Smart Governance' Enhances Social Cohesion in Korea

By Kim Suk-Joon
To mark the 56th anniversary of its founding on Aug. 15, The Korea Herald will publish a series of articles on the challenges Korea should overcome to build a more cohesive society - a society where political conflicts, economic disparities, and social polarization are minimized. The following is the eighth installment. - Ed.

Korea has caught the attention of the world for regarding improved energy efficiency as a pivotal part of its low-carbon green growth policy and building a smart grid pilot town in Gujwa-eup, Jeju.

A "smart grid" refers to a next generation electricity grid using advanced information technology, reducing electricity consumption by storing it when there is an excess in the grid and supplying it when there is a sudden loss of power.

Korea was able to plan for the smart grid pilot town thanks to its state-of-the-art IT. This case shows that Korea is a global leader in IT. However, its society is still suffering from anachronistic social conflicts.

Hence, now is time for Korea to engage in "smart governance" - making the most out of its state-of-the-art IT to improve social communication and trust to achieve social cohesion. Smart governance is a new style of "good governance" reinforced by IT. It allows the
government, companies and citizens to share information in real time so that they can effectively resolve potential social conflicts and build trust.

This new style of democratic governance helps strengthen social integration and avoid costs related to social conflict. Since it's reinforced by IT, the government can manage data on governance-related indicators more effectively. In doing so, the government will be able to encourage citizen participation, ensure accountability, maintain political stability, improve the effectiveness and efficiency of government operations, enhance regulatory quality, achieve social equality, maintain the rule of law and control corruption.

In Korea, the issue of social cohesion has always been regarded as an important challenge, albeit in different ways and proportions at different times. Korea has undergone dramatic changes in the last six decades: national foundation, rapid industrialization, democratization and "informatization."

The degree and nature of social conflict has changed over time. Immediately after the nation's founding, division and the Korean War caused ideological conflicts. The rapid and condensed growth of the Korean economy inevitably triggered the issue of equitable distribution. The rise and fall of authoritarian governments raised the issue of democracy. The rapid informatization and a lack of an information sharing culture resulted in the digital divide.

In particular, social conflicts have been aggravated in the aftermath of the 1997 financial crisis, which destroyed the middle class and deepened social disparities. Various problems have since arisen: Rising private educational costs, labor conflicts, conflicts between the Seoul metropolitan area and the rest of the nation, falling fertility rates and the aging population, multicultural issues, hardships for small and medium-sized enterprises, agricultural and fisheries households, plus rising unemployment.

All of those social problems have hampered social integration. On top of that, internet populism, an apparent side effect of the internet, led many people to take sides, to become polarized and to join candlelight protests.

In comparative statistical data released by the World Bank, it is apparent that Korea's social conflicts have been serious and the response capability of the public sector has not grown sufficiently. The World Bank's official report, "Governance Matters VIII: Governance Indicators for 1996-2008" (June 2009), categorizes six governance dimensions into i) Voice & Accountability, ii) Political Stability and Lack of Violence/Terrorism, iii) Government Effectiveness, iv) Regulatory Quality, v) Rule of Law, and vi) Control of Corruption. The report releases its indicator figures as well as rankings of nations.

As shown in Figure 1, Korea's Political Stability and Absence of Violence (PV: 52-64) indicators are at the lowest level and its Voice & Accountability (VA: 62-71) and Control of Corruption (CC: 63-70) indicators are relatively low. On the other hand, Korea's Government Effectiveness (GE: 80-89) has been improving steadily until 2008 and, since then, it has been
stagnant. Regulatory Quality (RQ: 63-79) and Rule of Law (RL: 70-81) indicators have been fluctuating between 70 and 80.

Since the recent global financial crisis and, since the current government taking office, an increasing number of people started to join candlelight vigils protesting against the imports of U.S. beef and the Korea-U.S. Free Trade Agreement. Those social phenomena badly affected Korea's 2008 figures in the World Bank report, which is underperforming in all six governance indicators. Such changes are also apparent in rankings of nations.

Table 1 shows Korea's annual rankings on governance indicators among 212 nations. Given that Korea is the world's 13th-largest economy, its rankings in governance indicators are too low. The World Bank's Governance Indicators report clearly indicates which directions Korea should take to strengthen its social integration.

