

Neoliberal Politics in South Korea and the Democratic Labour Party's Counter-Campaign

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ABSTRACT

This article reviews the South Korean Democratic Labour Party's (DLP) anti-neoliberal campaigns of the 2000s. While the centrist government implemented abortive economic reform and pro-capitalist labour policies, the DLP had a great window of opportunity to replace the centrist tendency with a moderate socialist program. Contrary to expectations, the DLP's counter neoliberalism campaigns were unsuccessful as the party's campaigns went through within an anti-capitalist, anti-imperialist struggle which resembled the radical Latin American leftist parties in the 1970s. Due mainly to this radical strategy, the DLP was unable to create a broad coalition with civil movements and the centre-left tendency. The DLP's radical anti-neoliberalism campaign was unsuited to the Korean constituency and the party was defeated in a series of presidential elections.

Keywords: *neoliberalism, centrist tendency, radical socialism, economic democracy, social safety net*

INTRODUCTION

This article reviews the counter-neoliberalism campaigns employed by the Democratic Labour Party (DLP) from 2000 to 2008. In doing so, it also clarifies the origin of the DLP's unrealistic counter-neoliberal campaign based on radical socialism as compared with several Latin American counterparts in the post-Washington Consensus era (1990s–2000s).

As Korean society steered a course towards a society without widespread poverty or social exclusion, consciously subordinating to the logic of the market and the pursuit of cost-efficiency to the values of security, equity and social solidarity, the DLP paradoxically faced relatively advantageous conditions to implement social democratic politics as an effective alternative solution to neoliberal politics. Although it contained radical ideas, some of the DLP's pro-labour policies captured the attention of the working class. This created the opportunity for the DLP to enter parliament. Within four years of its inception, the DLP had become the nation's third party, gaining 10 seats out of 299 in the parliament.¹ The DLP also gained 13.8% of the popular vote in the election in 2004. This historic triumph made possible the emergence of a left-right rival party system in Korea, in which the conservative party cartel would become path dependent. However, the DLP's limited electoral success in the national congressional and local elections did not extend to the presidential election, the foremost hegemonic contest within a liberal democracy. The DLP was defeated in the 2002 and 2007 presidential elections, winning a politically meaningless 3% of the vote. The DLP's success proved ephemeral as the party languished after reaching its peak in 2004 and such dramatic deterioration must be understood within the context of the DLP's misguided counter-neoliberalism campaign. It is argued that the key reason for the DLP's failed anti-neoliberal campaign was the withholding of support from most of the working-class vote owing to its adherence to radical politics including an anti-*chaebol*, anti-America campaign as alternatives to the centrist tendency's supply-side management policy. The DLP only recruited those who were willing to adhere to its radical nationalistic socialist manifesto.

THE NEOLIBERAL CAMPAIGNS AND SOCIAL DEMANDS

The IMF pressed the centrist Kim Daejung administration (1998-2002) to agree to a harsh austerity policy that included several pro-capital labour and open-door policies.² As a result of the IMF proposal embedded in the neoliberal campaigns, there occurred what Martin Hart-Landsberg defines as a "class biased distribution of costs".³ This made "decommodification of labour" - the foremost element

for the realization of social democratic class formation-an unrealistic proposition.⁴ In 2004 the flexibility ratio in Korea already surpassed the US, and irregular workers made up 53% out of 3.3 million paid workers as of June.⁵ The unionisation ratio continuously dropped (unionisation stagnated at 19.8% at its peak in 1989) to 10.3% in 2006.⁶ Several English-language newspapers in Korea pointed to the plight of irregular workers and the government-supported labour flexibility, which sought to obtain a competitive advantage, as a key cause of the strikes.⁷

Meanwhile, the proportion of low-income workers, those making 70% of average income, reached 32%. According to the state-operated research institution *Sanupyeonguwon* -the Institute of Industry, large entrepreneur income increased by 16.4% in the last ten years, whereas individual household income increased only by 2.4%. This gap has been widening since 2006. The gap between rich and poor in Korea is ranked as the third-highest among OECD nations, even while ranking tenth among the fastest growing economies in the world. The Samsung Economic Research Institute admitted that Korean workers suffer from the highest level of stress and lowest degree of job satisfaction among developed nations, while having the longest working hours among OECD nations.⁸ The Engel's coefficient reached its peak in 2003 and 2004. According to the Bureau of Statistics, the Engel's coefficient for the lowest 20% of households by income reached 20.8% in 2004, whereas the top 20% was 11.83%. The key factor in the increase of the Engel's coefficient for low-income earners was the rise in the price of food.

The collapse of the middle class was another major side effect of the neoliberal campaigns. Interestingly, the centrists and the conventional conservatives adopted an unsubstantiated belief in the existence of a large middle class that emerged during the period of rapid industrialization (1970s-1980s). The proportion of the middle class dropped from 67.35% in 2003 to 57.4% in 2008. The reality was that a significant part of the middle class collapsed in the economic turmoil and fell below the poverty line (Florence Lee, 2000). While 15% of Koreans lived in poverty in 2007, welfare expenditure out of the overall state budget in Korea in 2004 was 6.1%, whereas the percentages of other OECD member countries like Mexico (11.8%), Poland (20.1%), Sweden (28.9%), and Germany (27.4%) were much higher. More importantly, this weak social welfare system presented a critical obstacle to sustainable growth. Powerful consumption, the core engine of maintaining dynamism in economy following the

Keynesian point of view, was nearly motionless amid the emergence of record numbers of unemployed workers and a dramatic shrinkage of the middle class. While a lack of social welfare escalated into a vicious circle, Korean society needed to embrace a full-scale social welfare system to meet their socio-economic demands.

