

Recent Administrative Reform in Korea: A Preliminary Assessment

CHOI, BYUNG SUN

Associate Professor, Graduate School of Public Administration, Seoul National University

Abstract

It is surely too early to assess the progress of the ongoing administrative reform by the current Kim Young Sam government. This paper, however, attempts to characterize it, if preliminarily. The current administrative reform takes the form of an unprecedentedly strong, swift, and wide-ranged reform from above. Its purpose is clearly set out for de-authoritarianism. But this kind of reform may not be undertaken without cost. It seems that it causes economic recovery to suffer, if short-run. Later this paper turns to the administrative reform mechanism, the Presidential Commission on Administrative Innovation(PCAI), which can be distinguished from its predecessor in several respects, and evaluate its unique strength and weakness. Finally, it draws some preliminary conclusions and provides some prospects for the Korean government's administrative reform which seems to set no time limit.

I. Reform from Above

Administrative reform in the current government can be characterized as the 'reform from above.' President Kim Young Sam is personally in charge. Unlike previous reform attempts, the public in general seems to give him full support. His style is invariably to strike head on whatever is deemed to be reformed: authoritarian legacies, 'militaristic' culture, bureaucraticism, sectionalism, corruption, and anything to be discredited in the process of democratization.

During the presidential election campaign, Kim Young Sam pledged that he would build a "small but clean and strong government." His 'strong' government was meant to contrast his strong leadership with his predecessor, Rho Tae Woo's. As a matter of fact, the government under Rho's rule had frequently been ridiculed as "water" government, characterizing the indecisiveness and inaction of the President. His 'clean'

government was to indicate his intention to lead a massive anti-corruption drive in view of many political corruption scandals which were on the rise toward the end of Rho's rule. His 'small' government was nothing new, however, for it had been constituting a major administrative reform program of the Rho government.

President Kim's pledge above was not much heeded at the time, for he had been known as being conservative. He turned out to be a really strong leader, however. Now Korean people recognize aghastly that he weighed his words really. The *Economist* is right when it says that "[South] Korea has not got the president it expected." Time and again, Korean people has continued to get stunned whenever he opened his stern lips.

Even before he was sworn in, the press was quick to dub his government as the first civilian government since 1961. It appears that the President, in fact, gives much weight to the word, 'civilian.' For the past 9 months, he has spent much of his time and energy in differentiating himself from his authoritarian predecessors with military background.

For example, right after his inauguration, he decided to turn several presidential secret meeting places called "anga," located around the Blue House, into public parks, and to open streets in front of the House and 'Inwang' mountain behind the House for public use. He also directed to close most of the presidential resting places, located in provincial governors' residences. His such initiatives were relayed to making ministerial offices smaller. All these efforts were meant to impress on the public's mind the image of the civilian government which would stand with the people as close and friendly as possible. And, in all such efforts, he himself took the lead and let his subordinates to follow.

To demonstrate the political legitimacy of the new civilian government, the President himself visited the April Student Revolution Memorial Cemetery for the first time as President, while renouncing his predecessors' illegitimate assumption of power. In the same context, he brought to home the late national figures who had established the Temporary Government in China and led the independence movement. His strong desire to make his government distinct from the preceding ones was well manifested in that he chose no military-career person in his first cabinet but for defense minister. In addition, he put pressure on ex-military diplomats and ex-military chairman of boards of public enterprises to leave their offices 'voluntarily.'

He ousted almost all political-minded generals, dissolved 'inner circles' in the military on the conviction that they had politicized it and weakened discipline. