

**SGI** Sustainable  
Governance  
Indicators

## 2015 South Korea Report

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## Executive Summary

The period under assessment (5 May 2013 – 7 November 2014) covers the first 20 months of Park Geun-hye's presidency. In December 2012, Park beat her liberal rival, Moon Jae-in, by 51.6% to 48% in the South Korea's presidential election. In doing so, she became the country's first female president. Park heads an administration formed from the ruling conservative party, the recently renamed Saenuri Party.

Since taking office in February 2013, Park has had a difficult time, one marked by the National Intelligence Service's illegal intervention in the presidential election campaign, continuous problems in appointing senior staff to her administration, escalating tensions between North and South Korea as well as backtracking on key election pledges, such as her signature "economic democratization" agenda. Furthermore, the National Assembly was paralyzed for 150 days, until October 2014, following the Sewol ferry disaster in April 2014 and the ensuing political struggle concerning a Sewol Law.

Despite these problems, Park's approval rating remained high and even rose during her first year in office to between 60 and 70%. However, her approval rating has since declined to 37% in December 2014, due to the accumulated disappointment in her leadership style and the lack of communication (survey by Gallup).

The ruling Saenuri Party extended its absolute majority in the 300 seat National Assembly to 158 seats, following convincing by-election victories on 30 July 2014. The unexpected defeat of the main opposition New Politics Alliance for Democracy (NPAD), an alliance formed only in March 2014 between the Democratic Party and Ahn Cheol-soo's independent camp, led to the resignation of the party's co-leaders Ahn Cheol-soo and Kim Han-gil. Shocked by the defeat and resignation of its leaders, the NPAD has descended into chaos.

Despite a moderate increase in public support for the president and a strong majority in the National Assembly, the first two years of Park's administration have been underwhelming. Park has failed to deliver on many of her key election pledges, such as the Northeast Asian Peace and Cooperation Initiative, the creation of an ecological peace park inside the Korean Demilitarized Zone,

the Eurasia Initiative and her Creative Economy initiative. For some initiatives government officials have admitted problems in implementation due to the lack of comprehensive planning, while for other initiatives, for example the Creative Economy initiative, confusion surrounds their exact meaning, delaying their implementation.

The policy approach of Park's administration towards North Korea has also borne little fruit. Park advocates a step-by-step trust-building process with North Korea. This "trustpolitik" is represents a a middle way between the unreciprocated generosity of Kim Dae-jung's Sunshine Policy of 1998 to 2007 and the subsequent hard line taken by Lee Myung-bak. Many South Korean progressives are depicting Park's policies towards North Korea as a fundamental departure from those of Lee. Yet, Park's approach actually shows far greater policy continuity. For example, a strong deterrence remains a guiding principle. Given that these policy proposals, based on building trust, have fallen short of North Korea's expectations, reconciliation efforts have run into an impasse and both sides have failed to find a way out of this deadlock. Consequently, there has been no improvement in the frozen inter-Korean relations.

## Key Challenges

The first two years of Park Geun-hye's administration have been underwhelming. In particular, several key election pledges were abandoned, including economic democratization and welfare programs, while other election pledges remain poorly defined, including the Creative Economy initiative and the "trustpolitik" approach towards North Korea. Nonetheless, until November 2014, Park and her administration maintained relatively high approval ratings, while the popularity of the Saenuri Party rose. Much of this can attributed to the weakness of the opposition block, which has proven incapable of posing a real challenge to the government, as well as to the recently announced economic stimulus measures. However, Park's administration and the Saenuri Party risk losing this public support if they fail to deliver on the promise of economic revival.

Politically, the outlook for institutional and structural changes, aimed at deepening democracy in South Korea, is poor. The influence of money on politics, the regional character of parties and the personalization of politics are the biggest obstacles to deepening a relatively young democracy. The presidential election also highlighted the persistence of a regional divide in the country, with the southwest voting overwhelmingly for Park Geun-hye and the

conservative Saenuri Party, and the southeast voting for Moon Jae-in and the liberal Democratic Party.

Economically, South Korea faces major uncertainties with respect to its export-oriented economy, due to the effect of the continuing global economic crisis and the fluctuating Chinese economy. Japan's policy of quantitative easing has also raised concerns about a strengthening won and the effect of this on the competitiveness of South Korean firms compared to Japanese firms. Furthermore, the rise of the Chinese mobile phone brand Xiaomi, at the expense of the South Korean brand Samsung, indicates that South Korean firms are losing market share in Chinese markets.

Domestically, household debts connected to a real estate bubble are a major challenge. To address this, the Park administration has launched a "happiness fund", which aims to enable low-income families to partly write-off and/or restructure their mortgage. Other major problems include a comparably low employment rate, the high unemployment rate among young adults and the large share of precarious employment. Previous administrations failed to prevent increasing social inequality, while current welfare policies target the poor without addressing redistribution. The largely company-based labor unions' focus on bread-and-butter issues for the core workforce has prevented them from working towards the development of genuine political alternatives to promote a fairer society.

Another unaccomplished task is the divided economy, which is split between huge export-oriented business conglomerates and small- and medium-sized enterprises (SMEs) in the service sector on whose work the conglomerates thrive. The Park administration tried to persuade the big conglomerates to follow a strategy of corporate social responsibility, supporting small suppliers and leaving certain markets to small companies. However, this strategy has had little success. It remains to be seen if the next administration is able to limit economic concentration and support the transition from primarily family-owned conglomerates to more transparent and accountable businesses.

With respect to foreign affairs, North Korea continues to be perceived as a major threat. The unpredictable and confrontational behavior of the North Korean regime, demonstrated by their recent provocations, led to a new low in North-South relations. In addition, the transition from Kim Jong Il to his son Kim Jong Eun added to this sense of uncertainty. It is not clear how Park's trustpolitik agenda will improve relations with North Korea. Beyond the question of peace and stability on the Korean peninsula, the future of South Korea's role in global relations, which was a high priority under the previous Lee Myung-bak administration, remains unclear. Increasing tensions between

Park's South Korea and Abe's Japan, which lie in divisive nationalist domestic politics, present an obstacle to the development of international cooperation. Meanwhile, the increasing involvement of South Korean firms in foreign markets will increase the pressure on South Korean governments to engage in international negotiations, but it remains to be seen what policy approaches future administrations will take.

# Policy Performance

## I. Economic Policies

### Economy

Economic Policy  
Score: 7

According to OECD data, South Korea showed one of the OECD group's strongest recoveries from the 2008 global recession. In the face of the global downturn since 2012, sluggish domestic demand, increasing household debt and a decline in job growth South Korea's recovery has lost momentum. During 2013 Park Geun-hye's first economic team sought to boost domestic demand through an extra budget worth 17.3 trillion won (.4 billion) and property market stimulus measures. Yet, despite the good performance of exports, the expansionary fiscal policy did not stimulate consumption and investment sufficiently to drive economic growth and revitalize the domestic economy. Sluggish economic growth raised concerns that South Korea's economy could fall into a long-term slump, similar to that in Japan.

In the second year of her presidency, Park abandoned her "economic democratization" agenda and switched to an agenda of economic revitalization. On the first anniversary of her inauguration in February 2014 she unveiled a Three Year Plan for Economic Innovation with an ambitious "474" vision, targetting— a 4% GDP growth rate, 70% employment rate and a per capita income of \$40,000. Her second economic team led by the Finance Minister Choi Kyung-hwan appointed in July 2014 has announced a \$40 billion stimulus package and put pressure on the Bank of South Korea to adjust its monetary stance in harmony with the pro-growth fiscal policy. Bowing to government pressure, the Bank of South Korea pulled back from its hawkish policy stance and, in August 2014, cut the targeted interest rate for the first time in 15 months. While this rate move by the central bank raised questions about its independence, the rate cut was welcomed by the Park administration as a necessary step towards reviving the housing market. A further rate cut followed in October 2014. At the same time, Park's administration pushed ahead with housing market deregulation measures

including the relaxation of loan-to-value and debt-to-income ratios. Yet, critics warned that the aggressive policies to prop up an anemic housing market could exacerbate the country's heavy household debt burden.

Citation:

OECD, Economic Survey of Korea 2014, <http://www.oecd.org/korea/economic-survey-korea.htm>

Economic Democratization: Needs of the Times, BusinessKorea, June 20, 2013, <http://www.businesskorea.co.kr/article/152/economic-democratization-needs-times>

Park Warns South Korea: Change or Perish, The Diplomat, February 28, 2014, <http://thediplomat.com/2014/02/park-warns-south-korea-change-or-perish/>

### Labor Markets

Labor Market  
Policy  
Score: 7

Labor market policies have successfully kept the unemployment rate at about half the OECD average. The official jobless rate fell to 3.3% in Q3 2014 from 3.7% in Q2 and 4.0% in Q1. The youth unemployment rate stood at 9.1% in Q3 2014, a decrease from 10.2% in Q2 and 11.7% in Q1. This comparatively good performance can be attributed to the effects of the large fiscal stimulus package, a currency devaluation that increased the competitiveness of exports and corporatist arrangements that reduced wage restraints and increased job security.

On the other hand, labor market policies have been less successful in preventing the proliferation of precarious working conditions and irregular employment. This problem is particularly severe for young college graduates, who have been dubbed the “88 generation” since the late 2000s because they cannot get regular jobs and their first irregular job or internship typically pays about 880,000 won (approximately \$800 dollars) a month. The overall employment rate of 64% remains below the OECD average due to low levels of employment among women and the ineffectiveness of government policies that target this problem. Consequently, many unemployed individuals are discouraged from looking for jobs and eventually exit the labor market.

Park Geun-hye's administration addressed the problem of low employment rate with a “roadmap to achieve an employment rate of 70% by 2017” announced in June 2013. It is likely to meet the 2014 target of 65.6% employment set by the roadmap. The youth employment rate (age 19-29), however, fell to 56.8% in September 2014, falling below the senior employment rate (age 60-64) of 57.2% for the first time. The ratio of irregular worker as a proportion of all workers declined from 32.6% to 32.4%. But total number of irregular workers increased to 6.08 million due to an increase in older workers paid by the hour (as of August 2014, Statistics Korea).

Citation:

OECD, Employment Outlook 2011,

[http://www.oecd.org/document/46/0,3746,en\\_2649\\_33729\\_40401454\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/46/0,3746,en_2649_33729_40401454_1_1_1_1,00.html)

OECD, Employment Outlook 2014, <http://www.oecd.org/korea/EMO-KOR-EN.pdf>

Pres. Park's dream of 70% employment still a long way off, The Hankyoreh, Jan. 16, 2014  
[http://www.hani.co.kr/arti/english\\_edition/e\\_business/620022.html](http://www.hani.co.kr/arti/english_edition/e_business/620022.html)

## Taxes

Tax Policy  
Score: 7

The South Korean tax system is fairly effective in generating sufficient public revenues without weakening the competitive position of the national economy. South Korea has one of the lowest tax rates in the OECD. Although taxes on businesses are relatively high, compared to personal income taxes, they do reduce overall competitiveness. The corporate tax rate is relatively low, compared to the OECD average. Tax instruments are used to nurture foreign direct investment, research and design, and human resource development. Its main weakness, however, is equity. Compared to other OECD countries, the tax burden in South Korea is very low. As of 2012, tax revenues were 26.8% of GDP.

Tax revenue has been growing slowly and is likely to increase in the future because social security contributions have increased relatively quickly since the middle of 1990 and will likely continue to do so. However, tax exemption continues to persist, as of 2011 the rate of tax exemption was a very high 36.1%. As a result, income tax as a proportion of overall GDP is very low, only 3.6% compared to an OECD average of 8.4%.

The strong reliance on value added tax gives the tax system an inequitable, regressive nature, and lessens its ability to improve equity. Major reasons for the weak income-tax base include: the relatively high number of self-employed individuals, the low levels of income tax paid by this group and the sizable income-tax deduction for wages and salaries. However, Lee Myung-bak's administration had previously weakened the ability of the tax system to achieve equity by reducing progressive income taxes and real-estate taxes paid by the relatively wealthy. Since late 2011, the discussion has slightly shifted as the government failed to further deliver on tax reductions for the wealthy due to opposition. In January 2012, parliament increased taxes on those earning more than 300 million won (9,000). The so-called "Korean Buffet Tax" was passed three months before the parliamentary election against the opposition of many in the ruling party and the government.



On 6 August 2014, the Finance Ministry announced proposals for a reform of the tax system. A new corporate accumulated earnings tax was proposed on excess cash accumulated by large corporations whose equity capital exceeds 50 billion won ( million) and corporations that are members of an enterprise group with restriction on mutual investment. The new tax is designed to encourage corporations to distribute profits as dividends to shareholders and reinvest cash towards the salary and wages of employees and investment, rather than accumulating and holding them in reserve. SMEs are exempt from this new tax regime. In September 2014 the government unveiled plans to raise residence tax and taxes on commercial vehicles and tobacco products. The proposed tax increases put a heavier burden on low income earners and will make distribution of tax responsibility more inequitable. At the same time, the government has decided to postpone taxation of religious groups for two years.

Following an international trend, South Korea has signed tax treaties, such as the 2012 bilateral treaty with Switzerland, to gain access to the information of suspected tax dodgers. Taxes on problematic consumption items, such as energy or cigarettes, remain relatively low and the government has so far failed even to discuss an ecological tax reform.

Citation:

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OECD, 2006, Tax Administration in OECD and Selected Non-OECD Countries. Comparative Information Series.

Kim, Jyunghun, 2008: Tax policy in Korea: Recent changes and key issues, Seoul: Korea Institute of Public Finance, unpublished paper.

OECD 2009, Reforming the tax system in Korea to promote economic growth and cope with rapid population ageing, [http://www.oecd.org/topicdocumentlist/0,3448,en\\_33873108\\_33873555\\_1\\_1\\_1\\_1\\_37427,00.html](http://www.oecd.org/topicdocumentlist/0,3448,en_33873108_33873555_1_1_1_1_37427,00.html)

“Korean Buffett tax` passed despite ruling party chief`s opposition”, The Dong-A Ilbo, Jan 2, 2012

“Tax cuts for wealthy shelved”, The Korea Times, Sep 7, 2011

“Korean tax office to gain access to Swiss bank accounts”, The Korea Times, March 1, 2012

“The government can`t run from the need to raise direct taxes”. The Hankyoreh, Sep 15, 2014

## Budgets

Budgetary Policy  
Score: 7

South Korea’s national budgetary policies remain sound. South Korea continues to have one of the lowest levels of public debt and public expenditure among OECD countries, despite an increase in fiscal debt under the previous Lee Myung-bak administration. The ratio of public debt to GDP for 2013 was a relatively low 36.5%. From 2009, when South Korea recorded a budget deficit of 1% of GDP, and with the exception of 2013, when South Korea recorded a deficit of 0.4% of GDP, South Korea successfully maintained fiscal soundness. South Korea is expected to achieve a budget

surplus of 0.7% of GDP for 2015, despite a record spending plan announced on 18 September 2014. Huge amounts of government debts may be hidden in state-owned companies. According to the estimations of the Naumann Foundation in Seoul, the total amount of government debt could be about three times the official figure.

The government has been remarkably pragmatic in abandoning what have traditionally been very conservative fiscal policies, implementing the OECD's largest fiscal stimulus in an attempt to sustain economic growth. On the other hand, low overall government expenditure leaves room for doubt as to whether, amid a maturing economy and an aging society, the South Korean government is prepared to take more responsibility, particularly with respect to increasing spending for social security and education. The recent shift of government expenditure to construction projects might also create short-term growth at the expense of a long-term debt burden. Critiques that big construction projects like the Four Rivers Project were a waste of taxpayer money increased during Lee's administration.

At the local level, budgetary problems have become more prevalent due to prestige construction projects without many economic benefits. In 2010, Seongnam City became the first South Korean municipality to declare a moratorium on its debt payments. In 2012 and 2013 Incheon, South Korea's third largest city, delayed paying monthly salaries of its employees as it teetered on the edge of fiscal collapse. As local government debt levels increase, the Park Geun-hye administration has proposed the introduction of a bankruptcy system for debt-ridden local governments, which would hold them responsible for fiscal deficits and force them to cut their debt. Moreover, rising welfare costs are causing further tensions between local and central government as a system of burden sharing is negotiated, which may further deteriorate fiscal sustainability.

Citation:

OECD 2010, Preparing fiscal consolidation, Paris, [http://www.oecd.org/document/23/0,3343,en\\_2649\\_34595\\_44829143\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/23/0,3343,en_2649_34595_44829143_1_1_1_1,00.html)

OECD, OECD Economic Outlook No. 95, May 2014

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"South Korea Plans Record 2015 Budget as Spending Jumps", Bloomberg, Sep 18, 2014

"Time bomb ticking on local government debt", The Korea Times, March 31, 2014

## Research and Innovation

R&I Policy  
Score: 8

The South Korean government invests heavily in research and design (R&D), particularly in fields which can be directly commercialized. Public spending

on research has substantially increased in recent years and accounted for 1% of GDP in 2011. The green growth policy is a good example of the government's willingness to support domestic industry's R&D of new products or production techniques. A further example is Park Geun-hye's Creative Economy initiative. The newly formed Ministry of Science, ICT and Future Planning will spend a total of 8.5 trillion won (.1 billion) over the next five years to promote R&D in the information and communications technology (ICT) sector, a key target sector for the creative economy.

The government also uses protectionist measures to help South Korean firms to develop indigenous technologies. One example of this infant-stage technology protection is the requirement that all mobile phones sold in South Korea must support a particular Korean internet platform. Such trade barriers have resulted in the complete dominance of Korean mobile-phone producers in the Korean market, because it is too expensive for foreign firms to design special models just for one country. The government started investing in a modern telecommunication infrastructure early, although more recently it's lost its competitive advantage as other countries have caught up. The ever-increasing dominance of large business conglomerates ("chaebol") impedes the rise of SMEs and start-ups, which are often the source of new innovations (as opposed to incremental ones). Other weaknesses include a lack of high-quality fundamental research, which is difficult to commercialize. In response, the government started funding a new Institute of Basic Science in 2012. South Korea has experienced a steady increase in the number of science articles or patents, but a fundamental change based in quality-oriented investment. Yet, the rate of commercialization is still low.

Citation:

OECD, OECD Review of Innovation Policies Korea 2009  
Institute of Basic Science, <http://www.ibs.re.kr>

### Global Financial System

South Korea is a member of the G-20 and also one of the biggest gainers in the ongoing voting-share reform of the IMF and World Bank. However, so far South Korea plays only a very minor role in shaping the global financial architecture. Instead it is largely using self-help policies like the accumulation of currency reserves, currency management and capital controls to protect itself from global financial volatility. In addition, South Korea has held bilateral negotiations on, for example, currency swap agreements with the United States, Japan and China. While South Korea follows international standards on banking regulation, like the Basel capital adequacy requirements, it is playing a little role internationally in advancing them. However, South

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Score: 5

Korea is expected to play a more active role in building the regional financial architecture for future negotiations for a Korea-China-Japan free trade area.

Citation:

“Dozens of Korean names in leaked data on tax havens: ICIF”, The Korea Times, 24 April 2013

## II. Social Policies

### Education

Education Policy  
Score: 8

South Korea’s tertiary education enrollment rate is very high. Education policies are hotly debated and are an important priority for the government. About 8% of GDP is spent on education institutions compared to an OECD average of 6.3%. However, only 4.9% of GDP is public expenditure, less than the 5.4% OECD average. Thus, much of the success of Korean education can be attributed to parents’ willingness to pay for education and not to public policies. Almost all parties involved in the field of higher education agree that a change in the South Korean system is both necessary and of high priority. There are many complaints about the curriculum content and the less creative teaching styles at South Korean schools and universities. Entrance exams are a particularly controversial issue, which critics see as a major cause of weak analytical and debating skills. Many advanced systems have been introduced for education reform, but cramming and rote learning are still favored over analytic skills, discussion and creativity. Social and cultural templates based on school ties are also hampering educational reform in a fundamental way.

Citation:

OECD, OECD in figures 2009

OECD, Government at a Glance 2009

Netherlands Organization for International Cooperation in Higher Education (2009), South Korea, The Hague.

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### Social Inclusion

Social Inclusion  
Policy  
Score: 6

The gap between rich and poor has widened in the past 15 years, as well as over the assessment period, and criticism of the government’s lack of action on this issue is growing in strength. The South Korean welfare system is not designed to reduce inequality, while its capacity to prevent poverty is very limited given the extremely low level of social transfer payments. These small payments force unemployed individuals to accept any job offer, even if wages

are much lower than in their previous employment. This explains why South Korea has the highest share of working poor in the OECD. The welfare system also depends on family-based security, in which parents are willing to support their children even after completion of a university degree. Young people in particular still suffer from social exclusion. Gender equality is also still far below the OECD average. The elderly poverty rate is the highest among the OECD countries.

It is common in South Korea for the more well-off members of a group (colleagues, friends, high-school alumni, etc.) to invite less-fortunate members out, so that these individuals can continue to participate in social activities. However, in South Korea's increasingly money- and consumption-oriented society, poverty is becoming a source of shame, which partly explains the low levels of life satisfaction. Suicide rates are one of the highest in the world, particularly for the 60-plus generation.

The Lee Myung-bak administration had shown little enthusiasm for the previous government's plan to transform South Korea into a modern welfare state. Rather, Lee sought to solve social problems through high growth rates and job creation linked to public work programs and infrastructure projects. As the 2012 presidential election approached, the discussion slowly changed and, since her election, Park Geun-hye has put welfare policy high on her administration's agenda with a pledge to expand social welfare programs. However, she was forced to backtrack on her most important election promise to introduce a monthly pension of 200,000 won (6), to citizens over 65 regardless of income level, due to the huge fiscal burden. This shows government's reluctance to support the poor and vulnerable elderly.

The recent massive influx of North Korean defectors from low social classes has made the issue of their integration into South Korea's workforce worrisome. Available data on the work integration of North Korean defectors casts a spotlight on this group's marginalization in the primary labor market, as well as on other indicators of their poor level of work integration.

Citation:

Bidet, Eric, 2009: Social Capital and Work Integration of Migrants: The Case of North Korean Defectors in South Korea, *Asian Perspective* 33(2), 2009

OECD, *Society at a Glance 2011*, <http://www.oecd.org/korea/societyataglance-asiapacificedition2011.htm>

OECD, *Pension at a Glance 2013*, [http://www.oecd-ilibrary.org/finance-and-investment/pensions-at-a-glance-2013\\_pension\\_glance-2013-en](http://www.oecd-ilibrary.org/finance-and-investment/pensions-at-a-glance-2013_pension_glance-2013-en)

## Health

Health Policy  
Score: 8

There were no major changes in the health care system during the assessment period. South Korea has a high-quality and inclusive medical system, and experienced the highest increase in life expectancy among OECD countries – an increase of 27 years to 79.8 years between 1960 and 2008. Health spending per person increased significantly between 2000 and 2011, the highest growth rate among OECD countries. Yet, total expenditure on health as proportion of GDP was 7.4% in 2011, below the OECD average of 9.3%. The public sector provides slightly more than half of all health care funding. The universal health insurance system has relatively low premiums, but high co-payments. South Koreans can freely choose doctors, including private practitioners, but coverage for medical procedures is narrower than in most European countries. Out of pocket payments account for 32% of all health expenditure. High co-payments have the problematic effect that access to medical services depends on personal wealth.

Citation:

OECD, Society at a Glance 2011, <http://www.oecd.org/korea/societyataglance-asiapacificedition2011.htm>

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## Families

Family Policy  
Score: 5

South Korea has not been very effective in enabling women to combine parenting with participation in the labor market. This can be seen in the country's low fertility rate as well as in women's low labor-market participation rate. The traditional Confucian family values that view women as mothers and housewives remain strongly influential. High housing prices and high costs of education are the most important factors in young couples' decision not to have children. In recent years, the government has been alarmed by the dramatic drop in fertility and various policies, such as free childcare services and flexible work-hours for working women, are being introduced or are under discussion. However, most policies adopted so far have proven to be inadequate in helping women combine employment and parenthood.

The low fertility rate remains an unaddressed challenge. Cultural and socioeconomic factors, such as a gender pay gap that is the highest among OECD countries as well as pervasive social immobility, discourage women from entering into the workforce. As a result, the employment rate for female

graduates is lower than for male graduates, despite similar numbers of male and female college graduates. Furthermore, South Korea is the only country in the OECD where the employment rate of female college graduates is lower than that of women with only compulsory education. The 2013 Global Gender Gap Report by the World Economic Forum – which measures the gender gap with respect to economic, political, educational, and health-based criteria – ranked South Korea 111 out of 136 countries, a decrease on its rank in 2006 of 92.

There have also been more controversial reactions to the low fertility rate. For example, the government has started cracking down on abortions, which had been illegal in South Korea, but had been tolerated since the 1970s as means to reduce the birth rate.

Citation:

New York Times, 5 January 2010

Kim Sangmook, 2008, Women and family-friendly policies in the Korean government, *International Review of Administrative Sciences*, Vol. 74, No. 3, 463-476

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South Korea's Failure to Support Working Women, *The Diplomat*, Aug 20, 2014, <http://thediplomat.com/2014/08/south-koreas-failure-to-support-working-women/>

## Pensions

Pension Policy  
Score: 6

The average age of South Korea's population is increasing much faster than in many other OECD countries. The share of the population that is 65 years or older is expected to increase from 7% in 2000 to 37% in 2050. This relatively quick demographic shift is taking place in part because South Korea has been very successful in reducing infant mortality rates and increasing life expectancy, while failing to maintain birth rates near the replacement rate. Since 1996, the fertility rate has dropped from 1.6 babies per woman – just below the OECD average – to 1.2. South Korea now has the lowest birth rate among OECD countries and one of the lowest in the world.

Old age remains a major source of poverty in South Korea, as pension payments are low and most elderly people today lack coverage under a national pension system that did not cover a large share of the workforce until its expansion in 1999. The government has also failed to enforce mandatory participation in the system, while many employers fail to register their employees for participation. Furthermore, most irregular workers and self-employed are not covered by the system.

The national pension system is currently fiscally sustainable and needs only small subsidies. This is because the system is organized in the form of a pension fund and contributors currently far outnumber pension recipients. However, given the risks involved in pension funds, it is not clear what level of subsidies the fund will require once those who entered into the system since 1999 retire. According to the first national pension financial review in 2003, the fund was projected to run out of money by 2047. Growing concerns about the long-term financial sustainability of the pension fund led to a drastic reform in 2007. The earnings replacement rate was reduced from 60% to 50% in 2008 and will be further reduced to 40% by 2028. The government hopes that pay promoting private pension plans can offset this reduction in the national pension benefit. Beginning in 2016, the government will make it mandatory for businesses with 300 or more employees to provide retirement pensions to their employees. This requirement will gradually be extended to all businesses by 2022.

Three older and much smaller pension funds for government employees (insolvent since 2001), military personnel (insolvent since 1973) and teachers (expected to be insolvent from 2033 on) are already running deficits and have to be subsidized by the government. Given the low fertility rate and the aging population, the country's pension funds will almost certainly need more subsidies in the future. Faced with the increasing fiscal burden of relatively generous civil servant pension schemes, Park Geun-hye has been pushing ahead with reform of the government employee pension plan to increase the pension age from 60 to 65 and reduce pension benefits.

South Korea's pension funds are vulnerable to government interference. For example, in 2008 the government told the National Pension Fund to invest a larger share of its assets in South Korean stocks, seeking to stabilize the stock market during the global financial crisis. Its financial sustainability is now hotly debated.

Citation:

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Government to Promote Private Pension Plans, Ministry of Strategy and Finance, Aug 27, 2014  
<http://english.mosf.go.kr/pre/view.do?bcd=N0001&seq=3671&bPage=1>



## Integration

Integration Policy  
Score: 5

Since the 1990s, South Korea has transformed itself into a society that attracts immigrants rather than a country from which immigrants leave. This change has been driven by an increasing demand for cheap labor, changes in generational composition of the population and a shortage of women in rural areas. In 2010, the total number of foreign nationals in South Korea reached 1.2 million.

Most migrants come from China, with Vietnam, the United States, Uzbekistan and Cambodia also contributing significantly. In August 2005, the parliament passed the Public Official Election Act, which enables foreign residents to vote in local elections. South Korea is currently the only Asian country which gives voting rights to non-citizens. In recent years South Korea has made it easier for migrants to receive permanent resident status and even citizenship, particularly for highly skilled migrants. In the 2012 parliamentary election, 110,000 naturalized citizens were allowed to vote and Jasmin Lee of the Saenuri Party became the first naturalized member of the South Korean parliament.

To apply for South Korean citizenship an individual must have resided in the country for more than five consecutive years, be legally an adult, have displayed good conduct, have the ability to support himself or herself on the basis of his or her own assets or skills (or be a dependent member of a family) and have basic knowledge befitting a South Korean national (such as an understanding of Korea's language, customs and culture). In April 2010, the South Korean parliament also passed a law that allows dual citizenship. Another relatively serious integration issue concerns the social exclusion experienced by the foreign-born wives of Korean men (often from China, South-east and South Asia). This population has drastically increased in recent years – about 10% of all marriages in South Korea are international today, in the sense that either bride or groom is non-Korean. Such marriages often face cultural discrimination.

Furthermore, cultural, education and social policies have yet to adapt to increasing immigration levels. While ethnic Koreans with foreign passports, foreign investors and highly educated foreigners are welcomed and treated favorably, Amnesty International reports that migrant blue-collar workers are often treated as “disposable labor.” From a legal perspective, migrant workers have very similar rights to native Korean employees, but these rights are routinely neglected by employers. While courts have offered some protection to migrant workers, the government has not pursued active enforcement measures against employers that exploit the precarious status of migrant

workers. In January 2012, the parliament unanimously passed a revision to allow migrant workers to more easily change their workplace.

Citation:

Korea Times, Garibong-Dong Has Largest Number of Foreigners, 28/2/2010

“Jasmin to help Seanuri lure naturalized voters”, The Korea Times, April 8, 2012

National Statistics Office, International Migration in 2010, <http://kostat.go.kr/portal/english/news/1/9/index.board?bmode=download &bSeq=&aSeq=249164&ord=3>

“Seoul to ease visa rules for migrant workers”, The Korea Times, January 2, 2012

### Safe Living

Safe Living  
Conditions  
Score: 9

Police statistics show a small increase in both violent crime and street crimes over the last few years, but the general sense of security remains high. The country has very strong gun control laws, making crimes involving firearms rare. There is no known terrorist activity in South Korea. Although a major concern that has not yet been effectively addressed is the spread of cyber-crime, whose perpetrators take advantage of South Korea’s excellent broadband infrastructure and lax online security measures. The lax enforcement of traffic laws remains another issue, as South Korea has the second highest ratio of road fatalities among OECD countries, with 14.1 deaths per 100,000. Every year 6,800 people die in road traffic accidents. Generally respect for and trust in the police is low.

Citation:

OECD, OECD Factbook 2009

WHO, Global Health Observatory Data Repository, <http://apps.who.int/gho/data/view.main.51310>

### Global Inequalities

Global Social  
Policy  
Score: 6

South Korea has established itself as a new donor in the field of development cooperation and was admitted to the OECD Development Assistance Committee (OECD-DAC) in 2010. It put development on the 2010 G-20 agenda and hosted the OECD High Level Forum on Aid Effectiveness in 2011. South Korea has massively increased its official development aid. In 2011, for example, it increased its development aid budget by a remarkable 13%. However, the level of overseas direct aid remains low at 0.12% of GNI. The quality of South Korean aid also remains relatively low. Untied aid is preferred by the OECD-DAC for the least developed countries but actually declined from 37% in 2009 to 27% in 2010. This is much less than the OECD average of 88%. Another weakness is the focus on bilateral as opposed to multilateral aid. South Korea has recently played a stronger role in agenda-setting and overseas development assistance, but top priority is afforded to economic rather social issues (e.g. human rights issues).

In terms of a fair global trading system, South Korea has shown little initiative and instead focuses on negotiating a large number of preferential trade agreements with, among others, the European Union and the United States as well as many developing countries.

Citation:  
OECD, KOREA Development Assistance Committee (DAC), PEER REVIEW 2012,  
<http://www.oecd.org/dac/peer-reviews/Korea%20CRC%20-%20FINAL%2021%20JAN.pdf>

### III. Environmental Policies

#### Environment

Environmental  
Policy  
Score: 5

Environmental policies are currently insufficient to protect the environment or to preserve the sustainability of resources. In recent years contradictory trends have emerged. On the one hand, the previous Lee Myung-bak administration had put “green growth” at the center of its agenda, and environmental policies had entered the political mainstream. The Lee administration had strongly supported new technologies and had helped South Korean firms to develop “green” products, such as hybrid and electrical vehicles or LED-based lighting and displays. Yet, much of this so-called green growth was simply a new name for industrial and infrastructure policies.

A considerable amount of the investment associated with this drive had been earmarked for the environmentally very controversial Four Rivers Project, which included the construction of artificial waterways and dams. Huge amounts of public funds were also used to develop, build and export new nuclear power plants. South Korea became one of the few countries that dramatically expanded its nuclear power generation after the 2011 Fukushima catastrophe.