The government should implement "smart governance" in order to address social conflicts in a more effective way and to achieve social cohesion. Smart governance refers to an IT-based governance system that helps build a whole new relationship between the state (government), market (companies) and civil society (civic groups), reconciling conflicting principles and values like bureaucracy, democracy and capitalism.

If you look back upon the history of the world, you will see that, in continental countries like Germany and France, the strong government controlled the weak market and civil society, while in Anglo-American countries like the United Kingdom and the United States, the weak government was led by the strong market and civil society.

Korea is transforming from a continental model to an Anglo-American model as it has undergone the industrialization and democratization processes. Such industrialization process turned many Korean companies into global players and democratized its civil society. In addition, globalization and informatization have significantly transformed Korea.

If you look back on Korea's modern history, you can see that from 1961 to 1992, military generals (Park Chung-hee, Chun Doo-hwan and Roh Tae-woo) had turned into presidents and put emphasis on economic growth. From 1993 to 2007, democratic leaders representing Korea's civil society (Kim Young-sam, Kim Dae-jung and Roh Moo-hyun) were elected president and focused on strengthening democracy.

Those military generals-turned-presidents helped Korea achieve industrialization while democratic leaders-turned-presidents helped it achieve democratization. The incumbent President Lee Myung-bak, dubbed the "CEO president," is leading efforts for advancement of the nation now that it has achieved both industrialization and democratization.

Such changes of government and a consequent change of relationship between the government, market and civil society seem to have contributed to the current explosion of social conflict.
Furthermore, the current neo-liberal, market-oriented reforms of the public sector seem much more severe than the usual change of power from one party to another. The current government has a tendency to fill high-level positions at government agencies and corporations with CEOs and other elite figures from private companies. Therefore, the public sector is becoming increasingly weak and can remain stable only with strong support from the market.

However, the global financial crisis has weakened the business activities of domestic companies and badly affected the global standing of the domestic market. On top of that, the decline of neo-liberalism in the United States is certainly not good news for Korea.

Under such circumstances, Korea should no longer focus on following the Anglo-American model and should rather be trying to stay somewhere in the middle of the two models to stabilize the government, market and civil society. To do so, the Korean government should adopt smart governance.

From this perspective, the Lee government's recent change of policy directions to take citizen-friendly policies and "middle way" approaches in 2009 was indeed a step in the right direction.

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With smart governance, the government will be able to make the most of its advanced IT to uphold important values such as citizen participation, consensus building, accountability, effectiveness of government operations, rule of law, transparency, equity, responsiveness, empowerment and partnership in a wider sense.

Smart governance is first and foremost aimed at "smart democratic governance." Korea has achieved democratic institutionalization to some degree, so that it has a high enough democratic capacity to deal with the explosion of social conflicts. However, democracy has yet to take firm root in the daily life of citizens. That is because Koreans have poor law-abiding spirits and have aggressive and combatant patterns of behavior.

Political parties and the National Assembly are supposed to play the role of balancing people's interests and resolving social conflicts. However, citizens have little trust in their own representative democracy system including its older established politicians, political parties and the National Assembly. Also, the cyber violence rampant on the internet also hinders democracy from taking root in society.

In particular, scuffles in the National Assembly reminiscent of a scene in a western cowboy film and violent politicians brandishing hammers and power saws in the Assembly have made democracy in Korea go backwards by undermining democratic values like dialogue and compromise.

Such situations have been the main reason for bringing down Korea's governance indicator figures for Voice Accountability, Political Stability, and Regulatory Quality. Moreover, the government bureaucratic system itself has been weakened, taking down Korea's figures for Control of Corruption and Regulatory Quality. That's why the government must be involved in smart democratic governance.

Korea should take a lesson from its past experience, when a strict election law and political fund law eradicated money politics. It should strengthen its criminal law and political ethics law to eliminate violence in the National Assembly. Activities of representatives in the National Assembly should be made public and transparent so that civil groups and the press can thoroughly monitor them.

The operations of government agencies, private companies, labor unions, and civic groups should also be made public and transparent to combat corruption and maintain rule of law.

There are many severe social conflicts, reminiscent of civil war or urban guerilla warfare in this Age of Association Revolution. Thus, the government should take a two-pronged approach: It should crack down severely on protests in the streets while providing channels for communication and compromise.

Protesters should no longer be above the law and unreasonable sentiments of citizens should no longer be above the Constitution. For this, the government must build a strong capacity and long-term commitment to law enforcement.
The key to smart democratic governance is using the IT-based democratic procedures to resolve social conflicts, to build social integration, and to make all the citizens law-abiding.

