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IMPACT OF DEMOCRATIZATION ON REGIONALISM IN KOREA: A COMPLEX INTERPLAY

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I. Introduction

A controversy has arisen over entrenched regionalism in Korean politics and its resolution. There are basically two opposing views: One is the top-down institutional approach that emphasizes reforms in the electoral system. The other view, the bottom-up socioeconomic approach, focuses on the importance of socioeconomic differentiation for the emergence of issue-oriented parties. In what follows, I will briefly summarize and criticize the recent debates and suggest an alternative framework with which to analyze the relationship between democratization and regionalism. On the basis of this framework, I will show the positive and negative impact of democratization on regionalism and explain why neither view is adequate given the current socioeconomic situation. My main argument is that changes in the electoral system will bring only limited success in weakening regionalism and that the government is not in any position to pursue consistent policies to facilitate socioeconomic differentiation that would be the basis for issue-oriented parties.

II. Recent Debates on How to Deal with Regionalism

There is nothing new in arguing that regionalism is strongly entrenched in South Korean politics. What is novel, however, is the controversy that has recently been rekindled by President Roh Moo-hyun's solution to curing this chronic political disease. He proposed to the opposition parties the establishment of a coalition government as a transition measure to overcome political division based on regionalism. The president's logic, though not entirely clear, is that once the coalition government is formed, the two sides would change their regional orientations and become issue-oriented parties, leading to the revision of electoral laws in a manner alleviating regionalism.

Several ideas for new electoral systems, such as a system of middle-sized or large electoral districts, a regional proportional system, or the reinforcement of the proportional system, have been entertained. These are purported to weaken regional biases in the National Assembly. President Roh's view, elaborated further by his subordinates, is based on the following diagnosis of Korean politics: Regionalism has played the primary (independent) role in Korean politics, up to now more important than policy orientation. Regionalism should therefore be treated as the most important independent variable. Without a significant dilution of regionalism, normal political processes based on issue-oriented political parties cannot be expected to develop.

Many Koreans believe, therefore, that addressing regionalism is a precondition for further political development in Korea. According to this view, regionalism has not been weakening; instead, it has remained as entrenched as ever in Korean politics. President Roh, who hails from the Southeast, was elected from a party not based in

the Southeast; thus, his ultimate electoral success may have caused some misconceptions that regionalism has weakened. This perspective maintains, however, that President Roh's victory is a misunderstanding of Korean political reality. In fact this perspective contends that under the present system, it is highly unlikely that regionalism will dissipate in the next presidential election. The president's offer to form a coalition government is viewed as a first step in implementing a model for conflict resolution. Naturally the president's proposal presages a political earthquake in Korea by splitting, realigning, and creating political forces.

Predictably, the Grand National Party (GNP), the most important opposition party, reacted strongly against President Roh's proposed coalition government by stating it was not the cure for the chronic disease of regionalism. The opposition party also added that the trend of regionalism is changing, although slowly. The GNP counterargued that the most important item on the political agenda should be improving the socioeconomic conditions of the masses. The GNP also proposed redrawing administrative districts to incorporate the Southwest and Southeast into unified administrative units.

One prominent Korean political scientist has also joined the debate. Professor Choi Jang-jip of Korea University has asserted that the intensity of regionalism in Korean politics has significantly decreased, especially with the new importance of the Honam region in the Southwest (through the election of Kim Dae-jung as president) and with the disappearance of the region-based Kims (Kim Young-sam and Kim Jong-pil) from the political scene. Contradicting President Roh's view, Choi further argued that creating coalition government and changing the electoral system in the name of eliminating regionalism would end up reinforcing the monopoly of the present two conservative parties, which would result in a rekindling of regionalism. Choi argued that this was not the right time to concentrate on top-down changes in the electoral system in an attempt to resolve the regionalism issue, which had actually become less salient. Choi has argued for the government's active engagement in policy development in economic and social areas instead.

Clear government positions on economic and social policies will facilitate political differentiation in Korean society, which will in turn spur the formation of different issue-oriented political parties, Choi believes. Choi is highly critical of the new "386 political generation" and its weak capacity for developing various policy alternatives. He argues that the current policy disposition of the government has brought about a confusing combination of neoliberalism and a Park Chung-hee style of development. This makes any political grouping of people extremely difficult. Thus Choi attributes the slow progress toward the emergence of issue-oriented political parties largely to the leadership quality of the president and the political groups surrounding him.

