result of the developmental policies adopted by the government.

During the reign of Syngman Rhee (1948–1960), the government was focused on maintaining power and stabilizing the economy. This period, immediately after the Korean War, was marked by political unrest, import levels ran much higher than exports, and production and investment stalled. The Korean state depended heavily on foreign aid. Aid received either directly or indirectly from the United States amounted to $3.4 billion between 1946 and 1962 (B. P. Kim 1992, 116).

After Park Chung Hee came to power in 1961, the state began to exercise direct leverage over the economy. The Korean government used tax incentives, provided subsidies, and structured regulations in such a way as to achieve its economic development objectives. The state pursued export-oriented industrialization. An earlier emphasis on “import substitution” (restrictions on imports to help local industries grow without foreign competition) was replaced by a series of export incentives and subsidies. Large exporters had their growth rewarded with access to scarce capital. Throughout the 1970s the state focused on supporting heavy and chemical industries. Policies employed during this period were directed, subsidized credit; selective protection; regulations affecting industrial entry; and direct government involvement in industrial decision making. As a

21. For a critical review of the developmental state model in Korea, see Minns (2001).
result of these policies, the protected and subsidized industries started to grow fast and to penetrate into new export markets.

To clarify Korea’s developmentalist path, we note that Korea’s manufacturing sector is divided into two parts. One consists of the large enterprises (including Chaebol)—the major exporters of manufactured goods—that benefited from subsidized government credit. The other part consists of smaller- and medium-sized firms that did not receive preferential loans and did not have a direct relationship with the government. With the large enterprises, the government maintained such a close relationship that it was often involved, to varying degrees, with the decision-making processes within the businesses. Government and business leaders met regularly and together made decisions that helped promote exports.

The state’s emphasis on economic development and the cozy relationship between the state, big businesses, and the financial sector continued during the 1980s. The government still involved itself in industry—by restricting entry into some industrial sectors and by helping to maintain the solvency of the financial sector. The government also stayed directly involved in credit policy.

During the 1990s, however, the government significantly relaxed its controls over the financial sector. Arguably the government relaxed controls on borrowing more than needed and failed to supervise borrowings adequately. The government also abandoned its traditional approach to exchange rate management and the coordination of investment for the purpose of industrial development. The fast deregulation and liberalization of the economy under the Kim Young Sam government (1993–1998) reflected the pace of democratization in Korea (Lim 2009, 91). Democratization reduced the willingness and the capacity of the state to coordinate economic policies. On the other hand, democratization strengthened the power of the chaebols—as politicians and political parties turned to chaebols to fund their election campaigns.

It was the financial crisis of 1997–1998 that provided a catalyst for financial reform across all fronts. The crisis hit most Asian economies severely and South Korea was no exception. In 1997, Korea’s economy experienced a significant retraction, the trade balance deficit in January 1997 was $3.7 billion (the largest figure in Korean history), and a devaluation of the Korean currency occurred nearly every month. In the aftermath of the 1997–1998 financial crisis, the Korean government instituted wide-ranging reform measures including changes in the corporate, financial, and labor-market sectors.

At the time of the Asian financial crisis, many of the corporations that belonged to the chaebol had substantial short-term debt that they could not repay. The restructuring of the banking system in 1997 and 1998 put pressure on the chaebol to act more responsibly. The government encouraged the chaebol to sell subsidiaries to foreigners. The government encouraged foreign direct investment in Korea, and these cash inflows helped to supply
foreign exchange and speed the recovery. President Roh, following President Kim, started to negotiate with major world economies for free trade agreements (FTA). FTAs with the United States, the European Union, Singapore, ASEAN, Chile, and Peru eventually took effect.

