Executive Summary

After the dramatic changes in South Korea’s government following the impeachment of former President Park Geun-hye and the election of President Moon Jae-in in May 2017, Korea has returned to normality. Despite the difficult circumstances, the new administration managed to accomplish a relatively smooth transition. The liberal Moon administration has a very different governing and public-communication style than did the preceding conservative administrations, which were criticized as being authoritarian and nontransparent. The new government has also begun implementing some of its campaign pledges, some of which entail substantial policy shifts. The announcement of an “income-led growth strategy” represents a dramatic change from the policies of previous governments, which largely relied on industrial policies to stimulate the economy. For example, the administration increased the minimum wage by 16.4% in 2018 to KRW 7530, and promised to increase it further to KRW 10,000 by 2020. The government also reduced the maximum-allowed weekly working hours from 68 to 52 hours. While a more consumption-driven economy seems prudent given Korea’s large current-account surpluses and the current global environment, the government has come under criticism from businesses, academia and the media. To some degree President Moon has already rowed back from some of the promises, promising a “flexible” implementation. Measures seeking to curb rising real-estate prices in Seoul and to address the country’s massive amount of private household debt have also been criticized as ineffectual. The implementation of the campaign pledges (“100 policy tasks”) remains a major challenge, particularly because the government lacks a majority in parliament.

This lack of a parliamentary majority and the preference given for consensus building in the Korean governance system is particularly problematic for deeper institutional reforms, such as electoral-system, judiciary and education reforms. For example, Moon’s plan to decentralize power away from the presidency, in part by strengthening the prime minister, has been stalled due to the institutional and cultural inertia of centralized power.

Economically, Korea is doing both nominally and relatively well in cross-OECD comparison. With an annual GDP growth rate of 3.1% in 2017, Korea was above the OECD average of 2.6%. Korea is a major exporter with a strong
current-account surplus, and is home to many highly competitive multinational corporations that produce a great variety of products in the automotive, IT and other industries, although this also leaves the country vulnerable to global market volatility and protectionist tendencies. The overall unemployment rate remains low at 3.7%, which is the fifth-lowest such rate in the OECD. However, Korea’s labor-market participation rate remains below average, and the lack of social mobility is causing an increasing degree of concern, particularly among the younger generation. Social welfare and environmental sustainability are more problematic policy areas, with Korea one of the weakest countries in the OECD in each of these categories. Particularly with regard to the transition to a carbon-neutral economy, Korea is falling ever further behind the leaders in this field.

With regard to international relations, President Moon has abandoned the hard-line rhetoric of previous governments. He actively seeks negotiations and cooperation with North Korea, and managed to help de-escalate the dangerous regional confrontation. While the Korean peninsula labored under a cloud of bellicose rhetoric and muscle-flexing in late 2017, the situation has since improved dramatically. Summit meetings between North Korea and South Korea, as well as the United States, give hope for a permanent peace treaty with the North accompanied by disarmament on both sides. While most measures taken to date remain largely symbolic, the first small steps toward improved cooperation and exchange have been taken. Unfortunately, beyond the North Korea question, Korea’s international engagement remains underdeveloped – for example, with regard to important issues such as climate change, poverty in the Global South, and a fairer global economic and financial system.

Key Challenges

At the domestic level, the biggest challenge for the Moon administration remains the need to deliver on its numerous campaign promises, particularly as Moon’s party lacks a parliamentary majority. While Moon remains relatively popular, his approval rate has declined as the population has become disappointed with his inability as yet to deliver on key promises regarding reducing social inequality and curbing real-estate speculation. The initiatives that have been implemented, such as the minimum-wage increase and the increase in real-estate taxes, have thus far failed to make Korea a more just society. For this reason, existing initiatives will have to be adapted further, and new measures implemented in order to achieve this goal. Given the high expectations, however, it will be difficult for Moon’s administration to fully
satisfy the public expectations built up during the years of frustration under the Park Geun-hye government. In many areas, the government seems timid, backtracking quickly when its policy proposals are criticized. It has seemed to count on its success of its North Korea policies, a dangerous tactic given the unpredictable character of the North Korean regime.

Though the macroeconomic indicators in South Korea are still not bad, the country’s dependence on exports leaves it vulnerable to global economic volatility and external political conflicts. Several observers have already adjusted their forecast for growth in 2018 downward from 3% to 2.7%. The tide of global trade protectionism, rising interest rates in the United States and the spreading currency crises in emerging economies all pose serious challenges for the South Korean economy. Domestically, the biggest economic challenge is to enhance social mobility, and to improve job conditions for irregular workers and the younger generation. In addition, household debt levels and the continuing speculation in the real-estate market pose major challenges to social cohesion and life satisfaction. Improving ecological sustainability is a key challenge for the future, as Korea is falling further behind the leaders in the areas of environmental protection and renewable energies. Several long-term tasks remain important, including addressing the challenges posed by an aging society, restructuring the country’s dominant business conglomerates, strengthening SMEs and improving the current low levels of labor productivity.

While the threat from North Korea seems to be diminished given the improved relationship, the volatile leadership in the North – as well as the United States – offers no guarantee against sudden reversal. Given the lack of regional institutions and the United States’ increasingly unilateral approach, it will not be easy for President Moon to institutionalize the peninsular peace process progress in the form of a peace treaty and other mechanisms that will be able to stand the test of time. Beyond North Korea, a key challenge for Korea as a G-20 member and as the world’s 7th-largest emitter of greenhouse gasses will be to show more leadership in combatting world poverty and climate change, and in helping to promote a sustainable global governance system.

Citation:
Party Polarization

Party polarization is not a major problem in Korea. On the contrary, the main political parties (the Democrats and the Conservatives) are generally criticized for being too similar, with the exception of positions on a few contentious topics such as North Korea. Indeed, it has not even been uncommon for politicians to switch between the main political parties in South Korea, or even to dissolve parties when this has seemed likely to further their political ambitions. However, a certain pluralism has emerged in recent years, although the electoral system’s first-past-the-post (“winner takes all”) model makes it difficult for newly formed political parties without well-known or popular candidates to gain a footing. Regardless of the degree of party polarization or the trend of converging policies among parties, Korea’s National Assembly has been notorious for political gridlock. (Score: 5)
Policy Performance

I. Economic Policies

Economy

South Korea has shown higher growth rates than the OECD average, with annual GDP growth of 2.8% in 2016 and 3.1% in 2017. Korea also posted record current-account surpluses in 2018, signaling a high degree of international competitiveness. The Moon government’s cornerstone economic initiative is the “people-centered economy,” which focuses on job creation, income-driven growth and welfare expansion. Key initiatives include the transition of precarious job contracts into permanent positions and a gradual increase in the minimum wage. The government has also promised to reform the country’s business environment by reforming the dominant business conglomerates (chaebol), although few concrete plans have emerged. At the time of writing, the primary focus was on “self-regulation” by the chaebol. The level of household debt remains a major economic problem, and the government has implemented various comparatively modest measures aimed at cooling down the real-estate sector. Despite increasing interest rates in the United States, along with healthy growth and inflation rates, the Bank of Korea has been very cautious in increasing interest rates by just 0.25% to 1.5% in November 2017. With the country still overly dependent on exports for economic growth, the global protectionist trend and the ongoing crisis conditions in many emerging economies are casting a cloud over the Korean economy. On the other hand, conflicts with North Korea and China have subsided.

Citation:
Lee, J. (2018, April). Exports Drive South Korea’s Return to GDP Growth in 1Q. Retrieved from
South Korea’s unemployment rate rose to 4.2% in August 2018, up from 3.7% in 2017. While this is still low in international comparison, the prevailing expectation was that the Moon administration would bring down unemployment. Rates are also substantially higher within specific segments of society, such as among youth (10.5%). According to the OECD, South Korea performs relatively poorly with regard to several aspects of job quality and labor-market inclusiveness. The employment rate of 66.6% still remains below the OECD average, and the employment rate among women in particular is comparatively low. Nearly 40% of employees at South Korean conglomerates are irregular workers, a fact that highlights the country’s issues with insufficient job security and low job quality.