Accordingly, the neoliberal campaigns came at a high price for the working and lower-middle classes in addition to the newly emerged poor. The working class was marginalized and excluded amid shrinking job markets as unemployment soared (from 2% in the mid-1990s to 7% in 1998). The middle class collapsed and the lower-middle classes outnumbered those traditionally classified as the middle class.⁹ Yet Korean society lacked a social security net for these people and the centrist government's welfare policy was not enough to cover the newly emerging poor and marginalized working class. Also, as the centrist government's economic reform strategy was not supported by full-scale of demand management (Keynesian full employment with social welfare state strategy), its limitation was soon exposed and the path of reform eventually derailed as the centrist tendency yielded to the conglomerates.

THE CENTRIST GOVERNMENT

The centrist government implemented radical liberalistic economic and labour policies in light of the following external and internal factors. First, in the wake of the financial crisis in the late-1990s, the IMF offered a bailout package which contained extensive neoliberal solutions including an austerity state budget policy.¹⁰ Second, in the interest of globalization (the Korean economy being by now deeply involved in the world economy), the Korean centrist government felt the need to adopt what the Tony Blair administration in the United Kingdom in the mid-1990s performed. The two main economic policy strands are macro-economic stability and giving employment and economic opportunities to all by tackling supply-side barriers to growth (Gamble & Kelly, 2000, 'New Labour's Economic Policy' in Ludlam and Smith edited *New Labour in Government*, London, Palgrave, p173). Through macro-economic stability the centrist government meant to sustain low-inflation and sound finances and at the same time provide a stable policy framework and transparency in decision making (Gamble and Kelly, 2000, 174). Third, considering

the nature of the economic structure in Korea in which the economy is highly reliant on exports (which account for more than 78% of the annual growth of GDP in 1998), the centrist government had to be more active on the issue of openness to the global economic market. Although Korean society paid a high price, the centrist government's pragmatic solutions allowed the Korean economy to recover its dynamism and Korea graduated from the IMF bailout within three years. Economic growth resumed as the Korean economy grew by 9.5% in 1999, 8.5% in 2000, 3.8% in 2001 and 7.2% in 2002.¹¹

The radical leftists often rebuke the centrist government for having implemented neoliberal policies, but the policies did not simply mimic those of the Washington Consensus campaigns in the United States in the 1980s and in South America in the post-Cold War period (1990s). Above all, the Kim Daejung administration adopted the "market system within democracy" strategy which emphasized the active role of state to fix the old dictatorial development strategy. The centrist tendency firmly recognized that the old strategy (élite bureaucrats plus chaebols in a patron-client relationship) led to a rapid development model that did not fit with the newly emerged democracy (Kim Daejung, *Biography*, Seoul, 1999). Moreover, during the Kim Daejung administration (1998–2002), basic social welfare policies such as universal health care, state pensions, etc. became law.¹² President Kim also stated that there could be "no welfare state without fairness and justice". Kim's successor, Rho Muhyun basically took up the hybrid liberalistic progressive strategy. Yoo Shimin (one of the key thinkers in the Democratic Party) insists that the Rho administration and the ruling Uri Party were close to the Democratic Party in the United States in political terms (centre-left plus centre-right). In short, as Yoo Jongil¹³ aptly points out, the centrist government's main campaigns were far from the conventional neoliberal politics that originated from Thatcherism or Reaganomics because the centrist tendency not only partly reformed the *chaebol* monopolies, but also implemented rudimentary social welfare policies.¹⁴

At the same time, the centrist government was unsuccessful in reforming the *chaebol*-dominated economic system and implementing a social welfare policy. Several conditions should be considered. Above all, the centrist government's economic reform and social welfare policies faced huge resistance from the defiant conservative cartels (*chaebols* plus the conservative party), whereas its capitalist-

friendly labour policy created serious opposition among the leftist coalition (the leftist party plus militant trade unions). The centrist tendency was effectively caught between the radical Left and Right. Eventually, the reputation of the so-called “liberal-leftist strategy” was tarnished through lack of support.

Moreover, some of the centrist campaigns escalated the ideological division in the society and caused unnecessary clashes between the Left and Right. For example, the Rho administration focused on abolishing four bad laws: the National Security Law (unconstitutional as it hindered basic constitutional rights, such as the freedom of speech), Newspaper Law (aimed at reducing the domination of the printed media market by conservative newspapers), Private School Law (aimed at strengthening external controls of private schools), and the Law of Atrocities (aimed at investigating controversial episodes of the nation’s modern history). As the campaigns targeted the conservative tendency, it confronted massive resistance from the conservatives. While the Rho administration concentrated on ideologically and historically motivated campaigns, the majority of voters wanted the government and politics to focus on economic issues, such as restoring dynamism and creating jobs.¹⁵ The Korean middle classes were one of the largest beneficiaries of the rapid industrialization and economic prosperity of the 1970s and ’80s. Middle class voters therefore looked to the revitalisation of the economy, whereas the working class demanded that politics see to job creation.

The centrist government’s socio-economic reforms therefore proved their worth, with the Korean economy finishing the IMF bailout within three years and the adoption of rudimentary social welfare policies, even if these were of little help to the marginalized working class and the new poor. But the centrist government’s campaign also contained shortcomings. Implementation of the IMF proposals resulted in deepened social inequality, but the centrist government’s radical liberal politics failed to cure the social problems of poverty and social unrest or social disunity. While capitalist friendly policies resulted in the deterioration of the trade unions, the reform of chaebol-dominated aspects of the market system, recognized as key to the realisation of economic democracy in Korea, was barely touched. Obviously, limited social welfare policies did not go far enough to halt the rise of social inequality. Moreover, as the centrist’s reforms went through in the face of great opposition, the Korean society was again deeply fragmented.