South Korea’s economic structure is now heavily dependent upon foreign trade. In 2010, the value of exports was equivalent to 52.39 percent of GDP, compared with 10 percent of GDP in the early 1970s. Total foreign trade represented over 90 percent of GDP in 2009—considerably higher than that of Japan (24.8 percent) or the United States (25.1 percent). 22

Korea’s international trade profile has changed dramatically. Since 1998, the Korean economy has maintained trade surpluses ($30 billion as of 2011—see Table 7). As can be seen in Table 7, Korea maintains a trade surplus with China—Korea’s exports to China exceed imports from China. Korea also maintains a trade surplus with the United States. However, Korean imports from Japan far exceed its exports to Japan. In order to reduce this trade deficit with Japan, the Korean government has attempted to diversify its sources of imports. Given that Korea’s pattern of foreign trade is a critical component of its overall development and given that China, the United States, and Japan are Korea’s primary trading partners, relations with these countries are important to Korea’s economic welfare. 23

In summary, several factors contributed to Korea’s historically strong economic growth. Foreign aid certainly was a critical factor during the 1950s. Later, the Korean government’s aggressive pursuit of export markets resulted in subsidized competitiveness. Korea’s export-oriented policies are often credited as being most important among several interlocking factors that created Korea’s rapid economic growth. The government promoted exports by subsidizing the import of raw materials and overseas marketing activities. The Export-Import Bank provided low-cost funds (it made money and foreign exchange available to large corporations at attractive terms) for the purchase of equipment for manufacturing export products. Also, special tax incentives were provided to export companies and to the suppliers of export firms. For some companies, even more direct incentives were given, such as reduced rates on utilities.

The use of five-year plans formulated by the Economic Planning Board is also credited with helping Korea’s economy by giving guidance and providing overall coordination. The five-year plans cover such areas as

<table>
<thead>
<tr>
<th>TABLE 7</th>
<th>Trends in Balance of Trade with Korea’s Major Trading Partners, from 1995 to 2011 (in $1,000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>–10,060,945</td>
</tr>
<tr>
<td>China</td>
<td>1,742,392</td>
</tr>
<tr>
<td>Germany</td>
<td>–618,627</td>
</tr>
<tr>
<td>U.S.</td>
<td>–6,272,041</td>
</tr>
</tbody>
</table>

*Figures in each column indicate the difference between total exports and total imports.

Source: Korea Statistical Yearbook 2011.
infrastructure development, research, and external relations. The plans are implemented through ministries that work in close cooperation with industry associations.

In addition, Korea and several other East Asian countries relied on import barriers to protect their domestic industries. Korea’s own domestic markets were kept relatively closed to foreign suppliers (through a combination of tariff and non-tariff barriers). Eventually, these markets were opened to foreign competition. By the late 1980s the Korean government was encouraging foreign investment by providing allowances for dividend repatriation abroad, by providing tax exemptions for some foreign firms (such as those that build plants that export more than half of their output), and by relaxing ownership restrictions.

The importing of needed technology gave Korea a competitive edge as well. The concentration of industry into huge conglomerates optimized efficiencies of scale. Another critical factor in the early years was Korea’s low-cost labor. More recently, Korea has been able to increase labor productivity faster than countries such as France, the United Kingdom, and the United States. According to the World Bank, the success of the East Asian economies also depended on keeping inflation low, promoting domestic saving, maintaining a stable framework of laws, and keeping economies open to foreign technology while investing heavily in education. Korea has unquestionably been at the forefront of government-supported technological development and innovation. Since the 1980s Korea has invested massively in research and development and in upgrading human capital and skills to strengthen domestic technological and scientific capabilities (OECD 2012, 33, 43).

Global Financial Crisis of 2008 and Korean Economy

In 2008, the U.S. subprime mortgage crisis and the financial turmoil in the Eurozone triggered a global economic crisis. Financial institutions in Korea were affected by the credit freeze and by the panic that was initiated by the collapse of major investment banks and mortgage loan institutions in the United States. The 2008 financial crisis not only sparked a global economic recession, it also sparked a sharp appreciation of the U.S. dollar against many other countries’ currencies. The Korean won depreciated substan-

24. Up through the end of the 1970s, government policies encouraged concentration of ownership, and little concern was expressed when a particular market came to be dominated by a small number of companies. Only in 1980, when the government became concerned over the increasing size of conglomerates, was the Monopoly Regulation and Fair Trade Act introduced to curb the power of big business. In 1986, additional rules limited economic concentration by restricting inter-company ownership. Throughout the 1970s and 1980s, criticism was leveled at the concentration factor since many small- to medium-sized businesses suffered due to discriminatory practices that favored large businesses.