The Moon Jae-in administration has placed a top priority on the creation of high-quality jobs and the reduction in the share of irregular jobs. Moon established a job-creation commission tasked with decreasing the number of non-regular workers, while promising to reduce working hours, increase the minimum wage to KRW 10,000 by 2020. In a first step, the minimum wage was raised by 16.4% in 2018 to KRW 7530. Businesses and the media immediately blamed the steep minimum-wage increase for the weak pace of job creation, although it is still too early to say whether this relationship is indeed significant. The Moon administration substantially reduced the maximum allowed weekly working hours from 68 to 52 hours, a change that is expected to increase productivity and employee well-being, although implementation of the new rule has been slow.

The Moon administration has also promised to create new public-sector jobs, and took a first symbolic step by transferring irregular employees in the public sector into permanent employment. The Ministry of Employment and Labor budget has increased by about 30% to KRW 23.7 trillion, and KRW 19.2 trillion has been allocated for job creation. The funds dedicated to youth employment in particular have been significantly expanded. In 2018, the National Assembly approved a supplementary budget of KRW 3.9 trillion that is focused on the creation of jobs for young adults. In addition, the government has created specific labor policies for SMEs and the public sector. For example, for every three young people hired by SMEs on a regularized basis, the government now offers a “supplementary employment subsidy” supporting the wage of one of the three. This so-called 2+1 employment policy is
designed to spur the creation of high-quality jobs for the young by reducing the wage burden experienced by SMEs. The Moon government also has a plan to create more jobs in the public sector through the expenditure of public funds.

Citation:

Taxes

The South Korean tax system is fairly effective in generating sufficient public revenues without weakening the national economy’s competitive position. South Korea has one of the lowest tax rates in the OECD, with tax revenues totaling about 26.3% of GDP in 2016. In 2018, South Korea’s tax income recorded an increase of 5.5% as compared to 2017, giving the government greater scope for public investment. The Moon administration also increased the tax rate on those with taxable income above KRW 500 million (5,700) from 40% to 42%. The government will additionally add a new 25% corporate-income tax bracket for companies with taxable income exceeding KRW 200 billion and above. One weakness of the Korean tax system is that the country’s tax base is comparably narrow, with nearly half the population paying no income taxes due to the very high exemption rate.

In December 2017, the European Union added South Korea to its black list of “non-cooperative jurisdictions for tax purposes,” mostly because of “harmful preferential tax regimes” within the country’s special economic zones. After protest from the Korean government, the EU subsequently shifted Korea to its “grey list,” which encompasses countries that have made promises to improve cooperation.

Citation:
Budgets

South Korea’s public finances remain sound, and public debt levels remain low in comparison to those of most other OECD countries. National debt as a share of gross domestic product (GDP) was 40.4% in 2018, up from 39.5% in 2017. During the period under review, Korea ran a healthy primary surplus of 1.3% of GDP, giving the government the leeway to implement its plans to increase public investment and social spending. Indeed, in 2018 the government budget saw its biggest increase in 10 years amid a cooling of the global economy. However, while debt at the national level is sustainable, many local governments and many public enterprises are struggling due to insufficient revenues.


Research, Innovation and Infrastructure

The South Korean government invests heavily in research and development (R&D), particularly in fields which can be directly commercialized. The current government plans to unify previously fragmented policies in the area of R&D. A presidential committee on the so-called Fourth Industrial Revolution will be established, and President Moon has said his administration will seek to actively harness new technologies and spur innovation in order to create new jobs. According to the 2018 budget allocation and adjustment plan, significant investments will be made in core technologies, including artificial intelligence. The budget for research and development (R&D) will be about KRW 920 billion, a 20% increase from 2017. Korea has an excellent research infrastructure, with many world-class universities and research institutes that produce internationally competitive research and patents. What impedes innovation is mostly the Korean market’s oligopolistic structure, which makes it difficult for entrepreneurs and SMEs to succeed. The country has struggled to translate massive investments in research into productivity increases. Bureaucratic regulations remain intact in many areas.

Citation:
Policy Roadmap of the Moon Jae-in Administration, July 19 2017
**Stabilizing Global Financial System**

While the vulnerability of the Korean financial system has declined considerably since the 2008 crisis, risks still remain, particularly with regard to the country’s weakly regulated non-bank financial institutions (NBFIs). Household debt, largely resulting from real-estate price inflation over the last two decades, is a huge problem, although the rate of non-performing loans remains low.

With regard to international engagement, South Korea is implementing international financial-regulation rules such as the Basel III framework. Although it is a member of the G-20, it does not typically take the initiative or actively promote new regulations internationally. Under the Moon administration, South Korea has focused its foreign policies on North Korea, along with the bilateral relationships with the United States and China that are most important in this area. The administration has correspondingly put less emphasis on multilateral coordination mechanisms such as the G-20.

**Citation:**

**II. Social Policies**

**Education**

Education policy is a key priority for the South Korean government. On the positive side, Program for International Student Assessment (PISA) test results are good, and tertiary enrollment rates are high. Levels of private expenditure on education are exceptionally high, while public expenditure is just about the OECD average (4.1% of GDP). Many Koreans spend a large share of their income on private schools and tutoring academies (hagwons), a practice that puts low-income households at a disadvantage. Despite a number of announcements in this area, the new administration has as yet been unable to address the issue successfully. Numerous curriculum-reform efforts have been unable to overcome the reliance on cramming and rote learning over teaching critical thinking, analytic skills, discussion and creativity. After Moon’s first year in office, a survey conducted by Gallup Korea ranked the Ministry of Education as least popular among all government departments, with an approval rate of 30 percent.
Social Inclusion

While still smaller than the OECD average, the gap between rich and poor has widened significantly in South Korea in the past years. Poverty rates are still above OECD average and old-age poverty in particular is one of the country’s urgent inequality issues. Almost half (47.7%) of its citizens aged over 65 currently live in relative poverty. In 2016, the poverty rate among Korea’s elderly population was the highest in the OECD, at more than four times the OECD average of 12.1%. At 34.6%, the gender-based wage gap is the largest in the OECD, and almost three times the group’s average. The South Korean tax and welfare systems are not designed to reduce inequality, and their capacity to prevent poverty is very limited given the low level of social-transfer payments. Currently, Korea just spends 10.4% of its GDP for social purposes, the lowest such rate in the OECD, and just half of the group’s average. The Moon administration has begun increasing welfare spending in areas such as the basic pension. The increase in the minimum wage and the substantial reduction in the maximum quantity of weekly working hours allowed, from 68 to 52 hours, are expected to improve social life and wellbeing of employees, although enforcing implementation of both policies beyond government agencies and big companies remains a problem.

The influx of North Korean defectors has raised potentially troublesome issues of integration into South Korea’s workforce. Available data on the work integration of North Korean defectors reveals this group’s marginalization within the primary labor market, with other indicators also showing poor labor-force integration. There has been some improvement in terms of embracing multicultural families and providing support for migrant workers, but South Korea still has a long way to go before becoming a genuinely inclusive society.

Citation:

Health

South Korea’s health care system is characterized by universal coverage and one of the highest life expectancies in the world, all while having one of the OECD’s lowest levels of overall health expenditure. President Moon has announced a new “Mooncare” health care plan, and the government will provide KRW 30.6 trillion (.8 billion) over the next five years to cover all medical treatments. In the future, medical insurance will cover all forms of treatment, excluding plastic surgery and cosmetic procedures. The Moon administration has thus proposed expanding the state insurance policy to include not only the four major diseases – cancer, cardiac disorders, cerebrovascular diseases and rare incurable illnesses – but all other major diseases, including Alzheimer’s disease. Co-payment levels remain high in Korea, but under the newly proposed health care policy, patients in the lower 50% of the income bracket would be able to receive medical treatment costing up to KRW 20 million. Additionally, new measures intended to act as safety nets for families facing astronomical health care costs have been announced. The government’s intention is to create a medical safety net that leaves no patient untreated in times of emergency. Mental health issues are not currently well addressed in Korea, a problem reflected by the large numbers of suicides; indeed, the country’s suicide rate is the second-highest in the OECD. One major problem in the Korean health care system is the comparatively low number of doctors and nurses per patient, particularly in some surgery departments.