Other opponents of the president's view contend that his proposed change in the electoral system would bring about the emergence of multiple parties. The notion of phasing out regionalism is too optimistic, simplistic, and romantic an assessment of Korean political reality. Proponents of this view believe the current party system, comprising moderate reformists and rational progressives, is a result of historical developments in the process of antiauthoritarian struggles. If the current party system is artificially divided, subdivided region-based parties may emerge. According to this view, regionalism is not without political orientation in Korea. Instead, region-based parties have developed different political orientations; the Southeast is more or less conservative, while the Southwest is characterized as more progressive.

All these recent debates pertaining to regionalism in Korean politics raise interesting questions regarding the origins of regionalism, the present socioeconomic conditions and political orientations of Korean society, and different approaches in dealing with problems stemming from regionalism. What is clear in the above explication is that a head-on clash exists between the president's elitist view of solving regionalism, and the bottom-up view based on socioeconomic changes. The president's view is elitist in its assumption that a differentiation of political orientations among the people will follow from institutional changes (changes to the electoral system). Critics of the president's view insist on political differentiation at the societal level.

What is interesting is that neither view is based on solid empirical evidence, nor does either view provide any framework for understanding the complex processes that have developed from interactions among democratization, economic liberalization, and social change. In the following pages, I propose a conceptual framework using a multifaceted analysis concerning the impact of democratization on regionalism. Before I present my own argument, a brief but important review of the various viewpoints on the origins of regionalism will be laid out as the backdrop in arguing for the need of a new conceptual framework.

III. Review of the Sources of Regionalism

Much has been said about the sources of regionalism in Korea, but the explanatory schemes are not clear enough. For instance, historical and traditional factors have frequently been mentioned as sources of regionalism. Some pinpoint the source of regional rivalry as far back as the Three Kingdom period. Others refer to personnel policy practices during the Koryo dynasty, when people from the Southwest faced discrimination from other regions. Most frequently cited as a source of present-day regionalism is the scholarly division between the Yongnam region (Southeast) and the Kiho region (Southwest), the conflicting pools for officials of the Chosun dynasty.

With this historical backdrop, a common consensus appears to exist that the current form of regionalism developed under Park Chung-hee's rule from the early 1960s to the late 1970s. Even here the focus is either political, economic, or both. Because of the lack of legitimacy of his administration, President Park recruited people from his own region to sustain his leadership, and he skewed investments toward the Southeast. This resulted in uneven regional development and unequal distribution of income and socioeconomic infrastructure. Regionalism was further aggravated by the political competition between Park Chung-hee and Kim Dae-jung that began in the early 1970s. Focusing more narrowly on political development in relation to regionalism, some scholars observed that the rivalry between Kim Dae-jung and Kim Young-sam that began in 1987 in the aftermath of the democratic-antidemocratic struggles was the turning point for region-based political cleavages.

Several observations are in order from previous studies of regionalism in South Korea. First, the cultural and historical view of regionalism is vague in demonstrating the continuity of historical and cultural factors as a basis for regionalism. This vagueness is demonstrated by the lack of available explanations regarding the role of tradition during the colonial years and after. Also unclear is the lack of distinction between elite and mass levels. For example, although regional sentiments continued to play a role during the Rhee government, recruitment patterns for elites into major governmental positions were proportional to the scale of the regional populations. Also, most political explanations of regionalism focus exclusively on the elite level; but the elite-level approach does not explain how elite-level regionalism is linked to the masses, and why the masses blindly follow elite initiatives. Also inadequate is their explanation that Park Chung-hee favored people of his own region simply because he lacked legitimacy.

This is closely related to the second problem: most analyses of Korean regionalism do not make a clear distinction between different issue areas, whether they are political, economic, or sociocultural. An elite-level analysis naturally emphasizes the political aspect of regionalism, consequently treating the economic aspects of regionalism as merely the result of elite choices (such as those made by President Park) and leaving out virtually all sociocultural aspects of regionalism. The social and cultural impact of elite-based recruitment—that is, how regionalism at the elite level has affected the masses in terms of incentive structures and modes of human interactions—has not been adequately addressed. Such a disjuncture was clearly seen when measures taken by the Kim Dae-jung government to improve regional bias at the elite level brought about the reverse-discrimination controversy in the Southeast. In short, reasons for the emergence of regionalism have not been clearly explained using conceptual or theoretical terms.

