

# The Presidential Election in South Korea: Dark Threatening Fog Is Covering Up the Future of the Korean Peninsula

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## Introduction

*In South Korea, something which should not happen has happened. Yoon Suk-yeol has won the presidential election with a margin of little more than 240,000 votes.*

*If there is any person who should not become the head of Korea, he is Yoon who has revealed himself as the most corrupted, dishonest and violent person and who relies on shaman (MooDang) for decisions.*

*Nonetheless, Yoon will become the head of South Korea. Who have voted for him? Those who have voted for Yoon may be grouped into the following groups.*

*First there are those who were not allowed to know who Yoon was because of the lie campaigns led by corrupted media.*

*Second, there are those who are parts of the corruption community led by the oligarchy composed of academics, business, bureaucrats, media, politics (ABBMP).*

*Third, there are those who were most likely paid for voting for Yoon.*

- It was a victory of the past over the future;
- it was a victory of war over peace;
- it was a victory of economic stagnation over sustained growth of the economy.



## **Victory of the Past over the Future**

The presidential candidate of the Democratic party (DP), Lee Jae-myung has promised the continuation of a President Moon Jae-in's work of building a society where everybody lives in harmony, where 50% of the elders do not kill themselves because they are hungry and lonesome, where the youth can have dating, love, marry and have children, where one can have decent job without college degree, where the rich do not despise the poor. This is the future of Korea he was going to build, but he lost the election.

Under the future president, Yoon Suk-yeol representing the People Power Party (PPP), South Korea will go back to what it was under the pro-Japan conservative government which ruled Korea for 60 Years since 1948.

The corruption culture will be restored. The bribe money will be the express way to wealth, fame and power; the income gap will be widened; the rich will oppress the poor; the media will hide the corruption of the conservative establishment; the police, the prosecutor and the court judge will allow the illegal and immoral activities of the member of the corrupted communities on the one hand and, on the other, punish the good deeds of the opposition forces; the "Hell Korea" will continue; the young will not marry; the elders will continue to kill themselves; the minimum wage will decrease; the work hours will become longer.

## **Victory of War Over Peace**

Lee Jae-myung, the defeated presidential candidate representing DP had a very constructive and bold plan for the peace on the Korean peninsula. His idea was the implementation of the North-South agreement of 2018 which made two commitments, namely, the declaration of the end of the Korean War and North-South economic cooperation.

But, these agreements could not be respected because of the objection on the part of Japan and the South Korean conservative party and the U.S.

Lee was ready to go ahead despite the objection by Japan, conservative South Korea and the U.S. Lee's plan included the following.

First, he would continue to negotiate for the repatriation of the OPCON so that a Korean general would command the Korean armed forces in war. This would allow South Korea not to participate in the pre-emptive attack against North Korea or Taiwan war or Senkaku/Diaoyu Islands conflict.

Second, Lee would negotiate with Washington to allow the realization of his plan for peace in the Korean peninsula and North-South economic cooperation. Lee was optimistic for the negotiation results. He counted on the fact that Korea is 6th global military power and 9th global economic power; Lee thought that this would give him some advantage in the

negotiation with Washington.

Third, even if Washington continue objecting the North-South peace-dialogue and economic cooperation, Lee would go ahead with his plan, because the U.S. badly needs South Korea as the forefront military base needed for the containment of China.

On his part, Yoon Suk-yeol has declared that South Korea will join the QUAD, that he will think of undertaking pre-emptive attack against North Korea, that the Japanese Self Defence Force (SDF) may join the pre-emptive attack against North Korea and that South Korea will not ask Washington to transfer the OPCON back to Korea.

These declarations mean the 70-year old desire of the pro-Japan conservative forces to unify the two Koreas not by dialogue of peace but by force. This was planned in 2017 involving the combined armed forces of the U.S., Japan and South Korea. But the idea was abandoned because of costs and the fear of third World War which might result from such attack.

There is no doubt that the combined armed forces of the three countries can easily topple the North Korea regime. But, there is no doubt that North Korea will fight back and, in the end, nobody wins.

What these three countries are aiming at is the absorption-reunification of Korea by force for different reasons.

For the pro-Japan conservative South Koreans, the peaceful unification means two risks.

First, North Koreans are likely to punish them for their collaboration with Japan during the Japanese occupation in Korea.

Second, in a unified Korea, they will become a marginal minority and lose their privilege.

As for Japan, it also has two reasons for favouring absorption-unification of Korea by force.

First, it would provide a chance to invade and re-conquer Korea in complicity with pro-Japan South Koreans who identify themselves more with Japanese than with Koreans. In other words, Korea would be annexed to Japan in some forms.

Second, this is important, unified Korea would mean a major military power threatening Japan.

As far as the U.S. is concerned, the absorption- unification means that the whole of the Korean peninsula become the American military base and provide important strategic advantage for Washington in the war against China and even Russia.

The victory of Yoon would provoke the following results.

First, it will most likely force Pyongyang to accelerate the production of nuclear bombs and launch long-range ICBM and hit exact spots which will be announced in advance; it will be somewhere near Guam.

Second, if North Korea finds that the peace-dialogue is impossible, it may join the Russia-China camp and the possibility of the reunification of Korea will become more difficult and the dark challenging clouds of war will cover the peninsula.

There will be another security challenge which Yoon may provoke. It is the possibility of war involving Taiwan or the Senkaku-Miaoyu Islands. It is likely that Japan would initiate a shooting war forcing the U.S. and South Korea under Yoon to join the war.

We must understand why Japan would provoke a war with China. The ambition of Japan to rule against Asia is still there. Nationalist Shintoism restored; the dream of Kakko-Ichi-U (Japan rules over the world) is still alive and the 1927 Tanaka Memorial (roadmap of Japan's world conquest) is still relevant for neo-imperialists led by Shinzo Abe and the his party, Liberal Democratic Party (LDP).

However, to rule the world, at least Asia, Japan must do something to kill China. The Taiwan President, Tsai In-wen is ardent promoter of Taiwan independence and close friend of Tokyo and Washington. It is possible that Japan wished for China's invasion of Taiwan. Indeed, it can happen.

For Washington, Taiwan is a fixed aircraft carrier at the front door of China and the best weapon which has been used for decades for the containment of China. Therefore, Washington will continue to arm Taiwan. This will increase the possibility of the intervention of the China's PLA.

It is true that Washington recognizes the principles of ONE CHINA by virtue of three joint declarations (1972, 1979 and 1982) and the Taiwan Relations Act (1982) and China's right to govern Taiwan.

But, Washington adopted an ambiguous Taiwan policy by installing the American Institute in Taiwan (IAT) and by imposing the flexible condition of American weapon sales to Taiwan by virtue of the Six Assurances imposed by Ronald Reagan in 1982.

There are five conditions which Taiwan must respect to avoid a possible invasion by Beijing:

- declaration of Taiwan independence,
- internal turmoil in Taiwan,
- military alliance with other countries,
- acquisition of weapons of mass destruction(WMD) and
- the violation of the 1992 Taiwan-China Consensus for One-China system.

Among these five conditions for China invasion into Taiwan, the most important condition is the Taiwan's Independence Declaration.

In Taiwan, there are two major parties: the Kwomintang (KMT) and the Democratic and Progressive Party (DPP). The KMT has been in power except for two governments of DPP.

Washington has been supplying weapons for decades. But, the two Republican governments have been the most active in selling weapons to Taiwan, namely the Bush government and Trump government.

For instance the government of G.W. Bush shipped each year weapons amounting to USD 3.74 billion when Chen Shui-bian of DPP (2000-2008) was in power. The Trump government provided each year weapons amounting to as much as USD 4.45 billion, when Tsai Ing-wen of DPP (2016-2022) was in power.

The DDP is the party claiming more autonomy vis-à-vis China. For the time being, it refrains from the declaration of independence to avoid the invasion of China's PLA. But, there is heavy pressure from Taiwan population for independence. Nevertheless, Tsai has been avoiding the declaration of independence saying that Taiwan is a de facto independent.

However, the sustained shipping of weapons to Taiwan can be seen by China as Washington's pressure on Taiwan to choose independence.

Even if Taiwan does not declare independence, China may attack Taiwan, if it imports WMD such as strategic nuclear weapons. The acquisition of WMD is one of the conditions of China's Taiwan invasion.

Another possibility is to create a situation in which Taiwanese plane or warship is attacked by the PLA.

Once the shooting war starts, the Japanese SDF will play the major part of the shooting, while the U.S. will minimize its direct fighting.

The most dreadful perspective is the role of the Korean armed forces. Since the Korean government has no authority of mobilizing its own armed forces because of the OPCON agreement, the ROK forces will have to join Japan. And the outcome is clear enough.

Taiwan will be destroyed and it will be governed directly by China. But, Japanese economy and the Korean economy will be devastated.