Families

With woman having an average of 1.2 children, South Korea has the lowest fertility rate in the OECD. The government has not been very effective in enabling women (or men) to combine parenting with participation in the labor market, which helps explain the low labor-market participation rate among women. The traditional Confucian family values that view women as mothers and housewives remain influential. High housing prices, high child-care and education costs, and precarious job and wage conditions are the most important factors in young couples’ decisions not to have children. President

Citation:
Moon has promised to strengthen family and child care policies by building and expanding child care centers and kindergartens. Since 2008, the government has paid a cash allowance of KRW 100,000 per child, exempting families in the top 10% of the income bracket. Cultural and socioeconomic factors such as a gender-based pay gap and a pervasive lack of social mobility discourage women from entering or reentering the workforce. As a result, while college graduates are split fairly evenly between men and women, the employment rate for female graduates is lower than for male graduates. Furthermore, South Korea is the only country in the OECD where the employment rate among female college graduates is lower than that among women with no more than compulsory education.

Citation:
New York Times, 5 January 2010
OECD, Gender wage gap data. https://www.oecd.org/gender/data/genderwagegap.htm

Pensions

Old-age poverty is a major problem in South Korea, as pensions are small, 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, and many employers fail to register their employees for participation. The level of the national pension benefit is still very low, and employees in private companies are often pressured to retire long before the legal retirement age of 60 (which will gradually increase to 65 by 2033). Thus, pension reform has been one of the Moon administration’s top priorities, although changes have to date been slow. The basic pension will gradually increase to KRW 300,000 a month by 2021, from its current maximum of KRW 206,050, with benefit eligibility coming at the age of 65. This pension will be provided to the 70% of elderly classified as low-income.

In the past, the country’s pension funds have been vulnerable to government interference, with the pension fund used to finance controversial projects and to prop up the stock market. Efforts to reform governance structures so as to improve the performance and enhance the transparency of the National Pension System have stalled. Given the low fertility rate, the old-age dependency ratio is expected to increase rapidly in the future. Thus, improving sustainability within the public pension systems is important, although not an immediately urgent task.
Integration

Since the 1990s, South Korea has evolved from a net-emigration to a net-immigration society. In 2016, foreign nationals residing in Korea accounted for approximately 4% of the total population of 51 million. Within this foreign-national population, about 1 million come from China, with the share of Vietnam and U.S. nationals trailing well behind (at about 150,000 each). According to the Korean Statistical Information Service, almost 1 million residents live within multicultural families, making Korea an increasingly multicultural society. However, not all Koreans support this trend. The desire for a culturally and ethnically homogeneous Korea remains strong despite the country’s impressive cultural and in particular religious diversity. As in many other countries, public resistance to the acceptance of refugees from war-torn countries has increased in Korea, even though the total number of refugees received has been very small. In 2018, the arrival of about 500 refugees from Yemen led to hysterical reactions sparked by rumors about criminal activities and fears of terrorism that spread rapidly online. The government caved in to the protests, and denied the new arrivals refugee status, although 362 received a temporary humanitarian visa that allowed them to stay in Korea for one year. Since 1994, of the 40,400 non-Koreans who have applied for refugee status, only 2% have received it, prompting criticism by the United Nations Refugee Agency.

Despite the increasing population of migrants and citizens with a family background of migration, as well as improvements in the legal conditions and support provided to multicultural families, the country’s cultural, education and social policies still fail to systematically address the role of migrants in Korea. 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 are accorded rights very similar to those enjoyed by native Korean employees, but employers routinely infringe these rights. 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.
Safe Living

Korea remains a very safe country with regard to the risk of violent crime. There have been no terror attacks or terrorist activities in Korea in recent years. Nevertheless, extensive media reports about violent crime, along with rumors spread on social media, have led to an increasing feeling of insecurity. Levels of respect for and trust in the police are generally low. The lax enforcement of traffic laws remains a major problem. South Korea has the OECD’s third-highest ratio of road fatalities, with 8.4 deaths per 100,000 residents. The spread of financial scams (“phishing”) and cyber-crime whose perpetrators take advantage of South Korea’s excellent broadband infrastructure and lax online-security measures is a major concern that has not yet been effectively addressed.

The external threat posed by North Korea remains, although the Moon administration’s policies of engagement have been successful in calming the situation after the bellicose rhetoric that marked recent years.

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

Global Inequalities

The Moon administration has as yet failed to revitalize Korean development cooperation. In 2017, the country provided $2.2 billion in net official development assistance (ODA), which was more than the year before but still represented just 0.14% of gross national income (GNI). Increase in ODA spending had stalled under the Park administration, and Korea failed to achieve its goal of increasing spending to 0.25% of GNI in 2015. A new ODA target was set at 0.30% of GNI by 2030. Korea’s aid also fails to meet the...
recommendations of the OECD Development Assistance Committee (DAC), for example with respect to the share of grants, and regarding both untied and multilateral aid.

South Korea has also shown little initiative with respect to activity supporting a fair global trading system. Instead, it has largely focused on negotiating bilateral preferential trade agreements with a growing number of countries, including countries in the developing world. Due to product-market regulations and the oligopolistic structure of many market segments, market access for products from developing countries remains limited.

Citation:

III. Environmental Policies

Environmental policies remain insufficient either to protect the environment or to ensure sustainable resource use. Moreover, Korea has been losing ground to the front runners in the transition to becoming a carbon-neutral and ecologically sustainable country. Environmental problems are very serious, particularly with regard to air quality and greenhouse-gas emissions. In the 2018 Yale Environmental Performance Index, Korea improved to rank 60 out of 180 countries overall, but ranked poorly with regard to climate and energy (110) and biodiversity (144). Problems with fine dust exposure are among the world’s worst, with the country ranking 174th in this area. While some of this pollution originates in China, most of it is homegrown. Korea is the 7th largest emitter of CO2, and the share of energy production accounted for by renewables is the second-lowest in the OECD. The Moon administration plans to expand the share of renewables to 20% by 2030. South Korea is the fifth-largest producer of nuclear energy in the world, with its 24 reactors generating about 30% of the country’s electricity. While Moon Jae-in originally pledged to phase out coal and nuclear energy, he later backed away from some of the more ambitious timelines. Environmental topics are gaining importance in the society, but the government clearly prioritizes economic growth over environmental concerns.

On a positive note, the quality of public transportation, especially in Seoul, is steadily improving, and the country has a high recycling rate. During the hot
summer of 2018, President Moon declared air conditioning to be a “basic welfare” good, and temporarily lowered electricity prices. In another populist move, the government temporarily lowered taxes on fuel when oil prices rose in October 2018. Plans to build new apartments in the green belt around Seoul further demonstrate the low priority accorded to environmental policies. Despite the ever-increasing traffic jams, cars are still regarded as holding the greatest transportation priority in most urban-development projects.

Global Environmental Protection

South Korea ratified the Paris Agreement of 2015 on 3 November 2016 and hosts the Global Green Growth Institute (GGGI) and the Green Climate Fund (GCF). However, the country has fallen behind with regard to its climate-protection obligations. Korea is the seventh-largest emitter of carbon-dioxide emissions, and twelfth with regard to total greenhouse-gas emissions. It has officially announced that it will cut its emissions by 2030 to a level 37% below the business-as-usual (BAU) trend, which means an increase of 81% over the levels of 1990. To achieve these goals, the government has launched several emissions-reduction programs such as an emissions-trading system for key sectors, a green building plan, an incentive program supporting electric and hybrid vehicles, and support for environmentally friendly public transportation. Unfortunately, according to the Climate Action Tracker (CAT), South Korea is unlikely under current policies to meet its Nationally Determined Contribution (NDC) target, which the CAT already rates as “highly insufficient.” Indeed, under current projections, Korea’s emissions will be more than 150% above 1990 levels in 2030. The Moon administration – like previous governments – does not place a particularly high priority on its global environmental responsibilities. Instead of articulating a comprehensive strategy for a transition to a carbon-neutral society, the government has been quick to cave in to populist demands for low electricity and fuel prices.
http://climateactiontracker.org/countries/southkorea.html
Quality of Democracy

Electoral Processes

The National Election Commissions, an independent constitutional organ, manages the system of election bodies. Registration of candidates and parties at the national, regional and local levels is done in a free and transparent manner. However, deposit requirements for persons applying as candidates are relatively high, as are ages of eligibility for office.

The National Security Law allows state authorities to block the registration of so-called pro-North Korean parties and candidates, there is no evidence that this had a real impact in the 2017 presidential elections. However, the controversial decision of the Constitutional Court to disband the Unified Progressive Party (UPP) for being pro-North Korean in 2014 remains in force.