Park Geun-hye’s administration has since distanced itself from this “green growth” agenda, but it has not presented an alternative environmental policy agenda. Park’s administration has delayed a proposed tax on vehicle carbon emissions until 2020, amid pressure from domestic and U.S. car makers. Furthermore, the emissions trading scheme, which is expected to launch in 2015, also suffers setback.

The local government in Seoul has expanded bike paths, although many of these paths are designed for recreational use and will have a marginal effect on reducing commuter traffic. Public transportation is also steadily improving with new subway lines and a high-speed railway connection to the airport under construction. South Korea also has a high level of recycling. However, in many other areas conservation efforts are stalling. For example, priority is still given to cars, many buildings are poorly insulated and energy use continues to be subsidized. Since 2010, the government has launched an effort to reduce excessive heating in the winter and excessive cooling in the summer. These efforts work in public environments, such as public buildings and transportation, but have not resulted in private individuals adopting more ecological lifestyles.

Citation:

“What happened to green growth?”, The Korea Times, July 17, 2013

“S.Korea increases emissions cap in proposed carbon trading scheme”, Reuters, Sep 11, 2014

### Global Environmental Protection

Global  
Environmental  
Policy  
Score: 6

There has been little interest in moving South Korea from the developing country status it was accorded in the Kyoto protocol into the Annex 1 category. South Korea has reported the largest increase in CO<sub>2</sub> emissions since the 1990s among OECD countries.

At the same time, the South Korean government is hosting two important international environmental organizations. The Global Green Growth Institute (GGGI) supports the efforts of developing countries to design environmental friendly policies and the Green Climate Fund (GCF) was established in 2012 to fund these activities.

GGGI and GCF have failed to show an expected performance due to the shortage of cooperation among concerned countries, poor governance structure and some financial scandals.

## Quality of Democracy

### Electoral Processes

Candidacy  
Procedures  
Score: 8

All election affairs are managed by the National Election Commission, an independent constitutional organ. Registration of candidates and parties at national, regional and local levels is done in a free and transparent manner. Independent candidates with no party affiliation are allowed to participate in national (excluding party lists), regional and local elections. Candidates can be nominated by political parties or by registered electors. Civil servants are not allowed to run for elected offices and have to resign if they wish to become a candidate. Deposit requirements for persons applying as candidates are relatively high, as are ages of eligibility for office. For example, deposits are 300 million won for presidential, 50 million won for governmental and 15 million won for parliamentary elections.

Although the National Security Law allows state authorities to block registration of so called “left-wing,” “pro-North Korean” parties and candidates, there is no evidence that this had a real impact in the 2012 parliamentary and presidential elections or the important Seoul mayoral election of 2011. However, the constitutional court in mid-December 2014 ruled that the Unified Progressive Party undermined democracy and worked toward achieving North Korean-style socialism. The party, founded in late 2011, had five lawmakers, all of whom were deprived of their seats. This was the first time a political party has been dissolved by a court or government order since 1958.

Citation:

Bertelsmann Transformation Index 2010, Bertelsmann Foundation, [www.bertelsmann-transformation-index](http://www.bertelsmann-transformation-index).

Public Officials Election Act, Act No. 9974, Jan. 25, 2010 Freedom House, Freedom in the World 2009, New York: Freedom House

The Guardian 2014. South Korea court orders breakup of ‘pro-North’ leftwing party. Dissolution of Unified Progressive party raises questions of South’s commitment to democracy, 19 December 2014, <http://www.theguardian.com/world/2014/dec/19/south-korea-lefwing-unified-progressive-party-pro-north>

Media Access  
Score: 6

Candidates’ access to the media depends on the type of media. The print media remains dominated by three big conservative newspapers with a clear political bias. However, there are smaller newspapers that support the opposition.

Access to TV and radio is even higher, although government intervention increased under the previous Lee Myung-bak administration. There was some public discussion in 2012 on whether to exclude a progressive party candidate from the presidential election debate because she would have no chance of winning the elections. However, she was included until she resigned before the last debate. In general, concerns about media freedom in South Korea are growing. In early 2012, reporters from the three main TV channels – KBS, YTN, and MBC – went on strike to protest political interference.

Blogging and social networks have played an important role in South Korean politics and in the country's broader internet culture in recent years. The immensely controversial National Security Law also applies to online media. Nevertheless, South Korean society is one of the world's most internet-active societies, with almost universal access to the internet and an increasing shift from the use of print media to online media (especially among the younger generation). This is why some argue that the obvious conservative bias of mainstream newspapers is less and less relevant as a factor in assessing fair media access during election campaigns. On the other hand, the Korea Communications Standards Commission and the National Election Commission have been trying to block accounts or fine online users for online comments critical of the government or the ruling party. However, some of these fines have since been overturned.

Another limitation is the opaque character of South Korean election law concerning support for candidates during the election period, which can be up to 180 days before an election. According to some interpretations of Article 93 of the election law, all public support for candidates or parties is illegal during that period. On 29 December 2011, the Korean Constitutional Court ruled that Article 93 was unconstitutional in restricting expression of opinions on the internet. However, it is still not clear how this ruling will affect other media or campaigning in general.

Voting and  
Registrations  
Rights  
Score: 9

All adult citizens 19 years old or over are eligible to vote and voter registration is fair and effective. Citizens can appeal to the National Election Commission and the courts if they feel they have been discriminated against. National elections are national holidays, ensuring that all citizens are able to vote. Citizens who are currently serving prison time, have violated election laws or committed specified crimes while holding a public office are excluded from this right. Since 2009, overseas citizens aged 19 or older have been able to vote in presidential elections and in National Assembly general elections. Overseas citizens are defined as Korean citizens resident in foreign countries in which they are permanent residents or short-term visitors.

Citation:

National Election Commission, Right to Vote and Eligibility for Election, [http://www.nec.go.kr/nec\\_2009/english/](http://www.nec.go.kr/nec_2009/english/) National Election Commission, NEWS No.7

Party Financing  
Score: 5

Party and campaign financing is a controversial topic in South Korea. Due to the low rate of fee-paying membership in political parties (on average less than 0.1% of party members), candidates in elections have to spend huge amounts of money to hire supporters and place advertisements. Parties receive public subsidies according to their share of the vote in the most recent elections. However, a larger share of campaign financing comes from private donations. Nowadays some election candidates raise funds under a special investment (not donation) account, which has emerged as a new popular trend. Although election laws strictly regulate political contributions, efforts to make the political funding process more transparent have had only limited success. Many violations of the political funds law are revealed after almost every election and many elected officials or parliamentarians have lost their office or seats due to violations. The heavy penalties associated with breaking the political funds law have only had limited effect on the actual behavior of politicians and breaking the election law carries little stigma.

Popular Decision-Making  
Score: 5

Citizen referenda can be conducted at local and provincial levels and require support of at least 5% to 20% of voters and a turnout of at least 33%. Results are not legally binding. So far there have been five referenda. At national level, only the president can call a referendum (Article 72 of the Constitution). Since 2006, there have been binding recall votes at local level. However, the rate of success is very low.

Citation:

NEC, <http://www.nec.go.kr/engvote/overview/residents.jsp>

### Access to Information

Media Freedom  
Score: 3

There is growing evidence that freedom of expression in South Korea has deteriorated since the beginning of Lee Myung-bak's presidency in 2008 and throughout the first half of the Park Geun-hye administration. In the 2013 Press Freedom Index, published by Reporters Without Borders, South Korea ranked at 50 out of 179 countries, falling six places from the 2011/12 ranking. South Korea also remains on the list of "countries under surveillance" for internet censorship. Defamation suits are a common way to prevent critical reporting. The number of web pages blocked or deleted at the request of the Korea Communications Standards Commission (KCSC) has significantly increased from about 57,000 in 2013 to over 80,000. Monitoring of social media has also intensified. A special sub-committee on social media in 2011 set up by the KCSC asked for 6,400 comments on SNS to be removed in 2013, up from 4,500 in 2012.

The latest cyberspace censorship scandal affected Kakao Talk, the nation's most popular messenger service. The company has openly admitted its cooperation with government surveillance requests, after Jung Jin-woo, a member of the minor opposition Labor Party, revealed on 1 October 2014 that the prosecution recently examined his Kakao Talk conversations and the personal information of 3,000 of his acquaintances registered with the service. According to Kakao Talk, it received 2,131 requests for users' information from the government with search warrants as well as 61 court-approved requests seeking to wiretap during the first half of 2014.

After Park Geun-hye complained about 'intolerable insults' against her leadership on 16 September 2014, prosecutors swiftly set up an investigative team to tighten cyberspace monitoring for falsehoods or defamation. On 8 October 2014, prosecutors indicted Japanese journalist and former Seoul bureau chief of The Sankei Shimbun Tatsuya Kato for defaming Park and barred him from leaving South Korea. The charges are linked to an article written by Kato and posted on Sankei Shimbun's website on 3 August 2014 that questioned the whereabouts of South Korean Park during the Sewol ferry accident of April 2014 that resulted in over 300 deaths.

False or misleading reports by the major broadcasters about Sewol ferry incident and rescue operations have led to questions about political independence. In May 2014, a former editor-in-chief of the Korean Broadcasting System (KBS) caused turmoil by exposing the presidential office's meddling in its news reporting. He alleged that Blue House demanded that coverage of the Sewol ferry disaster should be uncritical. To protest against the presidential office's control of the media, KBS staff members went on a strike and 5,623 media workers issued a statement expressing their regret on how they reported the Sewol ferry disaster and apologized for not resisting pressure from government agencies.

Citation:

"South Korea's media Reporters complain of being muzzled", The Economist, 3rd of March 2012  
Reporters without Borders, Report South Korea, <http://en.rsf.org/south-korea-south-korea-12-03-2012,42067.html>  
Freedom House, Freedom of the Press Report 2013, <http://www.freedomhouse.org/report/freedom-press/2013/south-korea>  
Freedom House, Freedom on the Net 2013, <http://www.freedomhouse.org/report/freedom-net/2013/south-korea>  
"South Korean Court Rejects Online Name Verification Law", New York Times, 23 August 2012  
SOUTH KOREA: We want the truth of the Sewol Ferry Tragedy, Asian Human Rights Commission, Aug 22, 2014  
<http://www.humanrights.asia/news/forwarded-news/AHRC-FST-063-2014>  
"Japanese journalist to be prosecuted in South Korea", The Economist, Oct 10, 2014  
"Insult to injury", The Economist, Oct 18, 2014  
Stephan Haggard & Jong-Sung You (2014): Freedom of Expression in South Korea, Journal of Contemporary Asia, DOI: 10.1080/00472336.2014.947310



Media Pluralism  
Score: 5

Despite some limitations, South Korea is one of few countries in East Asia with media pluralism. Its quality, however, depends on the type of media. The print media is dominated by three major newspapers: Chosun Ilbo, Dong-a Ilbo and Joong Ang Ilbo. The combined market share of these three outlets in 2006 was 62.3%. Smaller alternative newspapers also exist. The major newspapers are politically conservative and business-friendly, partly because they depend to a very large degree on advertising revenues. For example, major newspapers and websites did not review or accept advertisements for the best-selling book of former Samsung chief counsel Kim Yong-chul, in which he accuses Samsung and Samsung Electronic Chairman Lee Kun-hee of corruption. However, as newspaper subscription rates continue to decline – dropping by almost 50% between 1996 and 2006 – the internet has increasingly become one of the most important sources of information for South Koreans, especially among younger people.