Second, the government must build "smart leadership." Leadership in the public sector is different from that of CEOs in the private sector. It requires ideological sympathy, a strong political base and an ability to unite people.

Leaders in the public sector should be able to build a ruling coalition with government bureaucrats, political parties, private companies and opinion leaders in civil society. In addition, they should earn high approval ratings by reducing the negative effects of an anti-ruling coalition.

In this era of globalization, it is true that building strong diplomatic ties with other nations and foreign companies is important. It is also true that the government must build a global network of leadership to be effective.

To earn strong support from its citizens, the government should also widen its pool of human resources for leadership positions, build a strong sense of noblesse oblige and ethics, and should always lead by example.

Another key to smart leadership is encouraging leaders from many different civic groups to join the leadership circle in the public sector and allowing them to have more frequent communication online and offline. What a leader really needs is not a "bulldozer" but a "com-dozer" (a bulldozer with a high-tech computer system). It is true that human resources are a country's most important asset. However, it should be remembered that, when poorly placed and developed, human resources can ruin everything. Thus, the Korean government should reexamine the quality of its human resources appointment procedures.

The wrong appointment, made early in the presidential term, often eroded the leadership of the president. Fortunately, Lee still maintains strong leadership because he has kept his campaign promise to donate his assets to society, showing a great sense of noblesse oblige. Lee can take this opportunity to restore the confidence of citizens and better communicate with them. That would be one of the best ways of implementing smart governance.

Furthermore, Lee should appoint geographically neutral and morally reliable representatives from different sectors as the prime minister, ministers and other high-level officials. They can share the president's leadership responsibilities in communicating with citizens and the business community. That's how smart governance works.

Third, there should be a properly working "smart governance organization." When Lee launches the planned Presidential Commission on Social Cohesion, he should give it adequate authority so that it can fulfill its mission of addressing social conflicts. The government should no longer rely on its old tripartite system of labor, management and government based on social corporatism and consociational democracy.
Under the tripartite system, labor and government pressured companies in the name of democracy to change the free market competition mechanism. This system has not advanced the relationship between labor and management.

Also, labor conflict is just one of many kinds of conflict. Social conflict is much more complicated and intricate. The commission on social cohesion could not be successful if it only focused on offline efforts like other presidential committees.

Fourth, the government should establish and utilize "smart internet governance." The incumbent government is not adequately capitalizing on its IT strengths. It removed the Ministry of Information and Communication and the Ministry of Science and Technology while pursuing a "civil engineering project" entitled the "grand canal project" as its top priority. Therefore, the current government is being harshly criticized on the internet as anachronistic.

Although the grand canal project was part of the current government's green growth project utilizing Korea's state-of-the-art IT, the government failed to let citizens know about such aspects. That is why the project was scaled down to the four river restoration project. Under such circumstances, the government must pay special attention to internet governance, which can satisfy citizens' desire to participate in policymaking.

The current government failed, not only fully to communicate with citizens, but also to prepare itself for chaotic cyber terrorism by cracking down on those who spread rumors about mad cow disease and those who instigated candlelight protests against U.S. beef imports on the internet.

Fifth, the government should promote "smart policy." The latest policy changes to restore the middle class and to focus on the interests of ordinary people will help achieve social cohesion. But the government should do more to build a cohesive society. The to-do list includes: a middle-way approach to ideological and social conflicts, a Korean-style welfare policy to secure the social safety net, a new policy on unemployment and non-regular workers, and development of citizen-friendly policy measures.

Furthermore, the government may well develop a new approach to balanced growth of provinces, establish the Green Regional Innovation System, undertake tax reforms such as introducing a local consumption tax and income tax and restructure the local administrative system.

Its challenges also include preparing for the aging society, resolving conflicts between generations, promoting multiculturalism, supporting SMEs and agricultural-fisheries households, reducing private education costs and strengthening public education, minimizing the negative effects of informatization and developing a healthy internet community.

Actually, such policies have already been promised by Lee in his campaign pledges. What the incumbent government must do now is put its campaign pledges into practice to turn Korea
into a warm and healthy society and push ahead with its leading national policy for social cohesion.

Korea can become a truly advanced nation when its government takes advantage of its strong position in the IT industry and implements smart governance to address its chronic social conflicts.

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