

**Summary – Assessing the Moon Administration One Year On, Chatham House,
13 June**

Session One | Political representation, government legitimacy and participatory politics

Agathe L’Homme discussed the public desire for constitutional reform in South Korea given that the current system favours major parties. She noted, however, that the likelihood of reform is currently unlikely given that the government is not pushing for the process to occur. On the impacts of the Candlelight Protests, she commented that the narrative surrounding the impeachment process is positive, that it is a signal of public engagement with democracy, and the desire for a participatory democracy system rather than purely representative. Conversely, the speaker highlighted the impeachment procedure as raising difficult questions in terms of the gender dimension and the length of sentence given to former President, Park Geun-hye.

Hae-won Jun discussed the shift from representative to participatory democracy in South Korea, noting that, in most advanced democracies, the public increasingly desires a more direct system where they are able to vote on key legislative issues directly. She noted that the Candlelight Protests effectively increased young people’s interest in and engagement with politics, with an increase from 45% to 86% of young people voting in the latest elections. This engagement is also evident in the citizen’s initiative, which has created and distributed a survey in South Korea on what the new constitution would look like.

Victor Cha discussed the desire for political reform in South Korea but highlighted that political institutions have not been responsive in pursuing any real reform. In terms of improving political accountability, it was highlighted that moving from a presidential to parliamentary system is not the answer as it will not instigate actual change. Rather, movements such as the #MeToo movement have the potential to drive ethics accountability in ways that are enforceable. Given the prevalence of gender bias and sexism in South Korea, movements such as #MeToo have the potential to address one of the country’s long-term challenges. The reform of the media and prosecutors is also important given the incredible amount of power they possess in Korea, and whilst they shouldn’t be overregulated given the role they serve in democracy, reform is required. In the context of the Singapore Summit between the US and North Korea, it was highlighted that it will deepen the debate in South Korea over the question of national security, subsequently extending the divide between conservatives and progressives in South Korea.

Session two | Economic reform, corporate governance and challenging the power of the chaebol

Woosik Moon discussed the disproportionate growth of corporate incomes compared to household incomes in South Korea. Household incomes increased 2.6 fold between 1997 and 2006, whereas corporate incomes increased 4.6 fold in the same period. President Moon has developed the idea of ‘income-led growth’ to address this issue, which is intended to promote higher economic growth through an increase in household incomes and subsequently in aggregate demand. Another raised issue was that South Korea has shifted

from an investment surplus country into a savings surplus country, whereby companies have sufficient savings but do not invest them. Export-oriented growth peaked in 2012 but has fallen ever since. The speaker suggested that the only solution is for South Korea to expand its markets beyond its national border, furthering the processes of both globalization and regionalization.

Randall Jones discussed South Korea's economic growth, highlighting that its rapid growth in recent years is not only losing momentum but has also promoted economic polarization, inequality and is not environmentally sustainable in the long-term. South Korea's export growth slowed significantly in the period 2011-2017; from an 11% annual percentage growth in 2001-2011, to just over 2% further onwards. On President Moon's 'income-led growth' proposal, to be achieved by increasing public employment, raising the minimum wage and shifting government spending to social programmes, the speaker highlighted that a number of other important factors need addressing in order to create effective reform. It's necessary to not only reform the *chaebol* but also increase support for SMEs by improving the insolvency framework to reduce personal costs for failed entrepreneurs. In order to reduce labour market mismatch and labour shortages in SMEs, the availability of vocational education should also be increased. Improving the economic environment for SMEs is critical to achieving economic reform and addressing corporate governance issues in Korea.

Soohyun Lee discussed South Korea's economic challenges in relation to social policy. In terms of modernization of the labour market, obstacles including the high concentration of *chaebol*, taxation and law enforcement have all slowed down this process. Social problems require both social and labour market policy responses. The most prevalent social issues include a growing inequality in the labour market, with the pool of well-paid jobs on the decline, which is most heavily impacting young professionals and graduates. Another key challenge is South Korea's extremely low fertility rate and ageing society. To address these challenges, solutions include increasing female employment, creating jobs to expand the job market for younger generations, raising the minimum wage and increasing public childcare provision to encourage female employment and boost the fertility rate. Addressing these social policy shortcomings will play a critical role in modernizing the Korean labour market.