25. Fast economic growth in the 1970s was partly due to the cheap labor force in South Korea, when the Korean economy was led by light industries such as textiles. More recently, the major drivers of Korean economy are high-tech industries and heavy industries, i.e., semi-conductor (Samsung), automobile (Hyundai), shipbuilding (Hyundai), and steel (POSCO). In those industries, a highly trained labor force is required. Compared with the 1970s and the early 1980s, labor is no longer cheap.
tially. The Korean economy also faced difficulty in continuing a pace of rapid growth in the context of a global recession. The global recession decreased demand of Korea’s exports. With its export-oriented economy, Korea needed to adjust to a new international environment marked by decreased external demand.

Although the full implications of the global financial crisis on the performance of the Korean economy are as yet uncertain, as of 2012, Korea’s economy appeared to recover quickly—Korea was coping with the crisis much better than the United States and Europe. As seen in Table 8, the GDP growth rate of Korea after the financial crisis of 2008 remained positive, while the growth rate of the United States, Japan, and United Kingdom was negative in 2008 and 2009.

Why did the Korean economy perform well compared to other economies in the aftermath of the 2008 global financial crisis? A report from Asian Development Bank suggests two explanations (James et al. 2008). First, in general, financial institutions in Korea were well prepared for dealing with an external financial crisis as a result of reforms undertaken in response to the Asian financial crisis at the end of the 1990s. Second, to avoid liquidity problems Korea had accumulated a large amount of foreign exchange reserves through current account surpluses. The amount of foreign currency reserves in Korea is larger than that of France, Germany, and the United Kingdom, although smaller than that of Japan (Table 9). In addition, the depreciation of the Korean won improved the price competitiveness of Korean exporting firms.

Although Korea’s financial institutions were relatively well-positioned to manage such an external financial shock, the real economic impact of the

### Table 8

GDP Growth Rates for Selected Countries

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>9.17</td>
<td>-6.85</td>
<td>3.97</td>
<td>4.62</td>
<td>5.11</td>
<td>2.30</td>
<td>0.32</td>
<td>6.16</td>
</tr>
<tr>
<td>US</td>
<td>2.55</td>
<td>4.49</td>
<td>1.09</td>
<td>3.59</td>
<td>1.94</td>
<td>-0.02</td>
<td>-3.50</td>
<td>3.00</td>
</tr>
<tr>
<td>Japan</td>
<td>1.88</td>
<td>-2.05</td>
<td>0.18</td>
<td>2.74</td>
<td>2.36</td>
<td>-1.17</td>
<td>-6.29</td>
<td>4.00</td>
</tr>
<tr>
<td>China</td>
<td>10.90</td>
<td>7.80</td>
<td>8.30</td>
<td>10.10</td>
<td>14.20</td>
<td>9.60</td>
<td>9.20</td>
<td>10.40</td>
</tr>
<tr>
<td>UK</td>
<td>3.05</td>
<td>3.84</td>
<td>3.15</td>
<td>2.96</td>
<td>3.47</td>
<td>-1.10</td>
<td>-4.37</td>
<td>2.09</td>
</tr>
</tbody>
</table>

**Source:** World Development Indicators (2011).

### Table 9

Foreign Currency Reserves (in millions of dollars)

<table>
<thead>
<tr>
<th>Country</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>23996.28</td>
<td>40287.03</td>
<td>43587.41</td>
<td>30382.20</td>
<td>27728.67</td>
<td>36211.02</td>
</tr>
<tr>
<td>Germany</td>
<td>39765.33</td>
<td>37718.88</td>
<td>40768.34</td>
<td>38557.05</td>
<td>36928.34</td>
<td>37356.14</td>
</tr>
<tr>
<td>Japan</td>
<td>828813.00</td>
<td>874596.00</td>
<td>947987.00</td>
<td>1003300.00</td>
<td>996552.00</td>
<td>1035817.00</td>
</tr>
<tr>
<td>Korea</td>
<td>209616.00</td>
<td>238291.00</td>
<td>262719.00</td>
<td>201042.00</td>
<td>265697.00</td>
<td>287480.00</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>58215.30</td>
<td>61176.26</td>
<td>58332.97</td>
<td>46443.90</td>
<td>42570.00</td>
<td>50273.00</td>
</tr>
</tbody>
</table>