THE DLP'S COUNTER-NEOLIBERAL CAMPAIGNS

In the wake of the unprecedented economic catastrophe of the late 1990s, the DLP faced a turning point as Korean society cried out for a social safety net. The austerity policy and the predicament of “growth without jobs” offered severe challenges to the new poor, low-income temporary workers, young part-time workers, and the lower self-employed. In view of the crippled economy, the Korean electorate requested a new strategy to replace the old dictatorial development strategy and the neoliberal solutions proposed by the IMF, whereas marginalized groups demanded a social security net.¹⁶ But the fact that the DLP was unable to launch a solution that could reconcile the two demands of sustainable economic growth and social justice left it incapable of moving on to the next chapter of its history. The DLP's working class and economic policies are a clear example of its failure to develop an alternative policy to the radical centrists' liberal campaign.

WORKING CLASS POLICY

With respect to job security, the response of the trade union movement, the *Minjunochong* (Korea Democratic Trade Unions — KDTU), the backbone of the DLP, did nothing to address the matter in the post-IMF crisis period. At the height of the IMF crisis in the late 1990s, the KDTU established a nationwide Centre for Job Security, but these efforts did not continue (Song, 2007, 197).¹⁷ The KDTU focused on representing workers in large companies and did little to represent the interests of the irregular and minority workers including low-skilled workers. This misguided response by the KDTU directly influenced the DLP's failure in the electoral campaigns because the KDTU was the backbone of the party's support. In short, the DLP and KDTU paid insufficient attention to the newly emerged poor, irregular workers, low-level self-employed, and the so-called '88 Generation (Song, 2010).¹⁸

The outcome of the DLP's failure to develop the necessary policies for the working class can be seen in the 1997 and 2002 presidential elections, the DLP presidential candidate, Kwon Youngil, gaining 5% and 3.9% of votes from the blue-collar class, whereas the conservative candidate obtained 37.5% and 30% of votes. The DLP

also failed to gain support from its own party members. In the 2002 presidential election, the percentage of loyalists voting for the DLP was 19.3%, whereas the centrist party candidate Rho Muhyun gained 62.05% and the conservative candidate, and Lee Whoichang gained 7.0% of support. The decline of the DLP in terms of party members and political clout was inevitable. Taking its traditional members' voting behaviour and political preference into consideration, the DLP was not even close to being a "ghetto party" of that type that developed in Western Europe in the wake of the First World War to immunize workers from bourgeois influence with regard to both ideology and everyday social life (Esping-Anderson, 1985; 147).

There are examples of socialists unifying the working class and convincing their allies to become a major party, as was the case with the Swedish Social Democrat Party. A legitimate solution that can harmonise both working-class and national interests with pragmatic politics that can create a comprehensive coalition with potential supporters like middle or peasant class are the key tools to success. But the DLP failed to expand the size of its organisation because the party failed to convince potential supporters or members among white collar workers or the progressive middle classes by showing them a clear and legitimate strategy (sustainable growth along with a full employment) and policies (income distribution by a progressive taxation and social welfare policies). According its supporters, the DLP did not have the capacity to convince its potential allies that the party could be a future ruling party. In an interview, Kwon Mihyuk, President of the Korean Women's Rights Association, stated that "the DLP failed to show a clear strategy obtaining power, so the party was unsuccessful in persuading potential supporters like us."¹⁹

In addition, the DLP's political failure vis-à-vis the middle class also should be considered a significant element in the party failure in parliament. In the 1980s and '90s the Korean middle classes were anxious to build a liberal democratic society and therefore supported democratisation including trade union movements as long as those acted within a liberal framework. However, when the democratisation movements (students and trade unions in the 1990s) engaged in street demonstrations and protests, they withdrew their support and turned more conservative. Essentially, the Korean middle classes behaved differently at different junctures as an independent effect in the balance of power between the two major classes.

ECONOMIC POLICY

The DLP's economic policy was therefore based on a revolutionary strategy. This revolutionary strategy was ineffective in convincing the working class or the middle class about the viability of its approach considering the context of Korea's political economy in the global market. Were the South Korean government to suppress the *Chaebol* system, cancel its foreign debts and guarantee job security by banning massive redundancies, one might imagine Korea being locked out of international financial markets and its export market disappearing as unpaid international creditors demanded sanctions against the Korean economy.

Kwon Younggil, the presidential candidate of the Left in 1997 and the DLP's presidential candidate in 2002 and 2007, demanded the president's apology and wanted to reprimand the owners of 30 *chaebols*, and insisted upon the resignation of public officers who were in charge of the IMF pacts. But Kwon's radical anti-*Chaebol* tenet was not only contrary to the public view, but also different from the view of the majority party members. According to a Hangil Research Institution survey in 2006, more than 56.5% of the DLP's devoted members supported the centrist government's pro-*chaebol* policy as long as it assisted a quick recovery of the economy. Even 59.8% of the DLP members supported the Free Trade Agreement with the United States. In the presidential election in 2007, the DLP's core supporters identified the issues that their party's candidate should make a priority: economic growth (59.8%), dissolve the income gap (49.8%), clean up corruption (29.2%), regional conflict (15.9%), the FTA with the United States (13.0%), reform taxation (10.0%), North Korean threat (9.6%), restoring wartime command (5.3%).

Moreover, during the national congressional elections in 2000, 31.5% of the members of the KDTU stated that they preferred the reformist candidates rather than the radical DLP candidate. Over 41.7% of the members answered that the main mission for reform in Korean politics is curing injustice and corruption. The DLP's main strategy of replacing capitalism was not considered to be a realistic goal among those members of the working class who favour the DLP. Moreover, 18.3% of the KDTU members endorsed the conservative party (Grand National Party) whereas only 13.85% of the members supported the DLP.²⁰ Only 3% of the KDTU members joined the DLP in 2000 (Jung, 2008). In 2006, according to a survey conducted by

Hangil Research & Consulting (and the DLP's subsidiary institution, the New Politics & Progressive Institution), the key supporters of the DLP are people in their 30s (36.5%), white collar workers (27.8%), and recent college graduates (50%).