There is more pluralism in the broadcasting sector due to the mix of public and private media. However, the diversity of political opinions in this arena is threatened by government influence over broadcasters' personnel policies. In December 2011, in a controversial change of rules, the major newspapers were allowed to start their own cable TV channels. Channel A was founded by Dong-A Ilbo, TV Chosun by Chosun Ilbo, jTBC by JoongAng Ilbo and MBN by Maeil Business Newspaper. It is still not clear how the new cable channels will affect media plurality, but there is concern that the concentration within the newspaper sector will spread to TV as well. These cable TV channels are heavily influenced by the government in terms of re-approval examination.

Citation:

Chung, Jongpil, Comparing Online Activities in China and South Korea: The internet and the political regime, Asian Survey, September/October 2008, Vol. 48, No. 5, Pages 727–751.

“New cable channels off to shaky start”, Korea Herald, 5 December 2011

Access to  
Government  
Information  
Score: 6

The Act on Disclosure of Information by Public Agencies regulates access to government information. The Korean Public Information Disclosure System makes available all documents described by the act. Information can also be accessed online at the Online Data Release System. If an individual requests the disclosure of information, the agency in possession of that information must make a decision on the petition within 15 days. While this is a reasonable level of exception in theory, “national security” is often given a very wide scope for interpretation.

Despite the sound legal regulations for information disclosure, there are many complaints about the policy's practical implementation. Freedominfo.org reports that information disclosure requests are often rejected without proper

explanation. Complaints and litigation are possible in the wake of a failure to disclose information.

Park Geun-hye unveiled the Government 3.0 Plan on 19 June 2013, pledging wide-ranging information disclosures on areas that were previously off-limits. The government said that by 2016, it will nearly quadruple the scope of administrative data releases from 16% to 60% of the available total source documents in areas like transport, climate, finance, and welfare. A new public data law to provide the legal grounds for the plan was enacted in July 2013. The Open Data Mediation Committee was created to help the public when the government or quasi-public agencies refuse to provide data or suspend access.

Citation:

Korea Public Information Disclosure System, [https://www.open.go.kr/pa/html/eng\\_main.htm](https://www.open.go.kr/pa/html/eng_main.htm) “Twenty governmental institutions currently in violation of Information Disclosure Law”, The Hankyoreh, 3 March 2010, <http://english.hani.co.kr/arti/engl>

Freedominfo, South Korea, <http://www.freedominfo.org/regions/east-asia/south-korea/>  
Gov’t to widen administrative data transparency,

<http://www.korea.net/NewsFocus/Policies/view?articleId=109276>

“Open data access a work in progress”. Korea JoongAng Daily, July 21, 2014

### Civil Rights and Political Liberties

Civil Rights  
Score: 5

Basic civil rights are protected by the constitution. Despite the establishment of the Human Rights Commission in 2001 and the effective performance of courts in protecting civil rights, human rights groups have criticized and even boycotted these processes for failing to consult civil society. Observers tend to agree that the human and civil rights situation has worsened since 2008. Amnesty International stated that there had been a “dramatic increase in the abuse of national security laws in a politically motivated attempt to silence debate.”

The National Security Law remains in place, outlawing activities that could be interpreted as “benefiting or praising” North Korea. The authorities indicted 102 people under the National Security Act in 2013, the highest number in 10 years. Amnesty International’s 2013 report on South Korea names the case of Park Jeong-geun, a member of the Socialist Party of South Korea, who was sentenced to 10 months in prison in November 2012 for satirically re-tweeting a message from North Korea’s official Twitter account. Another case mentioned was of Kim Myeong-soo, who was sentenced to six months in prison for selling widely available books online with the “intention of endangering the security of the state.” He was later acquitted.

Other serious issues include the inadequate rights enjoyed by migrant workers,

the widespread physical abuse of sex workers, the imprisonment of conscientious objectors, and the continuing use of the National Security Law to detain and imprison individuals believed to be sympathetic to North Korea or to be against South Korea's government. An attempt to abolish the death penalty failed in parliament in February 2010 and in the same month the Constitutional Court ruled that the death penalty was constitutional. On a more positive note, a late 1997 moratorium on executions has remained in place and 60 people are still on death row.

Citation:

Amnesty International, Report on South Korea 2013, <http://www.amnestyusa.org/research/reports/annual-report-south-korea-2013>

"2013 was a poor year for South Korean democracy", Globalpost, Jan 17, 2014

Political Liberties  
Score: 5

Political liberties are protected by the constitution, but infringements do take place. Freedom of opinion and of the press are constitutionally guaranteed, and freedom of association and assembly are respected in principle. Yet, recent illiberal trends raised big concerns. In November 2013 the government filed a claim with the Constitutional Court to dissolve the United Progressive Party (UPP), accusing it of pro-North Korean activities. The request to ban the UPP is the first in the history of the Constitutional Court, established in 1988. If ruled unconstitutional, the UPP will become the first political party to be forcefully dissolved since 1958, when the Progressive Party led by Cho Bong-am was dissolved. Cho had been a strong challenger to the incumbent President Syngman Rhee and had been arrested on charges of espionage and violating the National Security Act. This unprecedented move followed a prosecution investigation into UPP lawmaker Lee Seok-ki in August 2013 on charges of treason. In February 2014, Lee Seok-Ki was found guilty of plotting an armed uprising in support of North Korea in the event of a war on the Korean Peninsula and was sentenced to 12 years in prison.

Labor unions are allowed to operate in the private sector, but remain restricted in the public sector. Labor-union members are frequently imprisoned and fined for organizing "illegal strikes" or for "obstruction of business." In December 2013, in search of railway unionists, the police raided the headquarters of the Korean Confederation of Trade Unions (KCTU) without a search warrant. It was the first time authorities had been sent into the KCTU since it was legalized in 1999. In October 2013 the government announced that the Korean Teachers and Education Workers Union's (KTU) legal status was being revoked, accusing it of violating the clause of the teachers' union law, which bans dismissed and retired teachers from their union membership. Since then a court battle continues over the KTU's legal status.

Businesses also sue labor unions for compensation for "lost profits" during

strikes. Civil servants are also limited in their political freedom. Another issue is the very opaque and vague election law that limits political activities 180 days before elections.

Citation:

Amnesty International, Report on South Korea 2012, <http://www.amnesty.org/en/region/south-korea/report-2012#page>

Freedom House, Freedom of the World, South Korea Report 2012, <http://www.freedomhouse.org/report/freedom-world/2012/south-korea>

“Railway strike threatens to become labor-government war”, The Korea Herald, Dec 24, 2014

Jamie Doucette and Se-Woong Koo, Distorting Democracy: Politics by Public Security in Contemporary South Korea, The Asia-Pacific Journal, Vol. 11, Issue 48, No. 4, December 2, 2013, Updated February 20, 2014.

Non-  
discrimination  
Score: 5

Women remain underrepresented in almost all important fields in South Korea. The wage gap between men and women is on average 38%, the biggest such gap among OECD countries. The unequal treatment of South Korean women is reflected in various UNDP data studies. While South Korea ranked at 12 out of 47 in the UNDP’s 2013 Human Development Index, it only ranked at 27 out of 148 in the Gender Inequality Index. Discrimination against gays and lesbians remains pervasive. Discrimination against irregular workers and migrant workers is also frequent. In addition to discrimination at the workplace, many migrant workers have to submit to an HIV test in order to get a work visa.

In April 2013, an attempt by liberal politicians to pass a comprehensive anti-discrimination legislation failed, following two legislative failures in 2007 and 2010. Resistance and oppositions to the proposed anti-discrimination bill came from different groups, two main political parties, religiously affiliated organizations, and employers’ associations.

Discrimination against the disabled has lessened, although barrier-free entrances to buildings and public transportation services remain rare. The establishment of the National Human Rights Commission was an important step, but this organization is not part of the executive branch and has no direct enforcement authority. The enactment of the Disability Discrimination Act in April 2008 constituted another important step toward better protection against discrimination. According to official data from the NHRC, in 2011, a total of 1,802 complaints about discrimination were filed with 874 concerning disability related discrimination.

Citation:

UNDP, Human Development Report 2013, <http://www.undp.org/content/dam/undp/library/corporate/HDR/2013GlobalHDR/English/HDR2013%20Report%20English.pdf>

OECD, Gender Brief, March 2010, <http://www.oecd.org/dataoecd/23/31/44720649.pdf>

The National Human Rights Commission of Korea, Annual Report 2011, [http://www.humanrights.go.kr/english/publications/publications01\\_view.jsp](http://www.humanrights.go.kr/english/publications/publications01_view.jsp)

### Rule of Law

Legal Certainty  
Score: 7

There have been few changes in terms of legal certainty in the last two years, and signs of both improvement and deterioration can be found. On the one hand, there are fewer complaints from investors and businesses about government intervention, a trend that reflects the government's generally business-friendly attitude. On the other hand, the unpredictability of prosecutors' activities remains a problem. Unlike judges, prosecutors are not independent and there have been cases when they have used their power to harass political opponents, even though independent courts later found the accusations groundless. In South Korea's "prosecutorial judicial system" this is particularly important, because it is the public prosecutor who initiates legal action.

The most prominent case in recent years, in which critics argued that the prosecutor's office acted as a "political weapon" of the executive branch, was the prosecution of former president Roh Moo-hyun. The biggest political scandal, since Park Geun-hye's inauguration, concerns a feud between Chung Yoon-hoi and Park Ji-man. Chung was Park's chief, while Park Ji-man is Park's younger brother. The scandal alleges that Chung met with key aides to Park in an attempt to win a power struggle between himself and Park Ji-man. The publicity of this scandal opinion, the surrounding circumstances and the insinuation of shadow interference in state affairs reflects a deterioration of the rule of law and undermines public trust in the prosecutors.

Citation:  
Joong Ang Daily 9 April 2010

Judicial Review  
Score: 8

The South Korean judiciary is highly professionalized and fairly independent, though not totally free from governmental pressure. The court delivered an ambivalent verdict on former National Intelligence Service (NIS) chief Won Sei-hoon, who was indicted for mobilizing the spy agency to manipulate public opinion in support of Park Geun-hye's 2012 presidential election campaign. The court ruled that the agency illegally interfered in politics on the orders of the former NIS director, but found Won and the other defendants not guilty of charges of violating the Public Official Election Act.

State prosecutors are from time to time ordered to launch investigations, particularly targeting tax issues, aimed at intimidating political foes or other actors not toeing the line. The Constitutional Court has underlined its independence through a number of remarkable cases in which courts have ruled against the government. For example, a court acquitted a blogger called

“Minerva”, who had been accused by the government of damaging the nation’s credibility and destabilizing the currency market. However, there have also been cases that call the independence of the courts into question. For example, South Korean Supreme Court Justice Shin Young-chul used his position to influence the decisions of subordinate courts during the trials of protesters who had demonstrated against the import of US beef in 2008. Shin was referred to the court’s ethics commission, but did not step down.