IV. Alternative View of the Emergence of Regionalism

Here I propose an alternative view of the sources of regionalism in South Korea. This alternative view goes beyond conventional arguments by taking a broader perspective and linking regionalism to the imperatives of late industrialization. Moreover, my argument explains why permanent cultural factors were “suddenly” reinforced in the course of industrialization.

My alternative argument views regionalism in the context of late industrialization and also explains what happened at the elite level and how it relates to and affects the masses and society. Consequently, I depart from conventional explanations that argue that the regional bias under the Park administration was primarily a result of the administration’s insecurity. By specifying the complex social mechanism that emerged during the course of industrialization, I explain the complexity involved in the resolution of regionalism at different levels.

What does it mean to approach the emergence of regionalism in the context of late industrialization? It means understanding general and specific prerequisites and circumstances in which late industrialization occurred. It also means understanding that any state-led industrialization is bound to invoke traditional institutions, values, and behaviors to expedite the industrialization process.

Any late industrialization, whether capitalist or socialist, is characterized by a strong sense of backwardness and inferiority by the top elites, thereby giving elites a sense of urgency. This sense of urgency manifests itself through unrealistically high goal setting and backbreaking speed in the implementation of industrialization tasks. The South Korean case is no exception. President Park showed a strong disdain for Korea’s history and tradition by persuading society of the need for changes; he deplored the poor achievement of the earlier generations and tardiness in coming to terms with the rapidly changing international environment. He painted Korean history as one of “stagnation, idleness, complacency, accommodation, and feudalism.” He urged the people to inculcate an economy-first consciousness to build a strong nation-state.

Other questions remained for President Park: Who could help him? How could they help him? After all, a strong political leader without supporters is not equipped to accomplish anything. He needs supporters who are both competent and loyal. How to recruit both competent and loyal supporters is a critical and a tough question for any leader during the period of late industrialization to face, and each case of late industrialization has its own distinctive ways of recruitment. What is crucial here is whether any traditional institutions are available for selecting people who are both competent and loyal. In South Korea, these institutions followed in the long tradition of examinations and various social ties such as familial, school, and regional ties. Park

took full advantage of these embedded traditional ties to expedite the industrialization process. My own study of the Korean Ministry of Commerce and Industry confirms the trend of increasing regional bias toward the Southeast in terms of recruitment between 1963 and 1979. But what is striking is that regional bias is closely related to meritocracy. In other words, almost all middle- and high-ranking bureaucrats from the Southeast passed the high civil examination. The institutional character of the Korean bureaucracy was neither solely regionally based nor merit based; it was a subtle combination of both merit and regional ties.

Under a state structure based on the combination of merit and regional connections, businesses emulated state personnel policies because this facilitated contacts with the state in securing various incentives that the state provided. Eventually the whole society followed this business pattern, through the white-collar workers in the *chaebol* and the relationships of numerous small and medium-sized industries that depended on the large *chaebol*. I call this prevalent mode of personal interactions “neofamilism.” Neofamilism can thus be understood as the reinforcement of traditional ties in the process of late industrialization.

Neofamilism can be understood at three levels: as identity, as survival strategy, and as modes of institutional operation. Neofamilism in terms of identity refers to the prevalent perception of people defining their social relations and their identity in terms of familial, school, and regional ties. Familial ties can vary widely from immediate nuclear family to clan ties; school ties range from primary to university levels (although high school ties are perceived as the strongest), and regional ties include village affiliation. Class identity, functional identity, and role identity are overshadowed by the neofamilial identity bases.

On the level of strategy, neofamilism refers to the phenomenon of people taking for granted uses of neofamilial ties to promote their socioeconomic interests. The mobilization of neofamilial ties to promote personal interests negatively affects the application of universal norms, and the use of neofamilial ties brings forth administrative and legal manipulation.

Finally, neofamilism at the institutional level is a non-Weberian phenomenon. Individuals operating by neofamilial mores weaken the operation of institutions, severely distorting structural configurations. Neofamilial institutional practice is in part a consequence of the first two aspects of neofamilism, but it is mainly driven by its own historical legacy in terms of its origins and historical development.

The above analysis shows how traditional sources of regionalism emerged in a reinforced form as part of a complex social and institutional change in the process of late industrialization. Thus the sources of regionalism cannot be understood separately

from other ties. Likewise, regionalism cannot be properly understood solely in political terms, nor should it be understood only at the elite level. What follows from regionalism at the elite level may not follow at the mass level. Or there may be a time lag between the two levels in terms of speed of change. Also, measures to change regionalism at the elite level may not be equally effective at the mass level. The next question asks what has happened to neofamilism during the past 20 years in the wake of democratization and financial crisis.