During the 18th national congressional election, the DLP unveiled the "Twenty Tenets" which mainly focused on social equality issues. But these tenets ignored both economic growth and supporting the SMEs (Small and Medium Entrepreneurs). The only one that came close was the 20th tenet, "Mandatory Hiring of Youth", which was inspired by the Belgian policy regarding youth. It states that companies with over 50 employees must maintain a ratio of over 5% of youth employees and insists on the "Creation of 1 million jobs" in public service and cultural sectors (at the government's expense).²¹ But the DLP's solution missed the key point that without upgrading weak SMEs (a bottleneck in the international competitiveness and sustainable growth), both growth and creating jobs, or realisation of social equality, are difficult. SMEs account for 88.4% of employment (2007) and 40.8% of exports (2007).²² But the APM (average profit margin) of the SMEs dropped steadily from 6% in 1998 to 4.35% in 2006 (Kim, 2008). For sustainable growth to be possible and at the same time to secure the job market, SMEs have to contain the following: (1) a constant increase in APM; (2) productivity; (3) an ability to deter unfair *Chaebol* monopoly-based offers towards the SMEs; and (4) raise the management and manufacturing level of SMEs to an international standard. Paradoxically, in order to increase productivity and comparative advantages in management and manufacturing, the Korean SMEs need to gain support both from the government and the *Chaebols*, which have a high degree of competence in innovation, technology, management and marketing in the world markets.

However, the DLP had no position on the SME issue and the party argued its conventional and radical tenet of a forceful dismantling of the *Chaebols*. Accordingly, the DLP failed to change the Korean voters' long-term bias that the Left is worse than the Right in economic issues as the party did not recognise the key problem of the Korean economy. The DLP did not offer a correct solution for reconciling growth and social equality and this resulted in painful defeats in several elections in the 2000s. The DLP executed the exactly opposite method to what Min Byungdu identifies about elections: "it is a logical act that minimizes the opponent tendency and maximises the supporting force" (Min, 2012).

THE ORIGINS OF FAILURE

The origins of the failure of the DLP's counter-neoliberal campaigns should be understood in the context of the party's radical nationalistic socialism as the party's key ideology and mainly implemented by the nationalistic majority faction, the NL faction. While the majority group of the DLP (the nationalistic leftist faction) focused on anti-imperialist and anti-American campaigns mirroring the North Korean communist regime's policies, the party was no longer what Esping-Anderson defines as a social democratic party that seeks to build class unity and mobilise power via national legislation (Esping-Anderson, 1985, 10). In addition, the DLP's obsolete radical socialism was inevitably coupled with an inaccurate interpretation of neoliberalism.

UNDERSTANDING NEOLIBERALISM

A radical leftist tendency like the DLP prefers social ownership through collectivisation and central planning (see the DLP platform). Therefore, the DLP's interpretation of neoliberalism and the centrist government's politics are dogmatic. Despite minor differences, the leaders of the DLP support socialist state control of the economy. In its platform, the DLP stresses the need for overcoming both state socialism and social democracy, although it does not clearly clarify what system would be the alternative. This "state is everything" approach has the fundamental shortcoming that central planning is not the most rational way to run a complex and constantly changing modern economy. The collapse of the state socialism-based Eastern Bloc is the quintessential empirical example. However, moderate left-wingers believe that the market is a good servant but a bad master (Heywood, p110). Politics and the economy cannot be understood separately, otherwise extreme regimes such as "market fundamentalism" or "extreme statism", would be unavoidable.

Shon Hocheol, one of the key thinkers of the DLP, argues that "neoliberal politics critically caused severe social problems like the increase in social inequality in the post-financial crisis".²³ However, the neoliberal campaign is not the only factor affecting social inequality, so discarding (or sabotaging) such neoliberal campaigns should not be considered as the only response. During the rule of the conservative government (Rho Taewoo and Kim Youngsam

government: 1988-1997), the Gini index (0.25–2.0 vs. 2.0–3.0) was even lower than during the rule of the progressive centrist governments in the late 1990s and 2000s.²⁴ In fact, social inequality partly originated from the conservative political system which rejected any policy of redistribution, concluding that (1) median voters did not want a strong redistribution policy, so any party could not ignore this tendency; (2) a lack of mediation channels (no committees consisting of labour, state and capitalist delegates); (3) pre-modern style party system (conservative party cartel and regional interests based party system) and a single-member district (Kang, 2010, pp. 181–4).

There is another example that demonstrates the orthodox Korean radical socialist's interpretation of neoliberalism. Kim Soohaeng, one of the key ideological advisors of the DLP, argues that "the Labour Party in the UK succeeded in employing Thatcherite politics because the party executed the same economic policies that had been performed by the Conservative Party in the 1980s including an austerity state budget, pro-capitalist labour policies, and deregulation in the financial markets."²⁵ Kim adds that the centrist government's policies towards the economy and the working class resembled the policies implemented by New Labour. However, Kim's argument fails to reflect the changed reality and exaggerates it. New Labour had to adapt its traditional social democratic economic policy due to newly emerged conditions. Under the liberation of trade conditions and the WTO system, no single country in Western Europe could properly use Keynesian demand management.²⁶ Under the WTO system, no economic policy is more urgent than the stabilization of the macro economy. In other words, the goal of sustainable economic growth would be almost unattainable under vulnerable macroeconomic conditions. Second, not only did New Labour execute a stable macroeconomic strategy, but it also paid attention to microeconomic strategies which included "the design of institutions, the rights and opportunities available to groups and individuals, frameworks that allow social experimentation, and new forms of ownership and association which can all be critical in moving society forward by establishing groups with interests and incentives to support change" (Gamble and Kelly, 2000). New Labour's flexible labour policy was aimed at motivating private investors in order for the UK to succeed in the highly competitive world economy. Third, the Labour Party succeeded in developing a welfare state tradition and firmly recognizes social justice as a key goal of the party, meaning that

New Labour should not be characterized as a Thatcherite party (Smith and Ludlam, 2000). Other than a macro solution like the replacement of the capitalist system by state socialism, Kim fails to offer micro-strategies in the economic arena.