Nevertheless, Japan wants this war, because it has not abandoned its dangerous dream of ruling Asia after having destroyed China. Besides, the armament is the best way of reviving the Japanese economy, just like it was during the 1930s before the Pearl Harbour attack.

As for the U.S. it wants this war, because this war destroys both China and Japan which are or will be enemies of America.

In short, the electoral victory of Yoon may bring a doomsday for Korea.

## Victory of Economic Stagnation over Sustained Growth

Lee's vision of economic policy was the liberation from the trap of neo-liberal regime and corruption.

Under the neo-liberal regime, the ultimate objective was to maximize GDP growth. To do so, corporate profit should be maximized through the use of technology which reduced the labour cost on the one hand, on the other, the use of the imported low cost raw materials and intermediate goods which also cut down production cost.

Lee was planning to avoid the neo-liberal regime and continue the policies of Moon Jae-in. These policies include the following policy measures.

First, Lee would continue to break the bribery culture which has ruled the government-business relations. Under the previous pro-Japan conservative government, the government used to offer all sorts of privileges to Chaebols including tax allowances, grants and subsidies, easy access to privileged information and above all overlooking of illegal and immoral activities of large corporations for bribes paid to politicians and

bureaucrats. The bribe culture affects the productivity of corporations and slows down GDP growth.

Second, Lee was going to improve the Chaebol-SME relations. Under the pro-Japan conservative government, Chaebols abused SMEs. For example, Chaebols did not respect contracts with SMEs, even stole new technology developed by SMEs. Lee was going to better integrate SMEs into the value chains led by the Chaebols. In fact, this policy has had some success under President Moon Jae-in.

Third, Lee was planning to assure GDP growth which is beneficial to all citizens in such a way that income be more equally distributed and the rate of jobless will decrease.

Fourth, the labour rights were to be better protected and promoted. The planned measures included these: more unionization, labour participation in national economic policy designs, shorter work hours, overtime payment, more nursing homes for working mothers.

Fifth, under the leadership of President Moon Jae-in, more resources have been allocated for the benefits of to low income people, senior citizens, single mother, disabled and other marginal groups. This policy would continue.

The increasing purchasing power of the ordinary Korean will enhance domestic demand, create more jobs and promote sustained economic growth.

By contrast, Yoon is planning to restore the radical version of the neo-liberal economic regime through the following measures.

First, the role of the government will be minimized so that the contents of national economic policy will be determined by large corporations.

Second, the public corporations will be privatized. Even the public health insurance will be privatized.

Third, the regulations, in particular, those related to housing will be deregulated allowing real estate speculation.

Fourth, the corporate tax will be reduced so that corporate profit can increase.

Fifth, the minimum wage will be cut and labour unionization will be prevented.

Sixth, the government will cut welfare spending including old age pension, housing allowance, grants to public health services. This will make the survival of the low-income people.

## Concentration of Income and Wealth

The combination of these planned measures implies the concentration of income and wealth in the hands of the corrupted community led by the oligarchy composed of academics, business, bureaucrats, media and politicians (ABBMP).

The income distribution is still skewed in favour of the rich despite the efforts of the government of Moon Jae-in. But, Yoon's policy will worsen the inequality of income



distribution leading to shrinking domestic demand, increasing jobless and eventually long-run economic stagnation.

## Importing Japan's Stagnation Model

What is frightening is the possibility of importing the Japanese model of decades-long economic stagnation. The fundamental reason for the Japanese decades-long economic stagnation was Japan's failure to overcome the shock of the 1989 asset bubble busting.

But, it is important to find out who were responsible for the asset bubble. In 1985, the value of stocks was 60% of GDP but in 1989, it represented 250% of GDP. In 1989, the real estate value of the Japanese territory was four times that of the U.S. territory, although the area of the Japanese territory was 3.7% of that of the U.S.

Then, in 1989, the Bank of Japan raised the interest rate from 2% to 6%; it was too much. The bubble exploded. The value of stocks fell by 60%; the value of real estate had a free fall of 80%.

Japan tried all the known policies to overcome the shock of the bubble explosion but failed. The GDP which had a growth rate varying between 4.5% and 20% before 1990 fell to 1.72% in the period 1990-1995 and to 1.1% in the period 1996-2018.

This is the horror story of the saga of the falling Japanese economy. There were many years of minus GDP growth. The per capita GDP fell from USD 44,674 in 2010 to USD 39,295, a fall of 12%.

The important question is this: "Who were responsible for this crime of destroying the Japanese economy?" It was the greed of the Golden Triangle referring to the oligarchy composed of bureaucrats, politician and large corporations.