Citation:

Candidate media access has improved under the Moon administration. Under past conservative administrations, the Korea Communications Standards Commission and the National Election Commission have sought to block accounts or fine online users for online comments critical of the government or the ruling party. It has even come to light that the Korean National Intelligence Service (NIS) used social-media posts to support President Park’s elections in 2012. Recently, the use of social-media bots to influence online discussions has also become a matter of concern. The immensely controversial National Security Law also applies to online media, creating significant limitations regarding the freedom of expression. The opaque character of South Korean election law concerning allowable support for candidates during the election period, which can last for up to 180 days before an election, represents an electoral gray area. According to some interpretations of Article 93 of the election law, all public expressions of support for candidates or parties are illegal during that period unless one is registered as an official campaigner. This can be seen as a disadvantage for smaller candidates who do not have the
same access to traditional media. In general, small parties have a difficult time gaining coverage in the mainstream media.

Citation:
“Do you know the dismissed journalists?” Journalists Association of Korea, January 20, 2016. (in Korean) http://www.journalist.or.kr/news/article.html?no=38319

All citizens of South Korea aged 19 and over have the right to cast ballots, provided that they are registered as voters at their place of residence in South Korea or in another country. National elections are national holidays, making it easier for all citizens to vote. Legally incompetent individuals and convicted criminals still serving prison terms are deprived of active voting rights. The same applies to individuals whose voting rights have been suspended by a court verdict, those who have violated election laws, committed specified crimes while holding one of a set of public offices, and those who have violated the law on political foundations or specific other laws. Since the candlelight demonstrations against President Park in 2016 – 2017, public support for expanding voting rights to all citizens aged 18 and over has grown. 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 residing in foreign countries in which they are permanent residents or short-term visitors. Moreover, Korea was the first country in Asia to grant voting rights in local elections to foreign residents who have lived in the country for three or more years. Unfortunately, voter turnout rates among foreigners are still low. Citizens can appeal to the National Election Commission and the courts if they feel they have been discriminated against.

Citation:

Since being enacted in 1965, the Political Fund Act in Korea has undergone 24 revisions for the purpose of guaranteeing that political funding is fairly and transparently provided. According to financial reports submitted by political
parties in 2015, the total amount of membership fees collected from party members was $52 million, representing only 25.8% of the parties’ total income of $201.3 million. Parties also receive public subsidies according to their share of the vote in the most recent previous election. However, a larger share of campaign financing comes from private donations. Today, many election candidates raise funds in the form of special investments. A system encouraging people to report illegal electoral practices, introduced in 2004, has played a positive role in reducing illegal campaign financing. 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 funding law emerge after almost every election, and many elected officials or parliamentarians have lost their offices or seats due to violations. However, breaking the election law carries little stigma. For example, after the 2016 general election, Ahn Cheol-soo resigned as co-leader of the People’s Party following a party financing scandal, but was still nominated to be his party’s presidential candidate in the May 2017 presidential elections.

Citizen referendums can be conducted at the local and provincial levels, requiring the support of at least 5% to 20% of voters to be called, and a turnout of at least 33% to be valid. However, results are not legally binding. The Blue House has also introduced a petition system under which the government is required to address a certain topic if at least 200,000 citizens sign a petition. There have been several binding recall votes at the local level, although the rate of success for such efforts is very low, because voter turnout rates have typically been lower than the required 33.3%. At the national level, only the president can call a referendum, but this has never taken place. In 2017, President Moon announced a referendum addressing amendments to the constitution that would improve people’s basic rights and provide local governments with greater autonomy. However, the referendum was rejected by the opposition party in the parliament, and thus could not take place. As of the time of writing, no new date for a referendum had been set.
Access to Information

Under the Moon administration, South Korea has shown significant improvement with regard to media freedom. Reporters without Borders ranked South Korea at 43rd place in the 2018 World Press Freedom Index, representing a jump of 20 places from the previous year. However, some issues remain outstanding. For example, Reporters without Borders criticizes the system by which managers are appointed at public broadcasters. Furthermore, Korea has very problematic anti-defamation laws that punishes defamation (including true statements) with harsh prison terms if the statements are seen as not being in “the public interest.” Defamation suits are frequently filed as a means of preventing critical reporting. Reporting on North Korea remains censored by the National Security Law. All North Korean media are jammed, and North Korean websites are not accessible from South Korea. In general, internet censorship remains widespread, with “indecent internet sites” blocked. Consequently, Freedom House ranks South Korea among the countries in which the internet is only “partly free.” A potentially problematic new development is the government’s declaration of a “war against fake news,” with stricter legislation on the issue promised.

Citation:
“Voldemort for KBS? The way to cover the allegations on the Mir Foundation without mentioning Choi Soon-sil,” Media Today, September 26, 2016. (in Korean)
http://www.mediatoday.co.kr/?mod=news&act=articleView&idxno=132309&sc_code=&page=2&total=58
“The end of medias causing King’s wrath,” Media Today, October 2, 2016. (in Korean)
http://www.mediatoday.co.kr/?mod=news&act=articleView&idxno=132442

Media Pluralism
Score: 6

South Korea has a vibrant and diverse media sector that includes various cable, terrestrial and satellite television stations, and more than 100 daily newspapers in Korean and English. As the country has the world’s highest internet penetration rates, a great number of readers today gain news exclusively from online sources. Yet despite the great variety of offerings, the diversity of content remains limited. The print media is dominated by three
major newspapers: Chosun Ilbo, Dong-a Ilbo, and Joong Ang Ilbo. Although the combined market share of these three outlets is declining, it remained at about 65% in 2014, according to the Korea Press Foundation. 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. While there is more pluralism in the broadcasting sector due to the mix of public and private media, the diversity of political opinions in this arena is threatened by government influence over broadcasters’ personnel policies. However, internet-based media such as podcasts and netcast programs have recently become very popular among younger people.

Newspapers and TV are losing importance as a source of information, particularly among the younger generations. Among these consumers, internet sources such as NewsTapa, GoBal News and AfreecaTV have become increasingly important sources of information. NewsTapa, launched by a former journalist forcibly dismissed for political reasons during the Lee Myung-bak administration, is the only Korean member of the International Consortium of Investigative Journalists. It has gradually been gaining popularity by reporting on issues ignored by the mainstream media.

Citation:

The Act on Disclosure of Information by Public Agencies regulates access to government information. It 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 interpreted very broadly.

South Korea’s score in the Open Data Barometer improved to 72 (out of 100) in 2017, compared to 62 the year before (though the more recent score was based on a new methodology). In the implementation section, Korea obtained 90 out of 100 points for having a detailed government budget, but only 5 points with regard to publishing detailed data on government spending. It received 50 points in the legislative category. The National Assembly has proved reluctant to disclose information about its spending, a fact that has triggered considerable public criticism.
Civil Rights and Political Liberties

Despite the courts’ relatively effective performance in protecting civil rights, and the election of a former human-rights lawyer as president, many problems remain. Serious issues include limits on the freedoms of association and assembly (see also “Rule of Law”), limits on free speech related particularly to the National Security Law, and inadequate rights accorded to migrant workers. South Korea also maintains the death penalty, though there has been a moratorium on executions since 1997. On a positive note, the Korean Supreme Court in November 2018 for the first time accepted “conscience or religious beliefs” as a justifiable reason for conscientious objection to the mandatory military service. In doing so, it overturned a lower-court ruling in which a Jehovah’s Witness was sentenced to 18 months in prison. It remains to be seen how the government will react to this ruling, and whether it will offer an alternative civil service for conscientious objectors. Refugees’ difficulties in gaining asylum in South Korea has recently become an issue drawing public attention (see “Integration”).