Under South Korea’s version of centralized constitutional review, the Constitutional Court is the only body with the power to declare a legal norm unconstitutional. The Supreme Court, on the other hand, is responsible for reviewing ministerial and government decrees. However, in the past, there have been cases with little connection to ministerial or government decrees, in which the Supreme Court has also demanded the ability to rule on acts’ constitutionality and, hence, interfered with the Constitutional Court’s authority. This has contributed to legal battles between the constitutional and supreme courts on several occasions. Nevertheless, the Constitutional Court has become a very effective guardian of the constitution since its establishment in 1989. The 19 December 2014 order for the Constitutional Court to dissolve the Unified Progressive Party, on the grounds that it was “pro-North Korea”, triggered a public debate on role of the Constitutional Court in South Korea. The Constitutional Court ruled in favor of the argument for security rather than political liberty.

Citation:

Croissant, Aurel (2010) Provisions, Practices and Performances of Constitutional Review in Democratizing East Asia, in: *The Pacific Review* (forthcoming).

Kim, J. (2009) „Government Reform, Judicialization, and the Development of Public Law in the Republic of Korea’, in T. Ginsburg and A. H. Y. Chen (eds) *Administrative Law and Governance in Asia: Comparative Perspectives*, New York: Routledge, pp. 101-127.

„Constitutional Court upholds the death penalty”, *The Hankyoreh*, 27 February 2010, <http://asiadeathpenalty.blogspot.com/2010/02/south-korea-news-report-on.html>

“NIS director found guilty of interfering in politics, but avoids more jail time”, *The Hankyoreh*, Sep 12, 2014

*The Guardian*, <http://www.theguardian.com/world/2014/dec/19/south-korea-lefwing-unified-progressive-party-pro-north>, 19 December 2014

Appointment of  
Justices  
Score: 5

The appointment process for justices of the Constitutional Court generally guarantees the court’s independence. Justices are exclusively appointed by different bodies without special majority requirements. Three of the nine justices are selected by the president, three by the National Assembly and three by the judiciary, while all nine are appointed by the president. By custom, the opposition nominates one of the three justices appointed by the National Assembly. The head of the court is chosen by the president with the consent of the National Assembly. Justices serve renewable terms of six years, with the exception of the chief justice. The process is formally transparent and

adequately covered by public media, although judicial appointments do not receive significant public attention. Courts below the Supreme Court are staffed by the national judiciary. Judges throughout the system must pass a rigorous training course including a two-year program and two-year apprenticeship. The Judicial Research and Training Institute performs all judicial training and only those who have passed the National Judicial Examination may receive appointments.

Citation:

Article 111 of the Korean Constitution

Croissant, Aurel (2010) Provisions, Practices and Performances of Constitutional Review in Democratizing East Asia, in: *The Pacific Review*.

Corruption  
Prevention  
Score: 5

Corruption remains a major problem in South Korea and government attempts to curb the problem are seen as mostly ineffective by the population. The enforcement of the OECD anti-bribery convention is evaluated as “moderate.” The Tax Justice Network ranks South Korea at 28 in its Financial Secrecy Index, indicating a relatively small role in illicit financial activities. According to Transparency International’s Corruption Perceptions Index, (CPI), the perception of corruption in South Korea has increased relative to other countries. South Korea ranked 39 out of 177 countries in 2010, but ranked 46 in 2013.

On 29 February 2008, the Anti-Corruption and Civil Rights Commission (ACRC) was launched following the merger of the Ombudsman of Korea, the Korean Independent Commission against Corruption, and the Administrative Appeals Commission. Before February 2012, ACRC commissioners were appointed exclusively by the president, a provision that critics had argued undermined its independence. As a consequence of legislative reform, the president’s prerogative to appoint the members of the commission is now limited to nine out of 15 commissioners, whereas three of the remaining six (non-permanent) members of ACRC are appointed by parliament and three by the Chief Justice of the Supreme Court.

The ACRC has no power to investigate corruption scandals. The prosecutor’s offices that hold this power are not free of corruption in their own right. Proposals to create an independent institution to be in charge of corruption scandals involving high-ranking officials – including prosecutors – failed due to resistance on the part of the prosecutor’s office and some conservative politicians.

In the aftermath of the Sewol ferry disaster in April 2014 in which the collusion between public officials and private enterprises has played a role the National Assembly has begun drafting new legislation that would impose

severe punishments on former government officials engaged in lobbying or other similar activities that take advantage of their network in the public sector for private gain. However, bickering over the details of the legislation has already begun and the debate is expected to be protracted.

Citation:

The Economist 2 February 2013, Pardon Me, <http://www.economist.com/news/asia/21571192-departing-president-proves-extravagantly-forgiving-pardon-me>

Act on Anti-Corruption and the Foundation of the Anti-Corruption & Civil Rights Commission, 2008, [http://www.acrc.go.kr/eng\\_index.html](http://www.acrc.go.kr/eng_index.html)

Transparency International 2013, Country Page Korea, <http://www.transparency.org/country/#KOR>  
“Ferry Tragedy: A Righteous and Overdue Rage Over Corruption”, The Diplomat, May 28, 2014



# Governance

## I. Executive Capacity

### Strategic Capacity

Strategic  
Planning  
Score: 7

Strategic planning remains an important factor in South Korean governance. The office of the president includes a senior secretary and two secretaries for the President for State Affairs. Given the strengthened position of the president and his comfortable majority in parliament, the political context for strategic planning improved under the previous Lee Myung-bak administration compared to its predecessor Roh's administration. The Lee administration was sometimes more pragmatic and sometimes more ideological than previous administrations, but also more oriented toward the short term. Instead of being concerned with long-term goals, Lee viewed the government as operating in a similar manner to a company, reacting pragmatically to challenges in order to remain competitive in the process of economic globalization. Park Geun-hye's administration, in contrast, has shifted priorities towards achieving "happiness for the people" and "economic revival."

Citation:

Office of the President, Policy Goals, <http://english.president.go.kr/government/goals/goals.php>

Office of the President, Special Policies, <http://english.president.go.kr/government/special/special.php>

Office of the President, [http://english.president.go.kr/government/office\\_president/office\\_president.php](http://english.president.go.kr/government/office_president/office_president.php)

Scholarly Advice  
Score: 6

Nongovernmental academic experts have considerable influence on government decision-making. Academic experts participate in diverse statutory advisory bodies established under the office of president and prime minister. Advisory commissions are usually dedicated to special issues of the president's policy preferences. Many advisory commissions have been abolished after the change of government. The selection of scholars is very narrow and exclusive. The process of naming experts remains highly politicized and expert commission reports are utilized according to their political rather than their scholarly value. Beyond their work in commissions, scholars are often tapped to serve in government positions.

## Citation:

The Truth and Reconciliation Commission of Korea, <http://www.jinsil.go.kr/English/index.asp>

Time running out on South Korea's Truth and Reconciliation Commission, Stars and Strips, January 19, 2010, <http://www.strips.com/news/time-running-out-on-south-korea-s-truth-and-reconciliation-commission-1.98156>

Truth in danger in South Korea, The Sydney Morning Herald, January 23, 2010, <http://www.smh.com.au/opinion/politics/truth-in-danger-in-south-korea-20100122-mqq5.html>

### Interministerial Coordination

GO Expertise  
Score: 8

South Korea's presidential system has a dual executive structure, with the president serving both as head of state and head of government. The prime minister is clearly subordinate to the president and is not accountable to parliament. The presidential office, known as the Blue House, has the power and expertise to evaluate draft bills. As the real center of power in the South Korean government, the Blue House has divisions corresponding with the various line ministry responsibilities. It is supported in its oversight role by the prime minister's office and its Government Performance Evaluation Committee as well as by public institutions, such as the Korea Institute of Public Administration. After taking office, Lee Myung-bak dramatically reduced Blue House staff, potentially weakening the office's expertise. However, many of the initial redundancies were later reinstated, as problems with expertise and implementation emerged. Park Geun-hye's administration has established two vice-prime ministers, one for the economy and one for society, education and culture, with the aim to promote inter-ministerial coordination.

## Citation:

Government Performance Evaluation Committee, <http://www.psec.go.kr>

The Korea Institute of Public Administration (KIPA), <http://www.kipa.re.kr>

GO Gatekeeping  
Score: 9

There is extensive coordination between ministries, the prime minister's office and the Blue House in the course of planning cabinet meetings. The president presides over regular cabinet meetings and can legally and de facto return any items envisaged for the meetings as he wishes. In practice this competence is limited only by the expertise of the Blue House and the relatively small size of the Blue House bureaucracy. Thus, the de facto ability to return issues depends on their political importance to the president.

Line Ministries  
Score: 9

Executive power is concentrated in the president. Given Park Geun-hye's preference for top-down, secretariat-centric decision-making the political system has become more hierarchical. There is less autonomy of line ministries and the relative position of the Blue House has been strengthened. Many line ministries have lost influence, been downsized or merged. The large

majority of issues are settled between the line ministries and the Blue House before cabinet meetings. Cabinet meetings are limited to an exchange of information, as most strategic decisions are made in the Blue House. But the relationship between the Blue House and the line ministries varies according to the policy cases and the political situation. The Blue House tries to dominate all ministries, but in some cases, for example during the president's lame-duck period, the Blue House could not overcome the bureaucratic politics. The Blue House sometimes lacks knowledge and human capacity in certain policies. The Blue House gets involved with and coordinates certain policies through political dominance rather than administrative capability.

Cabinet  
Committees  
Score: 7

The cabinet plays a relatively small role in the political process, as all important issues are discussed bilaterally between the Blue House and the relevant ministry. Committees are either permanent, such as the National Security Council, or created in response to a particular issue. Although the Blue House plays an increasingly active role in ensuring cooperation, the Office for Government Policy Coordination headed by Minister of the OPC under the prime minister's office has played a major role in policy coordination for routine issues.

Ministerial  
Bureaucracy  
Score: 7

Civil servants of different ministries regularly coordinate over commonly concerned policies. This coordination and cooperation among related civil servants across ministries can be either formal or informal, hierarchical or horizontal. Attitudes in the ministries are shaped by departmentalism that obstructs coordination. Different ministries compete with their policies for support and approval from the office of the president. There is also a clear hierarchy delineating the ministries. Civil servants in important ministries, such as the Ministry of Strategy and Finance, consider civil servants from other ministries, such as the labor ministry or the environment ministry, as "second tier."

Informal  
Coordination  
Score: 8

Most coordination between ministries is both formal and informal. Informal coordination is typically more effective. There is also a clear hierarchy structuring the ministries. Staffers at the newly created Ministry of Strategy and Finance see themselves as the elite among civil servants. However, the leading role of the Ministry of Strategy and Finance is defined by the president's mandate. In addition, informal coordination processes tend to be plagued by nepotism and regional or peer-group loyalties, particularly among high-school and university alumni. There has been both cooperation and competition between the ministries. Informal networks with the president and powerful politicians work very effectively in specific policies.

### Evidence-based Instruments

RIA Application  
Score: 8

There were no changes in regulatory impact assessment (RIA) policy in the period under review. RIA has been mandatory for all new regulations since 2005 and is applied to older regulations if they are strengthened in any way. RIAs assess proposals' socioeconomic impacts and provide cost-benefit analyses. They mention the purpose and need for regulation, but focus on cost-benefit analysis of the proposal. RIAs are focused on a cost-benefit analysis of proposed regulations. They do analyze alternative options and discuss potential pros and cons, but experts say that in practice these alternatives play little role in the drafting of final regulations. There is still a wide gray zone enabling regulatory organizations to decide in a discretionary fashion. The real implementation process of RIA is neither transparent nor predictable, which varies depending on the cases. RIA for environmental protection in the Four Rivers Project under the previous Lee Myung-bak administration turned out to be a failure, which was pushed by political power as a matter of form.

