



A New Era in South Korea?

Marcus Noland assesses the election of South Korea's new president Park Geun-hye, daughter of a former military dictator, and her pledge of "economic democracy" and less confrontation with North Korea.

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Steve Weisman: South Korea is on the verge of a new era with the apparent election of Park Geun-Hye, the daughter of one of South Korea's most authoritarian military rulers back in the 1970's. Marc Noland, the deputy director of the Peterson Institute for International Economics and a long-time student of South Korea, is here to assess the results. Marc, who is Park Geun-Hye? What do we know about her economic and security policies?

Marcus Noland: Park Geun-Hye has actually had a fascinating life. She is the daughter of Park Chung-Hee, who was the military dictator back in the 1960s and 70s. Her mother was killed by a North Korean assassin who shot her trying to kill her father, and so she became the first lady of South Korea at a very young age. I believe she was 17.

And there's a great deal of warmth and respect for her among older South Koreans because of her really quite enormous grace under pressure that she exhibited during that period. She's never married. She has no children. She entered South Korean politics, served in the national assembly, and emerged as the standard bearer of the conservative party.

Steve Weisman: What about the legacy of her father, who many Americans remember from the Cold War years as being one of the tough anti-communist stalwarts of the region? Do South Koreans think fondly of that era? South Korea also was heading full speed in its economic rise with its cartels called chaebols. Remind us a little bit about that period.

Marcus Noland: If you go back to the 1950's, South Korea was a really poor country. While we think of South Korea developing relatively rapidly, its growth performance was really discontinuous. It really started in 1963 with reforms initiated by her father Park Chung-Hee. He had come to power in a military coup. He was not from a prominent family.

He had staged the first military coup in hundreds of years of Korean history. He was distrusted by the Americans because of his involvement in a communist inspired mutiny in the early days of the republic. He had no basis for political legitimacy and chose to ground his legitimacy on two things—one, protecting South Korea from North Korea, and two, delivering economic prosperity. South Koreans have very ambivalent feelings about that period. He was absolutely ruthless. He jailed and killed a lot of opponents, but he also delivered what we now regard as the South Korean economic miracle.

Steve Weisman: He met a violent end, not from the north, but from his own security colleagues.

Marcus Noland: He was killed by—in very strange circumstances that have never been fully explained – by his own head of the Korean CIA. The South Koreans have very ambivalent feelings about Park in this period. This was an issue in the current election, but it was not the main issue in the current election.

The main issue in the current election was actually something South Koreans call economic democracy and a desire to see a greater spreading of wealth, I suppose, in a society that is characterized by extreme concentration of economic power in a relatively limited number of firms, the chaebols which you alluded to.

Steve Weisman: What do you expect she would be able to do to clip the wings of the chaebols or achieve this economic democracy?

Marcus Noland: I think this is very hard. South Korea is affected by the same forces of globalization everywhere in the world, which are contributing to a rise in inequality. One of the things about the South Korean growth miracle was the degree of equality. While there was a concentration of wealth, compared to other countries, the distribution of income in South Korea has been remarkably egalitarian.

That has deteriorated or changed in the last 10 or 20 years. It's not really clear what Park Geun-Hye or frankly any other president of South Korea could do to reverse these fundamental forces. You can do reforms at the margin.

Another thing she's likely to do is to widen a policy of engagement with North Korea. I think [for] most Koreans, there was consensus that the current president, Lee Myung-bak had gone too far in a kind of hard-line policy towards North Korea. Park Geun-Hye signaled her distance from that policy for the last year or so, including publishing an article in the American magazine, Foreign Affairs. So we're likely to see somewhat more engagement with North Korea under the new government.

Steve Weisman: Even in the wake of the firing of the ballistic missile last week?

Marcus Noland: This is the fundamental issue. Both of the main candidates were pledging more engagement with North Korea, but North Korea has frankly shown little evidence of being interested in a true engagement that would involve an increase in genuine mutual dependence. From the American standpoint, one of the things that this election has done in some ways is – not so much a new thing, there will be a lot of continuity in the policy of this government – but in some sense, dodging a bullet.

Steve Weisman: What do you mean by that?

Marcus Noland: The other main contender, Moon Jae-in, was a center left candidate. He would have pursued a policy of engagement with North Korea that I think was much more in variance with what the United States would like to have seen. His election would have bucked up the Chinese in the Security Council, in the current negotiations over the North Korean missile launch. Indeed, Moon campaigned on a platform of trying to renegotiate aspects of the KORUS [Korea-US] Free Trade Agreement with the United States.

I think from the American standpoint, we're likely to see a lot of continuity between the current government and this new incoming government. In some sense, that continuity is desirable because the alternative was probably policies that would have created a lot more conflict between Washington and Seoul.

Steve Weisman: A final thought, Marc, about dynastic politics in East Asia or Asia. Here we have the daughter of a former president. In Japan, the return of a prime minister who was the son of a former minister. This is a worldwide phenomenon. We see it certainly in the United States.

Marcus Noland: I was going to say, we also see it here in the United States. I think what we can say now is that both halves of the Korean Peninsula are now ruled by the offspring of former dictators. The difference is that the one that's just been elected has been elected and has some democratic legitimacy.

Steve Weisman: Thank you, Marc.

Marcus Noland: My pleasure.