True, the oligarchy has made major contribution to the Japanese economic miracle, but over the years, it transformed itself into closely knit corruption community and appropriated the bulk of the national wealth through bribe money and real estate speculation money.

The real estate speculation has produced three harmful results:

First, it has enforced illegal or immoral activities of the oligarchs thus expanding the community of corruption.

Second, it is so easier to make money that the large corporations have invested more funds in real estate than in technological innovation. As a result, leading Japanese corporations have lost their global share. For example, in the period 2005-2011, Toyota's global share dropped from 51% to 41%; Honda's global share fell from 39% to 29%, the Share of DRAM decreased from 42% to 9%.

Third, the Japanese model has worsened the inequality income distribution, caused under-development of SMEs and decreased regular jobs. Despite the injection of astronomic amount money in the economy it did not revive. The amount of fiscal money injected was 250% of GDP; the money created in the name of Quantity Easing (QE) as almost 90% of GDP.

But, there was no demand for goods and services, because the ordinary Japanese had

empty pockets; there was no job creation, because the SMEs had no demand for their goods. Moreover, they could not get bank money, because they had little collateral. At the end of the road, decades-long economic stagnation was waiting.

In a word, the saga of the falling Japanese economy was due to the greed of the corrupted elite.

This can happen in Korea under the pro-Japan corrupted conservative government of Yoon Suk-yeol.

In fact, the Korean GDP maintained annual grow rate of about 9.00% for three decades 1960s, 1970s and 1980s dropped to 7.22% in the 1990s and 4.60% in 2000s. It fell to 2.92% in the 2010s. The sudden drop of the GDP growth rate was due to the poor performing of Korean exports of goods and services.

In the latter half of the 1970s, the average annual rate of Korean exports was 22.3% to decrease to 14.74% in the 1980s, then to drop to 11.0% in the 1990s; it rose to 12.47% in the 2000s and finally it had a free fall of 5.26% in the 2010s.

However in the 2010s, if we except 2011 (24%), 2013(14%) and 2017 (10.0%), for 7 years, the rate of exports growth was below 1.0%. In other words, the downward trend of Korean exports became accelerated since the second half of the 2000s.

The sustained trend of declining GDP growth and the drastic slowdown of exports is largely due to the increase access to financial resources of the 1980s allowing wide spread real estate speculation by the Korean oligarchy.

In the 1980, the housing price increases by 17% per year. The large corporations being able to make money easily through real estate speculation did not invest funds for the development of technology and the improvement of global competitiveness. In fact, since 1980, the favoured pass time was “Jae-taek” (technique of making easy money); this is the “Zaitech” imported from Japan.

The real estate speculation has continued despite the efforts of the government of Moon Jae-in. In Seoul, the ratio of housing price to income is 33 which was 15 in the 1990. In Seoul, an apartment of 100 m<sup>2</sup> is sold for more than 2.5 million USD.

Remember this. The Asian financial crisis of 1997-98 in Korea was due to the abundance of money around and the access to easy and quick money which could be made by real estate speculation. The large corporation borrowed so much money to make speculation money that the average of corporate debt ratio was 600%.

This is just incredible. The corporate debt ratio exceeding 100% is a sign of alarm. The crisis of 1997-98 was due to the impossibility for the Chaebols to pay debt in a situation where foreign funds were fleeing.

This was the first financial national crisis for Korea. To overcome the crisis, millions of ordinary Koreans gave their golden wedding rings and other golden items to pay the national debt.

Fortunately, the crucial measure taken by the Kim Dae-jung government was the structural adjustment designed to discipline the Chaebols, make their accounting system more



transparent and induce them to be more specialized so that their global competitiveness be improved.

However the most powerful measure was the non-bailing-out of insolvent Chaebols, banks and businesses. This was the major difference between Japanese model which bailed out insolvent companies who were friends of the oligarchs and the Korean model in which insolvent companies were not bailed out.

These Korean measures were possible because Korea had the leadership of Kim Dae-jung of the Democratic Party as president. If Korea had a conservative president, Korea might have had the long-run economic stagnation like in Japan.

The failure of Abe Shinzo's Abenomics was due to the absence of the Kim Dae-jung's model of corporate structural adjustment.

There is the danger that Yoon repeat the failed model of Shinzo Abe of Japan.

To conclude, the election of Yoon Suk-yeol casts dark menacing fog on the future of the Korean peninsula. It is our duty to watch out so that one of the rare democracies in the world would not disappear with the fog.

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