In general, neoliberals emphasize the virtues of deregulated markets and recommend that they be opened up and privatized.²⁷ This anti-statist doctrine is an ideological commitment to the free market and has been summed up as “private, good; public, bad”.²⁸ Contrary to the neoliberals’ perspective, markets require effective guidelines because government regulation not only deters fraudulent activities, but also maintains the integrity of the market. In the case of developing economies, where the markets lack free-market principles, the government can still contribute to the development of a sound market system (Chang, 2003, 38). At the same time, during periods of economic recession a government has to cultivate long-term public-private investment programs to bring dynamism back in the markets. In the United States, the federal agencies supported and guided the birth of the computer age, the Internet, the Human Genome Project, the federal highway system, the GPS revolution, the global fight against AIDS and, of course, the space programme. Each was built thanks to painstaking political work by a president, backed by scientific experts and private businesses, and fashioned over many years (Jeffrey Sachs, 2013).

With respect to the developmental history of the Korean economy, this has been far from neoliberalistic since the military dictatorship began its state-led economic modernization strategy in the early 1960s. In Korea, neoliberal politics began with the Kim Youngsam administration’s (1993–7) “globalization policy”. It then gained traction throughout the financial crisis in 1997. The so called, “dictatorial developmental strategy” did not adhere to a neoliberal strategy. Instead, the “dictatorial developmental model” was an interventionist state pursuing well-developed industrial strategies. The state-led planned economic modernization project resulted in extensive negative consequences. For example, the state/*chaebol* as patron/client relationship skewed the development of the market as the conglomerates’ monopoly position was enhanced. Eventually, the Korean style patron/client system dominated by the *chaebols* became irrelevant because the IMF crisis was prompted by the collapse of several conglomerates such as KIA Motors, Daewoo Group, and *Hanbo* Steel. Moreover, the role of the government was ineffectual

as Korea ranked low on governance and entrepreneurship due mainly to unnecessary and complicated regulations on markets (Sandbrook et al., 2007). Given these realities, the relationship between state and markets needed to be re-established within the principles of economic democracy, of fairness, efficiency and justice.

PARTY IDEOLOGY AND PLATFORM

The origins of the failure of the DLP's anti-neoliberalism campaigns should be understood within the context of the radical socialism that lies at the centre of the party ideology. The DLP was built by the socialist elite and their beliefs and led in accordance with these principles. With its zealous adherence to radical socialism rooted in anti-chaebol and anti-capitalist tenets, the DLP minimized its political alliance as the party only established a radical leftist tendency coalition.

The DLP's platform expresses its wish to overcome both state socialism and social democracy: "to overcome the shortcomings of capitalism and to build a labour- and people-centred socio-economic system".²⁹ The platform goes on to identify what it means by an alternative socialism: "a labour/people-centred national autonomous socio-economic system; it would be a system that restricts private possession; nationalisation of means of production in major industries; and demonstrates how a planned economy is superior to a market system."³⁰ On this evidence, it is clear that the DLP pursues state socialism to meet this agenda, something very different from social democrat solutions within a capitalist system.

The DLP's economic strategy rejected the principles of the market system and democracy:

Since then, based on the requirements of world capitalism and the monopolistic *Chaebol*, the Korean government has been practicing so-called neoliberal economic policies. The neoliberal campaigns intensified economic uncertainty, inequality, dependency on foreign countries and social hardships. Thus, we expose accumulated structural contradictions and aim to bring revolutionary change to the economic system... We intend to dismantle *Chaebol* by tendency through confiscation and transfer the *Chaebol* to democratic participatory companies, which basically belong to the people (DLP Platform, 2000).

Surprisingly, in terms of economic objectives, there is no difference between the DLP and North Korea. In the following section, the party clearly identifies what it means by an alternative socialism: “a labour-people centred nation’s autonomous socio-economic system; it would be a system that restricts private ownership, nationalisation of means of production in major industries; and demonstrates how a planned economy is superior to a market system (Author’s translation).”³¹ The North Korean constitution indicates that “The economic system of DPRK is based on socialist (nationalization and socialization of means of production) and national autarky economic systems.”³²

ANTI-IMPERIALIST STRUGGLE

The DLP’s counter-neoliberalism campaigns were conceived as an anti-capitalist and anti-imperialist struggle. One of the leading thinkers of the DLP, Choi (2010) argues that “Imperialists forced mankind to accept materialistic mass-production, mass-consumption capitalism. They brought war, famine, inequality... We need to re-construct an autonomous autarkic economy.” Choi also confirms the ultimate goal of the DLP as being: (1) complete unification; (2) termination of imperialist rule; (3) the end of capitalist exploitation.”³³ It comes as no surprise that the latter two aims look like the objectives of conventional maximalist socialism. Based on a Trojan-Horse strategy, the DLP focused on agitation of its own platform over the neoliberal campaigns.³⁴ With Choi as of the chief ideologue, it is no surprise that his maximalist socialism and radical nationalism influenced the party’s practices (radical anti-*Chaebol* policy, radical nationalistic unification and pro-North Korean policies) including the formation of the party’s platform. In addition, the platform of the DLP states that the party’s strategic aspiration is “to build a working class and people centred autonomous people’s democratic state (DLP platform).”³⁵ The party’s “people’s democracy” seems like what Mao sought in his “new people’s democracy”; in other words, the Chinese Communist Party is the dominating power. This idea of a “people’s democracy” -- originated from Lenin’s principle of a ‘proletariat dictatorship — unquestionably invalid within the context of the Korean political economic system. Unlike the Latin American left-wing reformist parties in the post-Cold War era, the DLP implemented what James

Petras defines as radical left-wing centred “anti-neoliberal campaigns within an anti-imperialist or anti-capitalist struggle.”³⁶ Indeed, like the DLP in Korea in the 2000s, the radical Latin America socialist parties in several countries, such as Chile and Argentina on the fringes of the Cold War (1960s-70s) made a similar mistake in implementing economic policies within the context of anti-imperialist struggle.