Political liberties are protected by the constitution, but infringements do take place. Most importantly, the National Security Law remains the biggest obstacle not just to freedom of expression but also to political rights, because it can be abused for political purposes. The freedoms of opinion and of the press are constitutionally guaranteed, and while the situation has improved under the Moon administration, problems remain particularly when it comes to the freedoms of association and assembly. For example, the government still refuses to legalize the Korean Teachers and Education Workers Union (KTU) because it allows employees who have been fired to remain members. In general, labor unions still face considerable difficulties in organizing. For example, businesses can sue labor unions for compensation for “lost profits” during strikes, and civil servants are also limited in their political freedom. Labor unions are still legally limited in their freedom to engage in political
Discrimination remains a major problem in South Korea, particularly for women, migrants, LGBT people and North Korean defectors. In the Global Gender Gap Report 2017, South Korea was ranked 118th out of 144 countries measured. The gender-based pay gap remains the largest in the OECD. The Moon government has promised to improve gender equality. As a start, he appointed six female ministers, which at one-third of the cabinet is a considerably higher share than in any previous Korean cabinet. After several reshuffles the cabinet has now five female ministers.

Discrimination against irregular workers and migrant workers is also common, with many migrant workers still having to submit to an HIV test in order to obtain a work visa. However, mandatory HIV tests for foreign teachers and students were abolished in 2017.

There are approximately 30,000 North Korean defectors in South Korea, and discrimination against them is widespread. They are eligible for South Korean citizenship, but often face months of detention and interrogations upon arrival. According to a study by the National Human Rights Commission of Korea, half of the North Korean defectors in South Korea have suffered from discrimination, primarily directed at them by people in the street (20.6%), their supervisors (17.9%) or by co-workers (16.5%).

While courts have strengthened some rights for the LGBT community, the government has failed to take decisive actions to reduce discrimination. Article 92 of the Military Penal Code, which currently faces a legal challenge, singles out sexual relations between members of the armed forces of the same sex as “sexual harassment” punishable by a maximum of one year in prison.
Rule of Law

While government actions are generally based on the law, the scope of discretion is quite large, and unpredictable decisions are not uncommon. When new laws are introduced, the way they are to be interpreted is often not clear until courts have made a decision. Foreign companies often complaint about inconsistent interpretation of regulations, and “opaque regulatory decision-making remains a significant concern” according to the U.S. Department of State. Corruption also remains an impediment to improving legal certainty. After former President Park was jailed in 2017, her predecessor Lee Myung-bak was sentenced to 15 years in prison for corruption in October 2018. He is accused of collecting bribes from a variety of sources, including Samsung (for a total of about KRW 6.1 billion, or $5.4 million). In Korea, personal relationships generally play an important role in decision-making, while legal rules are sometimes seen as an obstacle to flexibility and quick decisions.

In general, courts in South Korea are highly professional, and judges are well trained. The South Korean judiciary is fairly independent, though not totally free from governmental pressure. For example, the unpredictability of prosecutors’ activities remains a problem. Unlike judges, prosecutors are not independent, and there have been cases in which they have used their power to harass political opponents, even though independent courts later found the accusations to be groundless.

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 decree in
which the Supreme Court has also demanded the ability to rule on acts’
constitutionality, hence interfering with the Constitutional Court’s authority.
This has contributed to legal battles between the Constitutional and Supreme
courts on several occasions. On the whole, the Constitutional Court has
become a very effective guardian of the constitution since its establishment in
1989. In March 2017, the Constitutional Court unanimously upheld the
impeachment of President Park amid massive public protests, demonstrating
its independence from government influence. That event also enhanced public
awareness of the Constitutional Court’s independent role.

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, although there is
cooperation between the branches in the nomination process. The process is
formally transparent and adequately covered by public media, although
judicial appointments do not receive significant public attention. 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 National Assembly holds
nomination hearings on all nominees for the Supreme Court and the
Constitutional Court.

Citation:
Article 111 of the Korean Constitution
East Asia, in: The Pacific Review 23(5).
Jongcheol Kim, The Rule of Law and Democracy in South Korea: Ideal and Reality, EAF Policy Debates,
No.26, may 12, 2015

After the massive corruption scandals involving the two previous
governments, the situation in South Korea has improved, although the abuse of
power for private gain remains a major problem. The Me Too movement has
brought many abuse-of-power cases to light. As demonstrated by the protests
against President Park, the Korean public, civil society organizations and the
media are vigilant and ready to protest top-level abuses of power effectively.
Courts have also been tough on those involved in corruption scandals, handing
down prison sentences to many involved. Park’s predecessor received a 25-
year jail sentence in October 2018, which means that the two most recently
serving presidents are now in jail for bribery and corruption. President Moon
promised to strengthen anti-corruption initiatives, and announced that
members of the elite involved in corruption scandals would not be granted
pardons as has been common practice in Korea in the past. Positive institutional changes made in past years, such as the Kim Young-ran Act, are now showing results, and have effectively limited Korean traditions of gift giving. Despite the strong campaign against corruption in the public sector, there has been less success in curbing corruption and influence peddling by big business groups. In February 2018, an appellate court reduced the five-year prison sentence originally given to Samsung Electronics Vice Chairman Lee Jae-yong to a suspended sentence of two and a half years. The controversial decision was seen as extremely lenient compared with the long jail sentences given to former public officials.

Citation:
Governance

I. Executive Capacity

Strategic Capacity

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. President Moon launched the State Affairs Planning Advisory Committee in May 2017. This commission is comprised of key departments specializing in policy and administration, the economy, diplomacy and security, and policy planning. A total of 30 members play an advisory role in assisting the new government in reviewing the structure, function and budget of each government organization. Commission members also help to identify key policies that the government will pursue, and help develop medium and long-term plans to carry out the policies. The plan submitted by the State Affairs Planning Advisory Committee contains policy recommendations to be pursued over the next five years of the Moon administration. The plan includes a national vision of “a Nation of the People, a Just Republic of Korea,” along with 100 concrete policy goals. However, key policies recommended by the committee have not been successful, and its public presence has declined.

Citation:
http://www.korea.net/NewsFocus/policies/view?articleId=148013
http://www.korea.net/NewsFocus/policies/view?articleId=146390

Non-governmental academic experts have considerable influence on government decision-making. Within the State Affairs Planning Advisory Committee, 14 out of 30 members are professors. Indeed, three out of four members of both this group’s policy and administration subcommittee and the diplomacy and security subcommittee have an academic background. In addition to a presidential advisory committee, scholars are often nominated for
top government positions. President Moon has appointed Chang Ha-sung, a professor of economics at Korea University, to be presidential senior advisor for policy affairs, and Cho Kuk, a professor at Seoul National University’s law school, as a senior presidential secretary for civil affairs. The Fair Trade Commission’s newly appointed chairperson Kim Sang-jo, was a professor of economics at Hansung University.

Academic experts participate in diverse statutory advisory bodies established under the offices of the president and prime minister. Advisory commissions are usually dedicated to specific issues deriving from the president’s policy preferences. For example, the appointments of Chang Ha-sung and Cho Kuk can be interpreted as reflecting the current administration’s determination to reform the country’s chaebol (conglomerates) and prosecution system by appointing academic experts in these areas. However, the selection of academic experts is often seen as too narrow and exclusive. The process of appointing experts remains highly politicized, and in the past experts have often been chosen because of their political inclination rather than their academic expertise. The Moon government has ignored criticisms of policy failures offered by experts with different political perspectives than his own, which makes the process of policy consultation less effective.

Citation:
Korea.net. President Moon appoints senior secretaries. May 11, 2017 http://www.korea.net/NewsFocus/policies/view?articleId=145963

Interministerial Coordination

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. The Prime Minister’s Office has sufficient administrative capacity and nonpolitical technocrats to design and implement policies and strategies politically chosen by the Blue House. President Moon has promised to decentralize powers, and plans to hold a referendum to amend the constitution in this manner. As of the time of writing, however, constitutional reform has been stalled due to objections by opposition parties.

Citation:
The Korea Institute of Public Administration (KIPA), http://www.kipa.re.kr
Executive power is concentrated in the president’s hands. Thus, line ministries have to involve the Blue House in all major policy proposals. The president has the authority to, and often does rearrange, merge and abolish ministries according to his or her agenda. For example, President Moon created a Ministry of SMEs and Startups; renamed the Ministry of Science, ICT and Future Planning as the Ministry of Science and ICT, and merged the National Security Agency and the Ministry of Public Administration and Security into a single Ministry of the Interior and Safety. He also (re-)established the National Fire Agency and the Korea Coast Guard abolished by his predecessor. However, while Moon has promised to decentralize power, there have as yet been few signs of any weakening of the role of the Blue House. The Blue House gets involved with and coordinates certain policies through the exertion of political dominance rather than through administrative capability. This is particularly true for policy areas falling outside the president’s main priorities for which the Blue House lacks sufficient knowledge and human-resources capacity to act effectively.