V. Democratization and Regionalism: A Framework

Differing assessments of South Korea's democratization process appear to exist among non-Korean and Korean scholars. Scholars who are not Korean have been quite impressed with political progress made thus far in South Korea as they have observed South Korea's entry into the consolidation stage. However, scholars who are Korean focus more on existing hurdles and problems faced in the consolidation process. Social conflicts and difficulty in making compromises are frequently mentioned by Korean scholars. The main source of different interpretations is the differing perspectives. Transitologists, who are mainly oriented toward elite-level democratization, take the rule of democracy as the main criterion for signs of consolidation. But this criterion is vague and does not provide any empirical guidance when evaluating consolidation. It is clear from the transitologist literature that, although the elite-oriented approach to democratization may explain the transition to democracy, understanding consolidation requires going beyond the elite level and examining social and cultural factors—studying the mass level, in other words. It is obvious that the timing of coalitions and strategies of elites for democratic transitions are not enough once the transition is over.

It is proposed here that macropolitical power transition, or power shifts, and subsystem differentiation for autonomy and sociocultural change need to be considered to fully assess the consolidation process. Macropolitical transition refers to power shifts from one group of political elites to another through elections. This is perhaps the most visible symbol of democratic change. To this end, South Korea's record of peaceful power transition is impressive: since 1988 four administration changes have taken place through elections. But equally important is what happens during power shifts among different power groups as macropolitical transitions affect the nature of the relationship between the elites and the masses and the perception of state authority.

Change in Relationship between the Elites and the Masses

Democratization brings about changes in the elite-mass relationship. Unlike in authoritarian systems, elites in democracies have to win electoral support from the masses. Thus democratization redefines the top-down hierarchical relation into a more

horizontal one. The fear of state or public authority is considerably weakened. South Korea's democratic transition is no exception.

Democratization poses two important tasks for democratic consolidation. One is building new political processes that are based on compromise and tolerance for interactions among political elites. The other is establishing relationships between the masses and political elites that are based on a concept of representation rather than responsiveness. Democratization results in the changing of political elites. Political opposition groups are given a chance to govern through a mandate from the people. In the Korean case, old and new groups interacted without much concern about policy and political differences. Such a political marriage of convenience was not conducive to creating new interaction patterns among different political groups. Old wounds and grudges erupted, and revenge politics became the dominant pattern of interaction among political elites. Backbiting and political mud-slinging among elites led to constant revelations of corruption and scandals. For example, two former Korean presidents were imprisoned for corruption and other previous wrongdoing, and sons of presidents were arrested for abusing their positions of influence. Several cases of corruption and improper behavior by political leaders—called “-gates” in Korea as well as in the United States—captured the eyes of the public almost every day without interruption in the 1990s.¹

The ruling elites, regardless of their regional origins, publicly revealed much dirty linen as a result of inadvertent political fighting among themselves. Compromises were hard to achieve under such circumstances. Invective and acrimonious exchanges and behavior among politicians led the general public to become extremely cynical about politics. This, in turn, ultimately undermined public authority. In short, a certain degree of respect for public authority has been lost.

As *Table 1* and *Table 2* indicate, political parties continued to manipulate regional feelings as a means of gaining election support. Political parties failed to present alternative policy options and new ways of understanding politics, society, and international relations; instead, they continued to hold the same assumptions about elitism, and they used elections simply as a formal means of securing power.

Other evidence demonstrating this form of political behavior among elites is the frequent reshuffling of different parties in the form of merges and splits (see *Table 2*) without regard for the interest of the general public. Between 1948 and 1999, there were 150

1. Revelations of political scandals include the expensive dress lobby scandal, Lee Yong-ho-gate, Jung Hyun-joon-gate, Chin Seung-hyun-gate, Yoon Tae-shik-gate, Choi Kyu-son-gate, the military service evasion scandal, and the scandal over special allotments of apartments. For details of these revelations at the high elite level, see Chung (2003, 157).