THE LATIN AMERICAN MODERATE LEFT

In Latin America, inter-imperialist competitions is put in evidence by the Free Trade Agreement of the Americas (FTAA), vigorously promoted by the Bush administration in the United States and slated for 2005, which is designed to close the hemisphere to European economic interests (Eller, 2004, 29–30). Petras also argues for the current applicability of the concept of “plunder” associated with Lenin’s writing on imperialism on the grounds that multinational corporations continue to derive super-profits from their investments in the third world.³⁷ In contrast, Castaneda’s strategy of a centre-left alliance is the logical outcome of his argument that globalization imposes major constraints on national actors and its related tendency to play down popular struggles. He calls on the left to accept globalization and its by-products such as international supervision of human rights, elections and regional economic integration, for pragmatic reasons and as steps toward nation-building and economic development.³⁸ With respect to what Castaneda identified as a moderate socialist program towards neoliberalism, it can be said that the Social Democratic Party in Chile in the 1980s–1990s is a highly successful example.

In Chile, the social democrats in the 1980s had to reconcile two contradictory factors: neoliberalism embedded in the socio-economic status quo (a typical historical path-dependency phenomenon) and socialist ideals (which aimed to offset the shortcomings of the neoliberal prescription). The Pinochet dictatorship shaped the country’s market society in profound ways, locking in fundamental institutional features. The alliances backing the military included the country’s most powerful conglomerates, a considerable portion of the middle class and the orthodox economists known as the Chicago Boys. During the military regime, the new ruling alliance suppressed the old ISI model in favour of a new incentive system which dismantled tariff reductions and weakened labour protection. However, this process did

more than stimulate agricultural exports: it triggered a transformation in the country's economic and social structure, along with the expansion of an entirely new export profile. It was this new package of exports that led to economic growth and stimulated employment opportunities. But the success of this economic model depended on a restrictive labour regime and resulted in intensified social inequalities. Based on these socio-economic conditions, the Chilean socialists built centre-left coalitions to attain power. Concertación (1990 to present) aimed to sustain economic growth under stabilised conditions and prevent social unrest as well as reactionary counter attacks. In doing so it employed a hybrid of neoliberal economics and social democracy (Sandbrook et al., 2007). The Chilean social democrats in the post-Pinochet era firmly recognised the limitations of their predecessor Allende's radical socialist redistributive reform experiments — including nationalisation of means of production in the major industries — that resulted in economic turmoil and social unrest. In the end a reactionary military coup led by the capitalist classes, the upper middle classes and the right-wing military occurred.

The socialist parties in Latin America had to adapt to the challenges of economic liberalization and the working class decline in the post-Cold War era. But they successfully established the basis for sustained growth and reinforced democratic institutions and become more adept at enacting regulations to attenuate adverse market outcomes without undermining investor confidence.

Contrary to the DLP, the Brazilian Workers' Party (Partido dos Trabalhadores —PT) attained electoral success having completed their shift in party ideology to the centre and party characteristics from workers' party to people's party. The PT matured after completion of its ideological transformation and the party's ability to gain power in an age of neoliberal dominance and partisan disintegration around the region merits attention. In October 2002 Luis Inácio Lula da Silva won Brazil's presidential election with 61.3% of the vote, and Lula's PT became the largest party in Brazil's fragmented legislature. Lula and the PT achieved victory because both moved to the centre of the political spectrum (Petras, 2005), and voters regarded this shift as credible, accepting the PT's "de-radicalization". The PT won in the 2002 presidential election and according to David Samuel the key success is that the party moved to the centre.

As Bello states, the alternative reformers in South America have developed their own strategies based on consciously subordinating the

logic of the market and the pursuit of cost efficiency to the values of security, equity and social solidarity.³⁹ To manage the two apparently contradicting goals of sustainable growth and social equity, the Scandinavian social democratic parties proposed collective wage-earner funds and economic democracy that aimed to resolve the zero-sum distributive conflict between profits and wages. According to Esping-Anderson, the Scandinavian solution promised “lower production costs, higher investment levels, greater equality, and a first leap toward the promised democratic economy” (Esping-Anderson, 1985). The successful Latin American leftist parties combined sustainable growth and equity. The moderate social democrat parties’ leaders firmly recognized the need for integrating open markets and the social democratic project of investing in human needs and reducing inequality (Sandbrook et al., 2007). For example, the investment among the social democratic parties in the periphery in the 1990s and 2000s focused on “the strategy of high-tech development which could create positive multiplier effects and generated revenue to fund social programs” (Sandbrook et al., 2007, 230).

NORTH KOREAN CONNECTION

The Latin American socialists were able to disconnect with the Eastern Block in the post-Cold War period. The separation was a springboard for the Latin American Left to escalate moderate leftist politics and many moderate leftist parties have succeeded. The core element of the successful new reformers in Latin America was an ideological transition from a radical socialism to a reformist moderate socialism. While they accepted ideological pluralism and decided to participate in parliamentary democracy (they discarded their revolutionary strategy), the reformist leftist parties were eventually able to create a broad centre-leftist tendency centred anti-neoliberal coalitions. Contrary to the Latin American reformist parties, the DLP failed to disassociate from radical socialism and the North Korean communists. Its incomplete ideological transformation and inappropriate link to the North Korean communists were some of the critical elements for the DLP’s electoral defeats and the party’s schism (the minority moderate socialist faction departed the party in 2008).