Formally, the cabinet is the executive branch’s highest body for policy deliberation and resolution. In reality, the role of the cabinet is limited because all important issues are discussed bilaterally between the Blue House and the relevant ministry. However, bureaucratic skirmishing takes place on many issues. The Blue House’s capacity to contain rivalries between the various ministries tends to be relatively high early in a given president’s official term. However, coordination power becomes weaker in a lame-duck administration. Committees are either permanent, such as the National Security Council, or created in response to a particular issue. As many government agencies have recently been moved out of Seoul into Sejong city, the need to hold cabinet meetings without having to convene in one place at the same time has been growing, and the law has therefore been amended to allow cabinet meetings in a visual teleconference format.

Civil servants from different ministries regularly coordinate on policies of common concern. This coordination and cooperation among related civil servants across ministries can be either formal or informal, hierarchical or horizontal. Unfortunately, attitudes in the ministries are shaped by a departmentalism that obstructs coordination. Different ministries use their policies to compete 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 being “second tier.” Key issues given a high priority by the president can be effectively coordinated among concerned ministries.

Some attempts to improve coordination among ministries are being made. Various interministerial coordination mechanisms have been implemented on the basis of sector and theme, such as the interministerial coordination system for ODA. Moreover, it is expected that the efficiency of and communication between government agencies will be improved by the introduction of a new records-retrieval system. The National Archives and Records Administration (NIS) has announced that it will establish a search and retrieval service in consultation with the Ministry of Patriots and Veterans Affairs. However, in spite of the Blue House’s political dominance, the Moon government has exhibited numerous cases of coordination failure among relevant ministries.


Informal Coordination Score: 8

Most interministerial coordination is both formal and informal in Korea. Informal coordination is typically, if not always, 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 between the president and powerful politicians work very effectively in forwarding specific policies. However, these practices can also lead to corruption and an inefficient allocation of resources. For example, the recent Choi Soon-sil scandal took advantage of the prevalence of informal coordination and meetings.

Citation:

Digitalization for Interministerial Coordination Score: 9

The South Korean government utilizes e-government software (the Policy Task Management System) to monitor the implementation of policies in real time. In the UN E-Government Survey 2018, Korea was ranked at 3rd place internationally for the implementation of e-government.

Citation:
Evidence-based Instruments

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. In its 2018 Regulatory Policy Outlook, the OECD praised Korea for improvements in its RIA processes since the previous report in 2015, and placed Korea at or even above the OECD average in most categories. However, the report also highlighted some weaknesses, particularly with regard to RIAs concerning regulations initiated by the legislature, a category that is currently excluded. The Federation of Korean Industries, which advocates deregulation on behalf of corporate sectors, has proposed that the government apply RIAs to regulatory acts initiated by lawmakers.

Citation:

The Regulatory Reform Committee (RRC) is the primary institution overseeing the RIA process. Stakeholders are consulted during the RIA process, which includes regular meetings with foreign chambers of commerce, for example. The general public and specific stakeholders can be integrated into the process via online channels such as the Regulatory Information Portal, Regulatory Reform Sinmungo, and the e-Legislation Center (www.lawmaking.go.kr). The e-Legislation Center gives the general public the opportunity to propose a bill, submit opinions on regulatory bills or request a clarification of how laws have been interpreted. However, 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 include a lack of time to carry out assessments, insufficient staff, and a lack of expertise and financial resources. The OECD also recommends that the scope of civil society participation in the RRC be widened, and that the committee’s steering capacity be strengthened rather than allowing it to micromanage RIA processes.

Citation:
The assessment of policy-implementation sustainability in South Korea is regulated by the 2007 Sustainable Development Act and overseen by the Presidential Commission on Sustainable Development. This body’s task is to implement, promote, share, educate, network, monitor and make policy proposals on sustainable development. The act addresses environmental quality, vulnerability to environmental degradation, environmental degradation level, the social and institutional capacities to respond, and responsibility sharing with the international community. The Moon administration has promised to focus more strongly on sustainability-related issues, including reductions in youth unemployment rates, air pollution and greenhouse-gas emissions. For example, the Moon administration has promised to build no new nuclear power plants and temporarily closed 10 coal-fired power plants (although only during months with low electricity demand). At the same time, the government appears to be considering a continuation of previous governments’ problematic practice of prioritizing economic growth, thus issuing waivers for regulations governing economic development or apartment construction within green-belt areas, for example. While President Moon has promised to highlight environmental sustainability, the actual effects on the RIA process remain to be seen.

Citation:

Korea was ranked 2nd behind Australia in terms of ex post evaluation in the OECD Government at A Glance database. While there is an effective evaluation system in place, the effect on policy revision has been limited to date.

Citation:

Societal Consultation

There have been major improvements with regard to consultation with societal actors since President Moon took office. President Moon’s interactions with the public are also significantly different than those of his predecessor. He has emphasized the importance of being more open and communicative with the public. He is holding frequent discussions with civil society groups and top business leaders, and allows Q&A sessions during press briefings. The Blue House also introduced a petition system in which the government is required
to address a certain topic when at least 200,000 citizens have signed the petition. The Moon government has also tested so-called deliberative democracy processes, in which all stakeholders participate in three- or four-night debates, as a means of drafting controversial policies in areas such as nuclear energy or university admissions. While the government is trying to improve contacts with civil society, not all such attempts have been successful. For example, the tripartite process with labor unions and business groups has suffered a setback, with one of the largest umbrella labor-union umbrella organizations (KCTU) refusing to participate.

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

Policy Communication

President Moon Jae-in has emphasized the importance of cooperation among the relevant ministries for promoting sustainability. Significant agenda items requiring interministerial collaboration include the proposed energy policy, water-management policies and the smart-city creation project. In addition to communication with ministries, President Moon has placed a high priority on communication with citizens. He engages in more frequent press briefings than his predecessor, and holds public hearings where he is likely to have more opportunities to have direct conversations with citizens. Moreover, as a symbol of efforts to reach out to citizens and promote communications with the general public, the government has begun allowing citizens and foreign tourists to drive or walk near the Cheong Wa Dae presidential office at all hours.

Citation:

Implementation

The Moon administration has shown slight improvements over its predecessor with regard to the implementation of policies, although implementation still falls far short of the president’s ambitious goals. Moon has developed a very
detailed list of 100 policy goals that he wants to implement during his tenure. Yet the strong personal mandate deriving from his decisive election victory and strong popularity, Moon’s Democratic Party lacks a majority in parliament. Nevertheless, the president has far-reaching powers and Moon has implemented several important measures such as the increase in the minimum wage, the creation of more stable jobs in the public sector and the reduction of the maximum allowed work week to 52 hours. However, Moon has also postponed or abandoned some of his original agenda items, such as the constitutional reform designed to decentralize power, and the promised termination of construction on two nuclear-power plants. Recently, after criticism from businesses, President Moon has backpedaled on some of the implemented policies, promising to allow companies more “flexibility” in enforcing the maximum allowed work time, and saying his administration would reconsider further minimum-wage hikes.

Citation:
"S. Korea ‘bureaucracy risk’ derails economic innovation,” Maeil Business Newspaper, March 26, 2014

Ministers in South Korea do not have their own political base, and thus depend almost solely on the support of the president. The president has the authority to appoint and dismiss ministers, and frequently reshuffles the cabinet. This high degree of turnover limits ministers’ independence, as they are unable to develop their own voice to pursue their own or institutional policy ideas. The first cabinet reshuffle in the Moon administration took place a little more than a year after the start of the presidency, with the president nominating five new ministers for the departments of Education, Gender Equality, Labor, Trade and Defense.

In general, 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 is more influential than e-government, and is the usual tool used to supervise ministries. Ministries have little leeway in policy areas that are important to the president. However, while ministerial compliance is largely assured in the Korean system, the ministerial bureaucracy has a certain degree of independence deriving from its members’ status as tenured civil servants. Because ministers have a comparatively short tenure, it is difficult for them to guide and monitor compliance in the bureaucracy. Generally, the degree of independence within the bureaucracy varies substantially, and is stronger in areas that are comparatively less important to the president.
Monitoring Agencies, Bureaucracies
Score: 6

The Prime Minister’s Office annually monitors and evaluates the performance of 42 governmental agencies. The ministries effectively monitor the activities of all executive agencies, with each minister holding responsibility for the compliance of the agencies under his or her purview. Once again, the top-down structure of the government typically 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. Each ministry sets its own performance and implementation indicators and reports its annual progress. The indicators can be used as a monitoring tool for the activities of bureaucracies and executive agencies with regard to implementation. However, ministries fail in some cases to monitor executive agencies’ implementation activities effectively.