Table 1: Votes for Korean Presidential Candidates, by Region, 1987–2002, percentage

Date of election	Candidate	Region								Nation-wide
		Kyong-gi	Chung-chong	Honam	Yong-nam	Kyong-buk	Kyong-nam	Kang-won	Cheju	
1987	Roh Tae-woo	34.4	33.1	9.9	48.8	68.1	36.6	59.3	49.8	38.6
	Kim Young-sam	28.7	20.1	1.2	41.6	26.6	53.7	26.1	26.8	28.0
	Kim Dae-jung	28.4	8.9	88.4	5.0	2.5	6.9	8.8	18.6	27.1
	Kim Jong-pil	8.4	34.6	0.5	2.5	2.4	2.6	5.4	4.5	8.1
1992	Kim Young-sam	36.0	36.2	4.2	98.0	61.6	72.1	40.8	15.2	42.0
	Kim Dae-jung	34.8	27.3	91.0	10.0	8.7	10.8	15.2	32.9	33.8
	Chung Joo-young	19.8	23.8	2.3	12.0	17.0	8.8	33.5	15.4	16.3
1997	Kim Dae-jung	39.3	43.5	93.5	12.3	13.7	11.0	23.8	40.6	40.3
	Lee Hoi-chang	35.5	26.7	3.8	58.4	61.9	55.1	43.2	36.6	38.7
2002	Roh Moo-hyun	50.7	51.5	92.5	24.5	21.7	27.1	41.5	56.1	48.9
	Lee Hoi-chang	44.2	42.1	5.4	70.3	73.5	67.5	52.5	39.9	46.6

Sources: Central Election Management Committee; Lee (2000, 119).

attempts to merge parties, and these attempts involved 249 parties (Kim 2000). Also noticeable is the fact that mergers occurred right before and after elections. Rather than representing the moods and attitudes of the public, these statistics indicate how Korean political parties used political opportunism to gain power. Korean political parties played their own game while largely ignoring the interests of society.

Holding fast to regionalism, Korean political parties have done little to break down traditional institutions such as neofamilism at the societal level. On the contrary, political parties have exploited them. It is clear from this analysis that neither the interaction pattern among political elites nor the political parties' related pattern with the masses has been conducive in diluting the effects of regionalism. If anything, their impact has had a negative effect. Also, political cynicism toward state power and disdain for politicians have made the masses distrustful and suspicious of any political initiatives at the expense of both the state and society.

Table 2: Votes for Korean Political Parties in Legislative Elections, by Region, 1985–2000, percentage

Date of election	Candidate	Region								Nation-wide
		Kyong-gi	Chung-chong	Honam	Yong-nam	Kyong-buk	Kyong-nam	Kang-won	Cheju	
1985	DJP	30.2	45.1	35.9	35.9	38.6	33.9	46.1	31.6	35.3
	NDP	38.1	20.5	24.8	25.3	20.6	28.7	11.1	5.6	29.3
1988	DJP	30.4	34.7	22.8	41.4	49.9	36.1	43.6	36.0	34.0
	PDP	22.3	3.0	69.1	1.2	0.8	1.5	4.0	6.0	19.3
	DP	23.7	15.3	0.9	37.1	26.0	45.6	21.6	27.1	23.8
1992	RDP	16.7	42.1	1.6	11.1	14.9	8.6	20.2	3.4	15.6
	DLP	35.5	40.1	24.4	48.5	48.2	48.6	41.0	34.1	38.5
	DP	34.8	22.6	62.1	11.8	8.8	13.9	12.4	20.0	29.2
1996	KNP	19.4	19.0	4.7	18.1	22.0	15.4	30.7	0.0	17.4
	NKP	34.5	27.8	18.1	41.3	30.5	50.6	37.3	37.2	34.4
	NCNP	31.4	8.4	71.0	3.1	1.5	5.7	6.7	29.4	25.3
2000	LDC	14.1	47.0	0.7	12.0	20.1	5.3	23.6	1.2	16.5
	GNP	39.1	23.2	3.9	53.1	52.5	53.7	38.6	44.2	39.0
	KDP	40.9	30.6	65.9	13.2	14.7	11.8	36.4	49.4	35.9
	ULD	12.4	35.0	2.4	8.6	14.0	3.3	10.2	0.7	9.8

Sources: Central Election Management Committee; Lee (2000, 120).