There is ample evidence of the intimate connections between the South Korean nationalistic pro-North Korea socialists and the

North Korean communists. First, there are numerous espionage scandals linked to these socialists. The Lee Sunsil spy allegation is the quintessential example of the South Korean leftist movements in the 1980s being directly supervised by the North Korean communist party.⁴⁰ One of the biggest contributions of the North Korean spy, Lee Sunsil for the South Korean student movements was that Lee successfully radicalised the movements by the ideological conversion from radical liberalism to pro-North Korean, nationalistic radical socialism. Later in the 2000s, espionage scandals among the DLP's key leaders continually occurred and Ilsimwhoi and Wang Jaesan Spy scandal in 2002 and 2006 are other examples. While the moderate socialists in the party (the minority PD faction) urgently requested the need for ousting the party members who were involved in the spy scandals, the NL faction leaders rejected the demand by arguing that party cannot betray its loyal members (Choi, 2010).

On many occasions, the North Korean communist leader, Kim JongIl mobilised the DLP for his own purposes by requesting that they support lifting economic sanctions including an embargo against the North. In 2008, when Western European progressive parties including the Labour Party in the UK addressed human rights abuses in the North, the DLP paradoxically refused to join this campaign. Such naked pro-North Korean policies and attitudes functioned as a catalyst to the party's isolation from the people. The party's radical nationalistic and pro-North Korean campaigns eventually resulted in the exodus of moderate socialists from the party (including the trade union members). As long as the South Korean Left is linked with the North Korean communist regime, becoming a meaningful political tendency for the Left would be impossible. In short, the DLP's counter neoliberalism strategy as anti-imperialist and anti-capitalist struggle originated from the party's radical socialism and Trojan horse strategy. Thus, as the DLP rejected its ideological transition from a radical socialist party to a reformist socialist party, the party's inappropriate interpretation on neoliberalism and related counter-neoliberal campaigns inevitably followed.

CONCLUSION

This article has reviewed the DLP's radical anti-neoliberal campaigns of the 2000s with its pronounced anti-*chaebol* and anti-imperialism

strategy — in conjunction with the North Korean anti-America strategy — was unsuited to the Korean constituency. Thanks mainly to this strategy the DLP proved unable to create a powerful political coalition with the civil movements and the centrist tendency.

Unlike the DLP, the Latin American moderate socialist parties successfully created a broad centre-left centred coalition of anti-neoliberalism. This broad alliance enabled the Left to surmount what Przeworski describes as “organizational and electoral dilemmas”.⁴¹ For the majority voters in Latin America, a social democratic strategy which emphasized both sustainable growth and social justice appeared to be an effective alternative solution to Washington Consensus politics. In addition, the majority faction, the NL faction leaders and their anti-America campaigns looked like a pro-North Korea campaign, so the DLP was quite incapable of winning elections.

The DLP’s program dictated their parliamentary power.⁴² The DLP was therefore unable to create a broad alliance with the moderate leftists and centrist tendency including the civil movements.⁴³ In addition, in each election the majority National Liberation (NL) faction in the DLP⁴⁴ vehemently pursued anti-America campaigns which were to some extent regarded by the majority of Koreans as favouring the North Korean communists. The NL faction’s anti-America campaign was politically suicidal and one of the critical elements in the failure of the DLP’s fortunes. While the majority group, the nationalistic leftist faction, focused on anti-imperialist/anti-America campaigns, which aligned with the North Korean communist regime’s main strategy, the DLP was no longer a social democratic party seeking to build class unity and mobilize power via national legislation.

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NOTES

- ¹ The DLP gained electoral supports from members of the militant trade unions, progressive urban white collar, leftist intellectuals, and radical university students in the national congressional and local elections.

- ² Robert Gilpin insists that “unskilled blue collars in the industrialised countries became the prime victim of globalization as they cannot compete with low income wage blue collars in the developing countries”; Robert Gilpin, 2001, *Global Political Economy*, Princeton.
- ³ Hart-Lansberg, 2001, “Economic Crisis and Restructuring in South Korea: Beyond the Free Market-Statist Debate” in *Critical Asian Studies*, vol. 33, no.3: pp450
- ⁴ Esping-Anderson (1985) identifies institutionalization of solidarity as the second element of social democratic class formation (31)
- ⁵ Kim Yoosun, 2004, ‘Labour Market Flexibility and Employment of Irregular Workers’ in *Korea’s Institute of Labour Society*, 2004, Vol. 7
- ⁶ ‘The Data of Unionisation and Union Member”, Labour Department, www.molab.go.kr (accessed August, 2011)
- ⁷ *The Korea Herald*, on-line edition (www.koreanherald.com), accessed on 11th August 2000
- ⁸ Quoted from Chris Kim’s newspaper article, “The New Right-wing President” in *The Socialist Workers* at www.socialistworker.org, accessed Jan. 30th of 2013
- ⁹ *Mail Kyungjae Shinmoon* adds that two out of three people believe themselves to be low-income households in the wake of the economic crisis (The Bureau of Statistics: Quoted from www.mk.co.kr, accessed February 2013.
- ¹⁰ As Krugman stresses, austerity policy should be implemented during an economic boom, not a slump (Krugman, Paul, 2013, ‘The boom, not the slump, is the time for austerity’ in *New York Times*, March 11, 2013).
- ¹¹ Bank of Korea website at www.bok.or.kr, accessed 3 February 2013.
- ¹² *The Institute of Social Design* website at www.socialdesign accessed 31 August, 2012.
- ¹³ Yoo was a congressman and one of the leading thinkers in the Democratic Party from 2002–6.
- ¹⁴ Yoo, Shimin, 2009, *Hubil Jae Minjujuwei* (Democracy as Deferred Payment), Seoul, Dolbaegae, p344.
- ¹⁵ *Hangil Research and Saesaesang Yeonguso* (New World Research Institution at the DLP Survey in 2004)
- ¹⁶ According to Keynesianism, during a recession, industrial activity heavily impacts aggregate demand which is influenced by a host of factors and sometimes behaves erratically, affecting production, employment, and inflation. Therefore, building a social safety network is a necessary measure for a quick economic recovery.
- ¹⁷ Decent jobs for relatively marginalised workers, i.e. low-skilled and irregular workers have virtually disappeared. Some have been relegated to emerging developing economies, while others have been lost to robotics and computerization(Jeffery Sachs, 2013, “On the Economy, Thinking Long-Term” in *New York Times*, 1 April 2013)