Task Funding
Score: 5

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 governments play an important role in providing services to citizens and respectively account for about 35% of government spending in 2017. However, local and state governments have relatively little ability to raise their own revenue and thus depend on central-government support. The fiscal self-reliance ratio in over 90% of the local governments (220 out of a total 243) was under 50% in 2016. In addition, local administrations are understaffed, and central-government employees are often delegated to subnational authorities. President Moon has highlighted the importance of decentralizing state power in order to help local municipalities and provinces to be run more autonomously. Under the 2018 budget proposal, KRW 3.5 trillion (.1 billion) will be delivered to local governments in the form of local subsidies to provincial governments.

Citation:
“High welfare-related costs stymie local governments,” Korea JoongAng Daily, Oct 14, 2014

Constitutional Discretion
Score: 6

While autonomous local governments are protected by the constitution, the constitution does not clearly define specific competencies and rights. A major obstacle to subnational self-government is the lack of fiscal autonomy for local governments. Due to the very high dependence on transfer grants from the central government, most regional and local governments are vulnerable to central-government interference. 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. President Moon has promised to reduce centralization within the country’s overall system of governance. For example, he has suggested holding periodic
meetings with local government leaders, thus creating a kind of “secondary cabinet.” Moon also has shown great interest in holding a referendum on a constitutional amendment designed to redistribute power to the local level. The central government’s attempt to remove environmental-protection regulations for Seoul’s green belt in order to secure land to construct apartments for people lacking housing in the area has been suspended by the rejection of Seoul City, which has constitutional discretion on the issue.

Citation:
http://www.koreatimes.co.kr/www/opinion/2017/10/625_237037.html

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 much lower professional standards than does 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 and the southeast and less prosperous (i.e., dependent on transfer payments) regions in the southwest. For instance, a number of local governments have recently begun paying child benefits greater than those dictated by national standards. As local-government autonomy develops, a greater number of customized policies are being introduced for residents. For example, the Special Act for the Promotion of Health and Welfare of Rural Communities was implemented in 2017.

Government agencies enforce regulation, but are usually biased in favor of certain groups and vested interests. The big business conglomerates are naturally the most powerful vested interests, and most policies take the interests of the big business sector into account. SMEs have similarly emerged as a powerful interest group. For example, SMEs have managed to obtain very generous exclusions, even from the very modest reduction of maximum allowed weekly work times from 68 to 52 hours. Collusion between management and labor unions has also led to circumvention or exploitation of government regulations. For example, by excluding regular (non-performance-based) bonuses from the calculation of the minimum wage, even workers with relatively high total wages were able to benefit from the minimum-wage increase.

Citation:
Adaptability

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 in 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. The government has also declared its intention to increase its provision of official development assistance (ODA) in order to meet global standards in the near future. For example, it was the first Asian donor to join the International Aid Transparency Initiative (IATI), an initiative for enhancing aid transparency. However, the country’s degree of adaptability largely depends upon compatibility with domestic political goals. Korea seems to be falling behind particularly with regard to the transition to greater environmental sustainability. On a positive note, Korea has notified the United Nations that it will ratify four key International Labor Organization (ILO) conventions on the freedom of association and the prohibition of forced labor, although this ratification was still pending as of the time of writing.

“South Korea set to ratify four key ILO conventions”, Hankyoreh, Nov.21, 2017

As a member of the United Nations, the World Trade Organization and the G-20, South Korea helps to shape global rules and foster global public goods, but it rarely plays a leading role in international cooperation. The Moon administration has further shifted the attention from multilateral institutions to bilateral negotiations, with a particular focus on North Korea. Nevertheless, Korea does play a role in international organizations; for example, it is currently contributing 627 individuals to UN peacekeeping missions. Korea does engage in development cooperation, and joined the OECD Development Assistance Committee (DAC) in 2009, although initial goals of spending 0.25% of GNI for the purposes of development cooperation have not yet been met. Korea is committed to the Sustainable Development Goals (SDGs), and has signed the Paris Agreement on reducing greenhouse-gas emissions. However, Korea can hardly be seen as a leader in these fields, as national sustainability and emissions-reduction goals are underwhelming. For example, while the European Union has promised to reduce greenhouse-gas emissions to 40% below 1990 levels, Korea has only pledged to reduce emissions to 37% below business-as-usual (BAU) projections, which would represent an increase of 81% compared to 1990.
Organizational Reform

The president’s office monitors institutional governance arrangements. The president frequently reorganizes ministries and government agencies when inefficiencies are detected. The recent corruption and abuse-of-power scandals, which in part involved influence-peddling through informal Blue House networks, undermined trust in formal institutions and policymaking procedures, and revealed a surprising lack of checks and balances. In particular, persons without formal government positions seem to have wielded undue access and influence over policymaking without any check-and-balance mechanisms in place. The Moon administration has announced that it will improve self-monitoring and transparency. However, weak voluntary compliance and organizational self-seeking among government-agency actors remain common throughout the governance system. In particular, the judiciary power’s recent organizational self-seeking attitude indicates a lack of self-monitoring, and stems from President Moon’s weak leadership style.

The Moon administration is expected to carry out some institutional reforms during his term. Most importantly, the new president has pledged to decentralize the political system by transferring previously centralized powers to national ministries and agencies as well as to regional and local governments. Moon also proposed transforming the current five-year, single-term presidency into a four-year, double-term (contingent upon reelection) system, and has envisioned reforming national institutions including the National Intelligence Service (NIS), the judiciary and various public agencies. He has said he would request the support of the National Assembly in developing the reforms. One key proposal during Moon’s campaign was to reform the public-prosecutor system by removing all or part of its investigative powers, and instead establishing an independent body that can investigate and indict high-ranking government officials. To date, however, most far-reaching institutional reforms have been stalled because the president lacks a majority in parliament. In one important step, Moon disbanded the Defense Security Command (DSC), a military intelligence organization that had developed plans to impose martial law during the impeachment process against President Park.
II. Executive Accountability

Citizens’ Participatory Competence

The candlelight revolution of 2016 – 2017 revealed a high level of political information and interest among the Korean public. In particular, it is remarkable that many young people and students participated in the protests. Nevertheless, many citizens remain poorly informed about the details of many government policies and the spectrum of published political opinions remains very narrow, limiting the scope of political discussion and making it hard for citizens to develop their own opinion. Political education in schools and university remains underdeveloped due to immense pressure to do well in exams. The low level of trust in government announcements and in the mainstream media provides fertile ground for the dissemination of rumors. Misinformation and fake news are spreading fast in Korea, as was evident in the online campaigns against refugees from Yemen. The discussion about refugees also revealed that the public generally knows less about international topics or the international context than it does about purely domestic subjects. However, numerous NGOs and enlightened netizens, acting on behalf of citizens, are playing a pivotal role in monitoring the public and private sectors by getting and sharing information from the government.

According to the Open Government Partnership (2018), “the disclosure and usage of public data could make a big impact such as enhancing government transparency, delivering effective and efficient services to public and contributing to the nation’s economic growth.” Korea ranks at the top or near the top of OECD countries on the OECD’s OUR Data Index, which examines the issue of open, usable and reusable government data. A government
information portal (https://www.open.go.kr) has been introduced to provide access to government data and information. However, some institutions have proved uncooperative in providing access to information requested by members of the public, making the government less accountable.

Citation:
OECD, Government at a Glance 2017 Database, OUR Data Index

Legislative Actors’ Resources

Members of parliament (MPs) have a staff of nine, including four policy experts, three administrative staffers and two interns. Given the large quantity of topics covered, this staff is scarcely sufficient, but is enough to cover legislators’ main areas of focus. Tight schedules and the record-high number of agencies monitored by the National Assembly have generated skepticism regarding the effectiveness of legislative oversight. Observers familiar with parliamentary affairs have voiced concern that parliamentary audits are inevitably superficial, as lawmakers have little time to study dossiers thoroughly or prepare their questions. Moreover, some lawmakers lack the capacity and willingness to monitor government activities effectively.