DJP = Democratic Justice Party
DLP = Democratic Labor Party
DP = Democratic Party
GNP = Grand National Party
KDP = Korean Democratic Party
NCNP = National Congress for New Politics
KNP = Korean National Party
ULD = United Liberal Democrats
NDP = New Democratic Party
NKP = New Korea Party
PDP = Peace and Democratic Party
RDP = Reunification Democratic Party

Subsystem Autonomy and Regionalism

The consolidation of democracy involves “subsystem autonomy,” which refers to an increase in self-regulation and autonomy from state power. Subsystem autonomy is possible in several areas. Some important examples include the autonomy of prosecutorial power from political intervention, autonomy of the educational system, autonomy of various overseeing agencies like the central bank and the fair trade commission, and the autonomy of local administration vis-à-vis the central government.

In South Korea, various subsystems have pushed for greater autonomy from the state. The most significant of such cases was the adoption of decentralization for local self-government in 1991 and 1992. Because the centralization of power was an underlying factor behind the emergence of regionalism, initiating decentralization was an important move toward breaking down regional dependence on the center. Decentralization also provided a venue for local political elites to serve at the local level instead of look for chances to advance at the central level. In sum, decentralization helped move toward weakening regionalism in Korea.

Unfortunately, several factors severely limited the positive influence of decentralization. Although a significant devolution of power to the local level has taken place, the degree of financial autonomy of the regions is still very low, thus leaving regional governments financially dependent on the center. The average degree of financial autonomy of local governments was 63.5 percent in 1995, 59.4 percent in 2000, and 56.2 percent in 2005. This decline suggests a negative trend. Out of 234 local governments, 151 could not even cover their personnel expenses. Only 22 local governments could cover more than half of their total expenditures. At the county level, no county was financially autonomous. The differences in financial autonomy among the regions are also serious. For instance, Seoul's financial autonomy was 95.5 percent, but the financial autonomy of the province of Chollanam was only 21.1 percent. Financial dependence on the center is a potential source of regionalism: dependence may lead to discrimination by one region over other regions.

Virtually all local governments have been eagerly initiating a revival of local tradition and culture in order to reinforce local identity. It is not yet clear how this strengthened local identity will play out in terms of generating regional sentiment vis-à-vis other regions. However, it may play a role in conjunction with other developments in economic and political areas.

Sociocultural Changes and Regionalism

What has happened to neofamilism at the social and cultural level? Initially, democratization had little effect on neofamilism as long as political elites played the regionalism card for political competition and the economic system continued to function under the old system—a system drifting between state dependence and intermittent economic reforms. The onset of the unexpected financial crisis in 1997 was a big blow to this drifting economic system as well as a tremendous shock to neofamilial society. The wholesale importation of the Western, market-based system in finance, in the corporate sector, in government, and in public corporations seemed to suggest the beginning of the breakdown of the neofamilial system. The introduction of a market system in the various sectors of society brought about all sorts of revelations of past institutional and interpersonal practices, the loci of which covered practically all aspects

of Korean society, including schools, universities, banks, the police, and even military institutions. It appeared as if Pandora's box was opening, revealing all past ills. Job security and Korea's lifelong employment system became a thing of the past. Social trust between people broke down. Broken families became widespread. Korean society looked as if it was experiencing the mid-nineteenth-century social upheaval of British society.

The process of change has not been equally smooth across institutions. For instance, while the impact of the market system was strongest in the financial sector, it was less so in the educational field. Even in economic institutions, what I call the phenomenon of "clashes of institution"—conflicts among embedded values, institutional practices, and newly introduced institutions—began to emerge. This phenomenon has occurred both at the macro (labor relations) and micro (accounting system and outside board member system) levels. It will take considerable time before the economic system reaches some kind of equilibrium. In the meantime, members of society, regardless of social background, are going through a high level of uncertainty and insecurity.

With such uncertainty and insecurity, neofamilial practices persist in various sectors of Korean society. Also important is the low level of social welfare spending in Korea. In 1990, the social welfare spending compared with gross domestic product was 4.52 percent, the lowest of all the member countries of the Organization for Economic Cooperation and Development. In 1999, social welfare spending increased to 9.77 percent, just above that of Mexico. Such a low level of welfare spending is a source for continued neofamilism, as the following survey results indicate. When asked whether there were any changes in various tie-based relations after the 1997 financial crisis, 22 percent of those surveyed said they had changed only slightly, 19 percent said they changed, 22 percent said they had become worse, and 37 percent said there had been no change. Thus, 59 percent said that ties had basically remained significant. Regarding the future prospect of various ties, 47 percent said they would either get worse or not change at all, 19 percent forecast an uneven change, and 33 percent projected gradual change. This indicates the tenacity of tie-based relations in Korean society.