- ¹⁸ This refers to young workers living off a minimum monthly wages under \$800.
- ¹⁹ Kwon Mihyuk addressed this statement at The Academic Conference for the 10th Anniversary of the DLP (DLP hosted) in the Parliamentary Building, Seoul in 2010
- ²⁰ Oh Byunggil, “The Survey for the Korean Workers Political Awareness” on www.kdtu.org.kr (accessed March 2013)
- ²¹ The DLP’s 20th Tenet in the 18th National Congressional Election in 2008
- ²² *Hankook Daily*, 29th March 2012
- ²³ Shon Hocheol, 1999 *Shinjayoujuwei Sidae wei Hankook Jungchi* (Korean Politics under Neoliberalism), Seoul, *Pureonsoop*.
- ²⁴ Kang Myungsae, 2010, ‘*Jinbo Jungdang Sangjon ul wiehan Joeon kwa Jeongrak* (Conditions and Strategy for the Survival of the Progressive Party) in The Policy Report by *The Sejong Institution*, Septemer, vol. 54, pp179.
- ²⁵ Kim Soohaeng, Jung Byunggi, and Hong Daeyong et al. (2003) ed. “*Jae 3 weil Gil kwa Shinjauoujuwei* (The Third Way and Neoliberalism), Seoul, Seoul National University Press, p6
- ²⁶ Gamble and Kelley, 2000, “New Labour’s Economic Policy” in Martin Smith and Steve Ludlam ed., *New Labour in Government*, London, Palgrave
- ²⁷ Chang Hajoong, 2003, *Globalisation, Economic Development and the Role of the State*, London and New York, Zed Books, p 1
- ²⁸ Haywood, Andrew, 2007, *Political Ideologies*, London, Palgrave (7th edition), p89
- ²⁹ The DLP manifesto (2000) on www.dlp.org, logged in April 2013.
- ³⁰ The DLP year 2000 platform on www.dlp.org, logged in April 2013
- ³¹ The DLP manifesto in 2000 (www.dlp.org) accessed May, 2010.
- ³² The DPRK (North Korea) Constitution, Article 19 and 20 accessed the website, *Woriminjokggir* on March, 2013.
- ³³ Choi Guyyeop, 2010, ‘*Minjunodong-Dang 10 neon Peongga wa Gwajae*(The Assessment and Prospect of the ten years anniversary of the DLP)’ in Proceedings of the Academic Conference on the tenth anniversary of the DLP hosed bt the DLP at the Parliamentary Building, Seoul, pp147
- ³⁴ Trojan horse strategy rrefers to those that participate in formal liberal democracy to attain political power, then, use that power to undermine democracy in the name of constructing socialism

(William Nylen, 1997, 'Reconstructing the Worker's Party', 424 in Chalmers ed. 'The New Politics of Inequality in Latin America: Rethinking Participation and Representation', Oxford University Press, New York) and as long as the DLP's majority leader's support this radical socialist strategy, the DLP would be hard pressed to survive within parliamentary democracy system.

³⁵ www.kdlp.org (accessed 5th March 2013)

³⁶ Eller, Steve, 2004, 'Leftist Goals and the Debate over Anti-Neoliberal Strategy in Latin America' in *Science & Society*, vol. 68, no. 1 Spring, pp10-32

³⁷ Petras & Veltmeyer, 2005, *Social Movements and State Power: Argentina, Brazil, Bolivia, and Ecuador*, Ann Arbor, Pluto

³⁸ Castaneda, Jorge G., 1993, *Utopia Unarmed: The Latin American Left After the Cold War*, New York, Vintage Books; pp.304-5

³⁹ Bello, Walden, 2003, 'International Organizations and the Architecture of World Power on Another World is Possible: Popular Alternatives to Globalization' in W.F. Fisher and T. Ponniah edited '*the World Social Forum*', London, Zed; pp285-9

⁴⁰ According to the NIS (National Intelligence Service) in South Korea, Lee Sunsil ranked 17th in the North Korean communist party, the Labour Party before she was smuggled into South Korea in the early 1980s (The Report on the Lee Sunsil Espionage Scandal at www.nis.go.kr: accessed 5th March 2013)

⁴¹ Adam Przeworski, 1985, *Capitalism and Social Democracy*, New York: Cambridge University Press

⁴² Esping-Anderson points out that "for social democratic parties, parliament dictates its program, whereas the program dictates a radical socialist party's activity." (Esping-Anderson, 1985, *Politics Against Market*, Princeton, p8)

⁴³ It is known as the new engine for social democratic reform in the newly industrialized countries in Asia, particularly, Korea and Taiwan (Sandbrook et al., 2007, *Social Democracy in the Global Periphery*, Cambridge, Cambridge University Press)

⁴⁴ Literally "National Liberation", but this group is also known as radical nationalistic socialists who have a pro-North Korea tendency