Quality of RIA  
Process  
Score: 6

RIA committees are often criticized for not being fully autonomous and for being influenced by political and economic interests. Other criticisms mentioned by the OECD are the lack of time to carry out assessments, insufficient staff, and a lack of expertise and financial resources. Many civil servants in South Korea perceive RIA merely as a formality. Stakeholders are consulted in the process of RIA, which includes regular meetings with foreign chambers of commerce.

Citation:

OECD, 2007, OECD Reviews of Regulatory Reform OECD Reviews of Regulatory Reform: Korea 2007 Progress in Implementing Regulatory Reform

Sustainability  
Check  
Score: 6

The assessment of sustainability implementations at policy level in South Korea is regulated by the Sustainability Development Act, which was enacted in July 2007, and overseen by the Presidential Commission on Sustainable Development. Its goal is to implement, promote, share, educate, network, monitor and make policy proposals on sustainable development. The three main principles of the act are: laying out national-level sustainable basic strategies every 20 years, laying out specific action plans every five years, and monitoring and assessing the implementations every two years. It considers quality of the environment, vulnerability to environmental degradation, environmental degradation level, social and institutional capacities to respond, and sharing of responsibility with the international community. Critics of the outgoing government argue that under the previous Lee Myung-bak administration's RIAs, sustainability checks in the Four Rivers Project were not properly carried out. Park Geun-hye's administration's focus on economic

growth and deregulation has resulted in a lack of proper attention afforded to issues of sustainability.

Citation:

Ministry of Government Legislation, <http://www.moleg.go.kr/english/korLawEng?pstSeq=57720>

Presidential Commission on Sustainable Development (PCSD), <http://ncsd.go.kr:2020/index.asp>

### Societal Consultation

Negotiating  
Public Support  
Score: 3

Park Geun-Hye's administration, like the previous Lee Myung-bak administration, governs in a hierarchical style. This represents an explicit rejection of the Roh administration's vision of a "participatory democracy" and, in particular, follows a course of confrontation with labor unions. Park has maintained a hard line stance toward labor unions and civil society. A unilateral decision she made has created a perception of unpredictability and weakened the autonomy and activities of government organizations. Her lack of communication with opposition parties and the public triggered criticism even within her own Saenuri Party. Park has is perceived as a president who has held the fewest press conferences of any South Korean president on any policy any topic.

Citation:

E-People, <http://www.epeople.go.kr>

### Policy Communication

Coherent  
Communication  
Score: 6

The government seeks to coordinate communication between ministries, but contradictions between government agency statements occasionally happen. Bureaucratic politics and turf rivalry take place at various levels of policy-making and communication, but contradictions among ministries can be generally mediated by the Blue House and prime minister's office.

Citation:

JoongAng Daily 12 April 2010

### Implementation

Government  
Efficiency  
Score: 5

Since the presidential election, Park Geun-hye has enjoyed a clear mandate from the public and has maintained fairly high approval ratings. Furthermore, the ruling Saenuri Party has a comfortable majority in the National Assembly. However, the political capital afforded by the high approval rates along with strong public support for Saenuri Party has not been utilized. Park has

announced several big policy agendas, such as the Northeast Asian Peace and Cooperation Initiative, the creation of an ecology peace park within the Korean Demilitarized Zone, the Eurasia Initiative, and her Creative Economy initiative. Yet, so far, her administration has failed to deliver on these agendas. Government officials have admitted problems in implementation due to lack of comprehensive blueprints. In the past, 90 percent or more of the policies proposed by the government and approved by the National Assembly had been implemented. However, this percentage has fallen to 30 percent since 2010, with the remaining policies discarded. Park's approval rate has recently declined to 39%.

Citation:

"S. Korea 'bureaucracy risk' derails economic innovation", Maeil Business Newspaper, March 26, 2014  
 "Election Win Puts Pressure on Park To Deliver", The Wall Street Journal, Aug 5, 2014.

Ministerial  
Compliance  
Score: 10

Ministers in South Korea do not have their own political base and depend almost solely on the support of the president. The president appoints and dismisses ministers, and frequently reshuffles the cabinet. The average tenure of a minister has continuously declined over the past two decades. Under the previous Lee Myung-bak administration, it was about one year; this limits the independence of ministers. Public hearings of National Assembly for the candidates of ministerial positions should not be underestimated. Under Park Geun-hye's administration, three candidates for the position of prime ministers did not survive the hearing and the media's verification.

Monitoring  
Ministries  
Score: 9

The offices of the president and the prime minister effectively monitor line ministry activities. The South Korean government utilizes e-government software (the Policy Task Management System) to monitor the implementation of policies in real time. However, political monitoring or pressure, rather than e-government, is more influential and the usual tool to supervise ministries. Ministries have little leeway in policy areas that are important to the president. In general, bureaucracy is organized in a very hierarchical way, but independence is stronger in areas that are comparatively less important to the president.

Monitoring  
Agencies,  
Bureaucracies  
Score: 6

The ministries effectively monitor the activities of all executive agencies and the minister is responsible for compliance. Once again, the top-down structure of the government allows for effective monitoring. Agencies generally have autonomy with respect to day-to-day operations, but even these can occasionally be the subject of top-down interventions. However, there have been some cases when ministries fail to monitor the implementation activities of executive agencies. The series of bankruptcies and corruptions in small savings banks as well as mid-sized conglomerates since 2010 are exemplary cases of the Ministry of Strategy and Finance's failure to effectively monitor the Financial Services Commission and Financial Supervisory Service.

The nuclear scandals concerning bribery and faked safety tests for critical plant equipment, which took place in late 2013, are further examples of supervisory failure.

Citation:  
"Scandal in South Korea Over Nuclear Revelations", The New York Times, Aug 3, 2013

Task Funding  
Score: 4

While South Korea remains a unitary political system, a rather elaborate structure of provincial, district and neighborhood governments has been in place since 1995. Local and state governments play an important role in providing services to citizens, and account for about 15% and 45% of government spending respectively (according to the latest available data in 2008). However, local and state governments have relatively little ability to raise their own revenue. As their own sources account for only 17% and 22% of national revenues respectively, most sub-national governments need substantial support from central government, particularly outside the Seoul region. In addition, local administrations lack sufficient manpower and central government staff are often delegated to sub-national authorities.

Recently a new conflict between central and local governments arose over social welfare funding. Park Geun-hye's election pledge to expand social welfare programs, without raising taxes, led to local government challenges to central government. In September 2014, local governments made the unprecedented move of challenging central government over the lack of support for welfare funding. It was the first time that local authorities had grouped together to challenge the central government. They criticized the central government for shifting the huge monetary burden, for implementing basic welfare programs, to regional governments, even though local governments were already deeply troubled financially and could not execute basic administrative affairs, like repairing roads or sewer systems.

Citation:  
OECD, Government at a Glance 2009  
OECD, Government at a Glance 2011  
"High welfare-related costs stymie local governments", Korea JoongAng Daily, Oct 14, 2014

Constitutional  
Discretion  
Score: 5

While autonomous local governments are protected by the constitution, the constitution does not clearly define specific competencies and rights. A major obstacle to sub-national, self-governments is the lack of fiscal autonomy for local governments. Due to the very high dependence on transfer payments, most regional and local governments are vulnerable to interference by the central government. Furthermore, the share of transfer revenues (the sum of local allocation tax, national subsidies and local transfer tax) has risen from 48% in 2004 to 58% in 2012. The reality of inadequate budgetary and

functional authority in many local areas, as well as the disproportionate influence of city and provincial authorities, often leaves local administrators and governments short on revenue and effective governing capacity. However, as local political autonomy takes root, local governments are trying to expand their executive authority as much as possible, leading to policy disputes with the central government.

Citation:

Joong-Ho Kook (2014), Does Local Autonomy Enhance the Autonomy in Local Public Finance? Evidence from the Case of Korea, [http://www.akes.or.kr/eng/papers\(2014\)/127.full.pdf](http://www.akes.or.kr/eng/papers(2014)/127.full.pdf)

National  
Standards  
Score: 7

The Ministry of Public Administration and Security, created through a merger of earlier agencies, is in charge of ensuring that local governments maintain national minimum standards. However, many local governments, particularly in rural areas, have a much lower professional standard than the city government of Seoul or the central government. While the provision of basic services is similar in all regions, there is a huge difference in the provision of additional services, such as recreation facilities, between affluent (i.e. self-sufficient) regions like Seoul or the southeast and less prosperous (i.e. dependent on transfer payments) regions in the southwest.

### Adaptability

Domestic  
Adaptability  
Score: 8

International and supranational developments that affect South Korea directly can trigger rapid and far-reaching change. For example, South Korea has reacted to the global financial and economic crisis with decisive action and massive government intervention. Global standards play a crucial role for the South Korean government. Reports and criticism issued by international organizations, such as the OECD or the IMF, or by partners, such as the United States or the European Union, are taken very seriously. Of course, there are many areas that show certain limitations to the full compliance, due to the informal practices and networks. The degree of adaptability, however, largely depends upon compatibility with domestic political goals. For example, the government is relatively less responsive to global standards in the area of labor rights or the reduction of non-tariff barriers. There is still a huge gap between form and substance in some areas which are heavily embedded in the political economy.

However, the government declared its intention to increase overseas development aid in order to comply with the global standard in the near future.

Citation:

OECD, KOREA Development Assistance Committee (DAC) PEER REVIEW 2012, <http://www.oecd.org/dac/peer-review/s/korea.htm>



International  
Coordination  
Score: 7

One of the main goals of the previous Lee Myung-bak administration had been to improve the prestige and soft power of South Korea in global politics. The government has become considerably more active in international organizations. South Korea has increased its contribution to the World Bank and the IMF, and is an active participant in the G-20. South Korea is also increasing its efforts in development cooperation and became a member of the OECD Development Assistance Committee (OECD-DAC) in 2009. In 2011, South Korea hosted the OECD High Level Forum on Aid Effectiveness in Busan. Yet the 2012 OECD-DAC peer review report of South Korea was quite critical of its shortcomings in meeting international standards for aid. For example, South Korea's share of untied aid to the lowest-ranked developing countries was 27% in 2010 – much lower than the OECD average of 88%.

While the country participated actively in the Copenhagen conference on climate change in 2009, its actual commitments to reduce greenhouse gases remain weak. Moreover, the government has also shown little enthusiasm for G-20 initiatives, proposing the international coordination of financial sector regulation and taxation.

Citation:

Kalinowski, Thomas and Hyekyung Cho. 2012. Korea's search for a global role between hard economic interests and soft power. *European Journal of Development Research* 24 (2):242-260. <http://dx.doi.org/10.1057/ejdr.2012.7>.

