

South Korean “independent” pulls out of presidential election

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3 December 2012

Just two main candidates remain in South Korea’s presidential election on December 19 after so-called independent Ahn Cheol-soo withdrew from the race on November 23. After weeks of talks over a merger with the Democratic United Party (DUP), Ahn pulled out just before candidate registration, leaving DUP candidate Moon Jae-in to challenge Park Geun-hye from the ruling Saenuri (New Frontier) Party.

At a press conference announcing his decision, Ahn threw his support behind Moon, saying: “The unified candidate is now Moon Jae-in, so reprimand me for all the discord during the process, and give Moon your support.”

Ahn, a businessman, is reportedly worth \$US324 million, derived from his stake in a software company that he founded in 1995. In recent months, he was able to capitalise on widespread public hostility to both the major parties amid deepening economic turmoil and growing social inequality. He has been critical of the country’s conglomerates, or chaebol, which dominate many aspects of economic life.

Now that Ahn has pulled out, the contest between the two remaining candidates has tightened. A poll conducted by Korea Gallup on November 29 showed Park with a 3 percentage-point lead over Moon (45 percent to 42 percent).

The DUP badly needed Ahn’s support following the party’s loss in parliamentary elections in April that it had been widely expected to win. The Democrats held office from the late 1990s until 2008, when the current president, Lee Myung-bak, took office.

The Democrats, who had opposed the country’s military dictatorships, became increasingly discredited as a result of their pro-market policies. At the height of the 1997-98 Asian economic crisis, President Kim Dae Jung undermined the country’s previous life-long employment system and opened the door to casual labour.

Much of South Korea’s growing poverty can be attributed to the number of low-paid, casual workers who now constitute one third of the workforce—one of the highest proportions among industrialised countries. Workers simply no longer accept at face value the DUP’s platform for the “democratisation” of economic life, and promises of social welfare.

Like Ahn, Moon has postured as an opponent of the super-rich connected to the chaebol. His proposals, however, are not aimed at helping the working class, but at limiting the power of the conglomerates and assisting other sections of South Korean business. In other words, the DUP seeks to redistribute wealth within a narrow layer at the top of society, not end the huge gulf between rich and poor.

At the beginning of this year, the number of non-chaebol members of the 100 richest people in South Korea under 45 nearly doubled from 2011 to 19. Kim Jung-ju, the founder of the online gaming company, Nexon, and the third richest Korean, saw his wealth double to \$4.3 billion from last December, due to rising share values in Tokyo and an expanding market in China. Many of the new rich, like Ahn, began venture companies in the 1990s and are seeking a larger portion of corporate profits from their chaebol competitors.

Moon speaks for the same wealthy stratum. The former human rights lawyer was a close confidant of, and chief-of-staff to, the late Democratic president, Roh Moo-hyun. As a student in 1975, Moon was arrested while demonstrating against the military dictatorship of Park Chung-hee, the father of current Saenuri Party candidate Park Geun-hye.

Moon's proposals have included an investment cap on the top 10 chaebol, which would prevent them investing more than 30 percent of their net assets. He has also called for banning further cross-holding by chaebol, as well as eliminating existing cross-holdings, following a three-year grace period. Chaebol use complex systems of cross-holdings to maintain control of vast networks of companies.

The DUP's measures amount to concessions to the non-chaebol corporate elite, without significantly undermining the chaebol. Moon has explained: "The measures are not intended to cut away the competitiveness of large conglomerates but to remove factors that hinder fair competition for the sake of promoting a healthy market economy."

Moon has called for a less confrontational stance toward North Korea and "balanced diplomacy," particularly toward China, South Korea's largest trading partner, and the US, the country's longstanding military ally. President Lee has closely cooperated with US President Obama's aggressive "pivot" to the Asia Pacific, which is aimed at undermining Chinese influence throughout the region.

Moon has been supportive of closer ties with North Korea, seeking to develop the Kaesong Industrial Zone in North Korea into a broader inter-Korean free economic zone, which would include parts of Incheon and the North Korean city of Haeju. In October, Moon applied for permission to visit Kaesong to encourage companies to move into the region, but the request was turned down by South Korea's Ministry of Unification.

The Saenuri Party's Park Geun-hye has been dismissive of the DUP and Ahn. The day after Ahn's withdrawal, she declared: "I wonder if the people will not get confused by all this. I, on the other hand, intend

to bring changes that the people want and work to establish the right kind of new politics."

At the same time, Park has adapted to anti-chaebol sentiment, promising to strengthen existing penalties on chaebol violating the law, and ban new cross-shareholdings. She led the conservative Saenuri Party to retain its parliamentary majority in the April election, largely by distancing herself from the unpopular Lee administration. Lee, a former head of Hyundai Engineering and Construction, is widely viewed as the "CEO" president for the chaebol. (See: "South Korea: Dictator's daughter announces presidential bid")

However, Park will not seriously challenge the chaebol, which were cultivated under her father's military dictatorship in the 1960s and 1970s. The conglomerates have longstanding connections with the Saenuri Party and remain unwilling to share their dominant, privileged position with the new rich.

Ahn's last-minute withdrawal might have boosted Moon's chances of winning the presidency, but a DUP administration would be just as ruthless as the Saenuri Party in imposing the agenda of big business for a deeper assault on the living standards of the working class.



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