Parliamentary committees are legally able to obtain the documents they request from the government. The government, including governmental agencies and public institutions, is required to deliver these documents within 10 days of a request from a member of the National Assembly. Documents pertaining to commercial information or certain aspects of national security can be withheld from the parliament. Moreover, problematic issues do arise in the process of requesting documents. For example, because of the frequency of requests from parliamentarians, there have been numerous cases reported in which agency officials have had to work overtime to meet the document requests.

Parliamentarians can also summon the officials concerned as witnesses. However, bureaucrats are sometimes reluctant to offer the documents and information requested in an effort to protect their organizational interests. The inability to override witnesses’ refusal to answer questions remains an issue that must be addressed. Under current law, the National Assembly can ask prosecutors to charge those who refuse to take the witness stand with contempt of parliament. However, this carries only light penalties, such as fines. The National Assembly should work to reform the hearing system to make it a more effective tool in probing cases of national importance. Under the Moon
government, government institutions have become more cooperative in response to parliamentary committees’ document requests.

The parliament has the constitutional right to summon ministers to appear before parliamentary hearings, and indeed frequently exercises this right. Regular investigation of government affairs by parliament is an effective means of monitoring ministers. Almost every minister has been summoned to answer parliamentarians’ questions in the context of a National Assembly inspection. However, the role of the minister in the South Korean system is relatively weak, with the professional bureaucracy trained to be loyal to the president. In addition, the ruling party and ministers can agree not to invite ministers or to cancel hearings on politically controversial issues.

Parliamentary committees are legally able to, and frequently do, invite experts to parliamentary hearings. Following the Choi Sun-sil scandal, some big-business (chaebol) representatives were summoned multiple times. There have been several cases where civilian experts have refused to attend these hearings. However, the public parliamentary hearings on the Park Geun-hye and Choi Soon-sil scandals served to change the old informal rules, and many figures who refused to attend the hearings or repeatedly gave false testimony have been punished by law. All relevant institutions started to apply existing rules more strictly after the lawsuit related to the Park and Choi scandals.

The task areas of parliamentary committees and ministries mostly correspond. As of November 2018, there were 18 standing committees and eight ad-hoc committees tasked with examining bills and petitions falling under their respective jurisdictions and with performing 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 the 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.

Citation:
The National Assembly of the Republic of Korea, http://korea.na.go.kr/int/org_06.jsp

Media

South Korea’s main media-related problem is the low quality of many outlets, rendering them unable 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. Newspapers and TV rely heavily on advertising revenues. Most prominent TV stations produce a mix of infotainment and quality information about government policies. Information on international events in particular receives little coverage in the Korean news media. The major newspapers clearly lean to the political right, although alternatives do exist. In general, political reporting tends to be framed as personalized power politics, diverting attention away from important political issues. The internet news sector is dominated by two major news portals, Naver and Daum, although there are alternatives such as Newstapa, an investigative journalism network. On a positive note, the media played an important role in uncovering and reporting on the political scandals during the last year of the Park Geun-hye administration.

Citation:
Newstapa, https://newstapa.org/

Parties and Interest Associations

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. Parties are organized in a top-down fashion, and typically led by a few powerful individuals (who may or may not hold official party offices). Parties often disband, rename and regroup around these leaders without the comprehensive involvement of members. In general, ordinary party members have very little say outside the context of candidate-nomination processes. Organizing local party chapters remains illegal in Korea, making it almost impossible to build grassroots movements. Only some of the small parties not represented in the parliament, such as the Green Party, are organized in a bottom-up way. In 2015, both the governing and opposition parties decided to introduce an open-primary system to pick candidates for the parliamentary elections. This was expected to provide new challengers with a fairer and more transparent environment. However, in reality, “strategic” party nominations still played a strong role in both parties. For the nomination of presidential candidates different parties adopted different nomination processes, ranging from open primaries (Democratic Party), a mixture of opinion polls and party delegates (Liberty Party), a mixture of open primaries and opinion polls (People’s Party), and a direct vote by party members (Justice Party). In this sense, voters had the choice not just between different candidates, but also between different selection systems. While the selection of presidential candidates is becoming more democratic, issue-oriented participation by party members remains anemic, and party organizations remain weak.
Business associations such as the Korean Employers Federation and the Federation of Korean Industries (FKI), as well as labor-union umbrella groups such as the Federation of Korean Trade Unions (FTKU) and the Korean Confederation of Trade Unions (KCTU), 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 their most powerful members – that is, business conglomerates 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 Park government, major business organizations supported by large conglomerates had significant influence over the formulation of policies. The FKI has faced a period of serious crisis following the influence-peddling scandal involving former President Park. Under the Moon administration, the influence of business groups has remained strong, if somewhat contradictory. Labor organizations have come to wield considerable power in formulating major social and economic policies, thanks to the Moon government’s labor-friendly stance.

Citation:
Hankook Ilbo. Park attempted to build a hub of conservative groups by funding of FKI. November 9, 2017. http://www.hankookilbo.com/v/22464dde0fa5497b9049eade8df88508

The rise of civil-society organizations has been one of the last decade’s most important political trends in South Korea. The massive peaceful protests against President Park were largely organized by civil-society groups that have proven their ability to mobilize the public and their competence in organizing peaceful protests on a massive scale. 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 expertise in specialized fields such as environmental policies, electoral reform, corporate reform, welfare policies or human rights. They provide reasonable policy proposals and are supported by a large group of academics and professionals. They also provide a pool of experts for the government. President Moon has appointed several former members of civil-society groups to government positions. Highly competent international NGOs such as Transparency International and Save the Children are also playing an increasing prominent role in their respective fields.

The majority of small NGOs remain focused on service provision and do not develop policy proposals. Previously, civil society and NGOs – especially those to the left of center – found it difficult to have any appreciable influence on decision-making under either the Lee or Park administrations. Under the Moon administration, NGOs have regained some of their previous level of influence. Unfortunately, this increased level of influence has to some extent
undermined their ability to criticize the government. For example, People’s Solidarity for Participatory Democracy, members of which occupy key positions of power in the Blue House and other government institutions, has been widely criticized for amateurism and power-motivated behavior.

**Independent Supervisory Bodies**

The Board of Audit and Inspection is a national-level organization tasked with auditing and inspecting the accounts of state and administrative bodies. It 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 with other ministries. Demands to place the audit office under the leadership of the National Assembly, thus strengthening the institution’s autonomy, have gained parliamentary support. However, tired of repeated political gridlocks and political confrontations, civil-society organizations have instead proposed making the audit office independent. In its revised constitutional-reform bill, the Moon government too has proposed making the audit office independent.

The South Korean parliament does not have an ombudsman office but the Ombuds Office of the Anti-Corruption and Civil Rights Commission of Korea (ACRC) may be seen as a functional equivalent to a parliamentary ombuds office. The Improper Solicitation and Graft Act, which was initiated by the ACRC, has had a huge impact in changing the culture. The commission’s independence is guaranteed by law, but the standing members of the commission are all appointed by the president. People can also petition the government directly without approaching the parliament or the ombudsman. A Foreign Investment Ombudsman (FIO) system hears complaints by foreign companies operating in Korea. 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. The FIO 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. It can also carry out other tasks needed to assist foreign companies in resolving their grievances.

Citation:
Anti-Corruption and Civil Rights Commission of Korea (ACRC), www.acrc.go.kr
Office of the Foreign Investment Ombudsman, ombudsman.kotra.or.kr

South Korea’s comprehensive Personal Information Protection Commission (PIPC) was established on 30 September 2011, and aims to protect the privacy rights of individuals by deliberating on and resolving personal data-related
Data protection is regulated by the Personal Information Protection Act (PIPA). Compared to the European Union’s General Data Protection Regulation (GDPR), data-protection rules are weak, and the issue remains a problem particularly in the private sector. For example, PIPA lacks the right to be forgotten and the right to refuse profiling. Maximum fines for violations are also much lower in Korea, at €40,000 compared to €20 million under the GDPR. Data security in the private sector remains a significant problem in Korea, where companies have been slow to adapt to international security and encryption standards.
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