### Organizational Reform

Self-monitoring  
Score: 7

Unlike the previous Lee Myung-bak administration that came to office with a clear goal of streamlining the South Korean government and bureaucracy, the current Park Geun-hye administration has no clear vision of institutional reform. Under the Lee administration old institutions, procedures and attitudes were evaluated, and there was harsh criticism of real or perceived inefficiencies within the bureaucratic system.

Park announced the “Government 3.0” agenda in 2013, which focuses on improving transparency in the government and supporting the Creative Economy initiative. Several major policies of the Park administration, such as the Creative Economy initiative and trustpolitik approach towards North Korea, remain unclear and poorly integrated into the institutionalized composition of South Korean policy-making.

Citation:

Joong Ang Daily, June 20, 2014, “Park unveils ‘Government 3.0’”

Institutional  
Reform  
Score: 6

As each new president has reorganized the government's structure according to their political visions and goals, government reorganization has occurred at the beginning of a new president's term every five years. Park Geun-hye pushed changes to the government's organizational layout, including the creation of a future-oriented super ministry in charge of science, information and communications, the revival of the fisheries and maritime affairs ministry, and the transfer of the foreign ministry's trade negotiating functions to the commerce ministry. The Ministry of Public Administration and Security was renamed as the Ministry of Safety and Public Administration to place a greater focus on safety. Most experts, however, are concerned about these frequent changes and the effect they will have on the continuity and stability of state affairs.

The most significant change in institutional arrangements was the passage of the National Assembly Advancement Act that went into effect in May 2012. The act requires the consent of three-fifths of lawmakers before a bill can be put up for a vote during a plenary session and limits the power of the assembly speaker to bring a bill to a vote. The legislation aimed at preventing the majority party from unilaterally passing controversial bills using its majority. That means that without cooperation between the ruling and main opposition parties, or a significant defection from the opposition bloc, the ruling party is incapable of passing legislation. The current ruling party, the Saenuri Party, has attributed deadlocks in the National Assembly to the act. One example was the legislative standstill from August until 30 September 2014 due to disagreements over the Sewol bill. The bill called for the appointment of an independent counsel and a 17 member panel to conduct an 18 month inquiry to bring charges against those responsible for the Sewol Ferry disaster in early 2014.

The main opposition party sat out all sessions at the Assembly in to protest the Saenuri Party's stance on the bill. Finally, in early November 2014, parliament passed the bill. Nevertheless, charging that the National Assembly advancement act threatens the very roots of democracy by denying voting in the parliament. The Saenuri Party is currently negotiating to revise the act.

Citation:

"Gov't retooling criticized for inefficiencies", The Korea Times, Jan 21, 2013

"The Tyranny of the Minority in South Korea", The Diplomat, Sep 20, 2014

"Parliamentary reform act under fire", The Korea Herald, Oct 15, 2014

"Korean parliament passes Sewol ferry bills", National Catholic Reporter, Nov 8, 2014.

## II. Executive Accountability

### Citizens' Participatory Competence

Policy  
Knowledge  
Score: 6

Many citizens are poorly informed about the details of most government policies, particularly concerning economic and social issues. The quality of information available is often limited, because political questions are often personalized and interpreted as power struggles between ambitious individuals. The political spectrum remains very narrow, limiting the scope of political discussion and making it hard for citizens to develop their own opinion. The low trust in government announcements and in the mainstream media provides fertile ground for the dissemination of rumors. There is also a difference between the generations. The generation that grew up during the Korean War filters information through an anti-communist lens. The generation socialized during the struggle for democracy is highly politicized and has a general mistrust of government, while the younger generation is less politicized and less informed about political issues. Under the Park administration, the gap in the perception of major issues between Blue House and mass public became wider.

### Legislative Actors' Resources

Parliamentary  
Resources  
Score: 5

Members of Parliament (MP) have a staff of nine, comprising four expert staff, three administrative staff and two interns. Given the large amount of topics covered by MPs, this staff is scarcely sufficient, but it is enough to cover MPs' focus areas. The parliamentary library is one of the best libraries in South Korea. The National Assembly exerts the power of monitoring and supervising the administration through an existing system of investigation about national affairs, which can be regular or provisionary. Investigation about national affairs by National Assembly is a very powerful institution, but very skeptical on the effectiveness. The National Assembly monitors too many policy cases. Some lawmakers abuse and misuse this period to promote their own personal political performance in front of mass media.

Obtaining  
Documents  
Score: 8

Parliamentary committees are legally able to obtain the documents they request from the government. The government is required to deliver these documents within 10 days of a request. However, documents pertaining to commercial information or certain aspects of national security can be withheld from the parliament. Lawmakers can also summon as witnesses the officials

<p>Summoning Ministers Score: 9</p>	<p>concerned. Bureaucrats are sometimes reluctant to offer the documents and information in an effort to protect their organizational interests.</p>
<p>Summoning Experts Score: 8</p>	<p>The parliament has the constitutional right, and frequently exercises the right, to summon ministers to appear before parliamentary hearings. Regular investigation of government affairs by parliament is effective in monitoring ministers. While the parliament can summon and question ministers, the role of the minister in the South Korean system is relatively weak. The professional bureaucracy, however, is trained to be loyal to the president. In addition, the ruling party and ministers could make a collusive deal not to invite ministers or cancel the hearings on politically controversial issues.</p>
<p>Task Area Congruence Score: 9</p>	<p>Parliamentary committees are legally able to, and frequently do, invite experts to parliamentary hearings. However, there have been several cases where civilian experts have refused to attend these hearings. For example, where a hearing is dealing with a controversial issue, the ruling party tends to discourage experts from attending the hearing.</p>
<p>Task Area Congruence Score: 9</p>	<p>The task areas of parliamentary committees and ministries mostly correspond. There are 16 standing committees, which examine bills and petitions falling under their respective jurisdictions, and perform other duties as prescribed by relevant laws. With the exception of the House Steering Committee and the Legislation and Judiciary Committee, the task areas of these parliamentary committees correspond with respective ministries. As a consequence of the strong majoritarian tendency of the political system, committees dominated by the governing parties tend to be softer on the monitoring of ministries, whereas committees led by opposition parliamentarians are more confrontational. However, in general, the legislature is a “committee parliament” and the committees are quite effective and efficient.</p>
<p>Audit Office Score: 5</p>	<p>Citation: The National Assembly of the Republic of Korea, <a href="http://korea.na.go.kr/int/org_06.jsp">http://korea.na.go.kr/int/org_06.jsp</a> Croissant, Aurel 2014. Das Politische System Südkoreas, in: Derichs, Claudia/Heberer, Thomas (Hrsg.), Die politischen Systeme in Ostasien, 3., überarbeitete Auflage, Wiesbaden (i.E.).</p> <p>The audit office is a constitutional agency that is accountable to the president. It regularly reports to the parliament. The National Assembly regularly investigates the affairs of the audit office, as it does of other ministries. The demand to put the audit office under the leadership of National Assembly to strengthen the autonomy of the audit office from political power has gained more support.</p>
<p>Ombuds Office Score: 5</p>	<p>The South Korean parliament does not have an ombudsman office. Under the previous Lee Myung-bak administration, the government’s ombudsman office was merged with the civil rights and anti-corruption agency into the Anti-Corruption and Civil Rights Commission of Korea (ACRC). This commission is accountable to the president. People can petition the government directly</p>

without approaching the parliament or the ombudsman. However, legislative reforms in 2012 strengthened the autonomy of the ACRC.

In addition, the Foreign Investment Ombudsman (FIO) system was first introduced on 26 October 1999, under the Foreign Investment Promotion Act. The FIO is commissioned by the president on the recommendation of the Minister of Trade, Industry and Energy, via the deliberation of the Foreign Investment Committee. Until 2008, the FIO also headed the grievance settlement body, which was supporting the duties of the ombudsman through the collection and analysis of information concerning the problems foreign firms experience in South Korea. In addition, it also has the authority to request cooperation from the relevant administrative agencies and recommend the implementation of new policies to improve the foreign investment promotion system, and also carry out other necessary tasks to assist foreign-invested companies in solving their grievances.

Citation:

Office of the Foreign Investment Ombudsman, <http://www.i-ombudsman.or.kr/eng/au/index.jsp?num=3>

## Media

Media Reporting  
Score: 5

Taking into account not only freedom of the press, but also media pluralism and quality, the main problem with South Korean media is the low quality of many outlets in terms of their ability to serve as facilitators of public debate or civic culture. Part of the problem here is the country's strong commercialism and associated weakness in political journalism. The main TV programs produce a mix of infotainment and quality information about government policies. Beginning in 2009, the Lee Myung-bak administration instituted a biweekly radio address in which Lee explained government policies.

Evening news programs are extensive, but a large portion is devoted to various scandals and scoops. Deeper analysis of information exists, but is rare on television in comparison to public radio stations, such as KBS 1. In the last four years, TV and radio organizations have shifted their programming in the direction of entertainment and infotainment. Political programs have either been replaced or their teams shuffled. In December 2011, four new cable channels run by South Korea's main newspapers began broadcasting. As commercial programs, they tend to favor infotainment. On the other hand, however, their connection with major newspapers may prove to be a good basis to produce quality information. Some mass media intentionally conceal or distort the information to help the president and ruling party in politically sensitive news.

### Parties and Interest Associations

Intra-party  
Democracy  
Score: 3

There is almost universal agreement among political scientists, political observers, politicians and the general public that political parties are one of the weakest links in South Korean democracy. In addition to their inchoate nature and lack of internal democracy, political parties have little ability to produce meaningful manifestos, political programs or alternative policy proposals. Party positions and candidacies for parliamentary seats are decided by powerful party elites. For the presidential race, parties have experimented with a primary system that uses text message and online polls, but the experiences have been rather mixed. Small reform-oriented groups of young lawmakers have recently made strong voices against party leadership, which could promote internal party democracy. The election platforms of individual candidates tend to be more important than party programs, but often avoid proposing coherent policies in favor of promises to achieve certain goals and secure certain benefits for a specific constituency. Strong regionalism further undermines the ability to form platforms based on political goals.

Association  
Competence  
(Business)  
Score: 7

The business associations, such as the Korean Employers Federation and the Federation of Korean Industries, and labor-union umbrella groups, such as the Federation of Korean Trade Unions and the Korean Confederation of Trade Unions, have some expertise in developing policy proposals. They are supported by think tanks that provide scholarly advice. However, these groups are relatively weak in comparison to businesses and company-level trade unions. Some individual businesses, such as Samsung, LG and Hyundai, have their own think tanks that produce high-quality research, and are able to analyze and provide alternatives to government policies. Under the previous Lee Myung-bak administration, business organizations, individual companies and businessmen were in an advantageous position to articulate their interests.

Association  
Competence  
(Others)  
Score: 4

The rise of civil society organizations has been one of the most important political trends in Korea during the last decade. Some of the largest NGOs, such as the Korean Federation for Environmental Movement, the Citizen Coalition for Economic Justice and the People's Solidarity for Participatory Democracy, have built up considerable competences in specialized fields, such as environmental policies, electoral reform and human rights. They provide reasonable policy proposals and are supported by a large group of academics and professionals. The majority of smaller NGOs remains focused on service provision and does not develop policy proposals. However, civil society and NGOs – especially those on the left of the center – had found it difficult to have any influence on decision-making under the Lee Myung-bak administration. The Park Geun-hye administration has co-opted only politically sympathetic NGOs.

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