**Source:** Currency Composition of Official Foreign Exchange Reserves, IMF (2011).
The global recession on Korea was significant. The decline in the demand for world trade is critical to an export-oriented economy like Korea’s. According to the World Development Indicators for 2011 published by the World Bank, Korea’s growth rate for exports in 2009 was negative although it had remained positive even during the 1997 Asian financial crisis.

The increased foreign direct investment plus FTAs has created both winners and losers in Korea’s economy. The exporting industries, especially big conglomerates, are supportive of FTAs since such agreements expand export markets. However, losers from FTAs, especially the agricultural sector, oppose FTAs since such sectors are not competitive against imported goods without the protection of the government. The overall effect of the economic crises and the reform measures that followed has been increased income inequality among the Korea people. The amazingly successful neoliber al reform measures have been accompanied by a process of financialization—increasing salaries being paid in the financial sector of the economy with significantly lower salaries in the non-financial sector (Park and Mah 2011).

CONCLUSION

South Korea is a country whose governments prioritize economic growth. Korean governments stake their legitimacy on improving the financial well-being of their citizenry. National security concerns in a traditional military sense have been, in some sense, less important, as these have been assured through Korea’s strategic alliance with the United States. Without serious internal divisions, the country has focused on improving its economy.

Some critics have argued that the price for rapid economic development included periods of authoritarian rule. Indeed, some scholars have argued that Korea’s heavy dependence on foreign capital resulted both in the exploitation of the Korean peninsula by multinational corporations and the political repression of the Korean people (Sunoo 1978). Recognizing that a price may well have been paid by the Korean people in the sphere of political freedom for the sake of planned economic growth, we nonetheless conclude that the experience of South Korea has shown that well-planned government intervention can promote and enhance economic growth and development. The Korean economy achieved dramatic growth by adopting an export-led growth model through the partnership between the government and big conglomerates.

However, the consensus in support of economic growth among Korean people started to diminish overtime after the Asian financial crisis. As Mian, Sufi, and Trebbi (2012) point out, the recovery process from a financial crisis often magnifies economic inequality since the rich recover from their economic losses much faster than do the poor. Economic polarization thus became an important political issue in Korea, after the Asian financial crisis.
Those unfortunate Koreans who are not employed in the technology or financial sectors, or who have no ties to the chaebol-dominated, globally competitive export industries are unable to benefit from impressive national economic growth rates.

Unification with North Korea also remains an ever-present question. Although the two Koreas have been significantly different from each other in terms of political institutions and economic orientation since 1945, they share a historical legacy as a unified country. In addition, the two Koreas share a common language, although the language has come to differ in some aspects of terminology and form. Because North Korea is perceived as a belligerent and a potential aggressor in the eyes of many international actors, most notably by the military-security agencies of the United States, prospects for unification with the South have been limited. Nonetheless, debates on the future possibility of unification of North and South Korea were reinvigorated by South Korea President Kim Dae Jung’s “Sunshine Policy” that aimed at improving inter-Korean relations by promoting peace, reconciliation, and cooperation with the North. The rhetoric coming out of North Korea under its new leader Kim Jong Un, however, does not appear promising.

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► SUGGESTIONS FOR FURTHER READING


► ADDITIONAL ONLINE RESOURCES

English-services of the Korean Major Newspaper Companies (Chosun, Joongang dailies):

Joongang Daily: http://koreajoongangdaily.joinmsn.com/

Chosun Ilbo (Daily): http://english.chosun.com/

Internet Resources on Korea:

http://www.library.auckland.ac.nz/subject-guides/asian/korea.htm

Korean Overseas Information Service:

http://www.korea.net/

Korean English-language newspapers:

Korea Herald: http://www.koreaherald.com/

Korea Times: http://www.koreatimes.co.kr/www/index.asp