VI. Concluding Thoughts

On the whole, Korean society is still searching for its institutional identity. Neither the supply-side production model nor the demand-side distribution model has been permanently fixed. Indicators suggest that society is polarized in terms of income differentiation: The Gini coefficient has been deteriorating. The Gini coefficient based on disposal income was 0.298 in 1996, and it deteriorated to 0.358 in 2000. Also the ratio of relative poverty increased from 7.7 percent in 1996 to 11.5 percent in 2000. However, Korea still enjoys relatively low levels of inequality, and some semblance of social consensus exists in recognizing the need to build a community based on a spirit

of cohabitation. In short, Korean society is going through an institutional transition where new elements coexist with old practices. Under these circumstances, the government is put in a tough situation where it is difficult to maintain any intrasectoral and intersectoral consistency when making policies.

Two of the most divisive issues in South Korean society are the *chaebol* and North Korea. *Chaebol* issues have become a hot potato for politicians, bureaucrats, and the public. The time has come to resolve the long-standing ambivalence toward the *chaebol*. On one hand, Korean society admits, at least implicitly, its reliance on the *chaebol* and the contribution of the *chaebol* to the national economy. On the other hand, Korean society continues to show animosity toward the *chaebol*: *chaebol* exploit Korean workers and are viewed as a source of corruption. Every Korean administration, including the present one, has been unable to resolve this dilemma primarily because the short-term economic success or failure of the *chaebol* is crucial for administration support, if not survival. Especially amid serious institutional clashes and confusion, the present government's ambivalence should not be interpreted as sheer inability or indecisiveness in dealing with the *chaebol*; inaction is most likely a result of the structural constraints of the Korean economy. The only difference of the current administration compared with earlier administrations is that the groups supporting this administration have been too far removed from South Korean reality, including economic reality, to grasp the complexity of the situation. Consequently, this makes it difficult to pass judgment on the current administration as well as to evaluate whether the current administration's apparent "combination of neoliberalism and Park Chung-hee style of developmental statism" is intentional or structural.

As for North Korean issues, an unbridgeable gulf of differences between the so-called conservative and progressive parties used to exist. But the adoption of the Sunshine Policy in the aftermath of the Cold War was the beginning of the end of such major policy differences. Although several differences remain, it is safe to argue that some form of convergence has developed, such as a gradual regime change in North Korea as well as the need to maintain stability and peaceful coexistence on the Korean peninsula rather than unification in the immediate term.

These issues raise a critical question regarding Korean society. Are there issues such as religion and ideology that fundamentally divide the whole society? This is certainly a debatable question. My own view is that, unlike Europe or the United States, in Korea we do not have fundamental differences in religion or ideology. Therefore, policy differences cannot be so great that they sustain more than two political parties. Perhaps this aspect of Korean reality may be one reason why political elites continue to rely on regionalism. The ultimate question is whether Korean society is more like Japan, or Germany, or the United States. This is a crucial question that deserves further discussion. Exploring such a question will help define the nature of Korean

society, where it stands, and where it should be heading. In other words, this question is not merely rhetorical; answering such a question requires serious historical and comparative analysis before any conclusion can be reached.

This brings us full circle to our initial question about whether the current administration's efforts toward changes in the electoral system are a valid response in dealing with regionalism. Although the administration's efforts may have some limited impact, the above analysis suggests that these efforts may not work the way they were intended. The reason is clear. Korean society at this point is full of obstacles that make eliminating regionalism difficult. Heavy reliance on neofamilism still exists. The view that Korean society is ready for a bifurcated political orientation does not stand. Korean society is in the midst of confusion and uncertainty. Whether Korean politics should maintain issue-oriented competing parties or not cannot be determined by the current administration's policies because the administration itself is limited in its attempts to make consistent policies given the social and economic conditions. In other words, it is not necessarily the ineptness of the administration but rather South Korea's stark economic and social realities that are preventing the facilitation of political differentiation and issue-oriented parties from emerging.

Only when South Korea's economic system and society emerge from the long tunnel of institutional clashes will a clearer vision of a party system take shape. In the meantime, hasty, simplistic, and emotionally charged prescriptions must be avoided. What is needed instead are prescriptions based on solid empirical grounds and open debates among all levels of society over desirable choices for the future system of Korea.

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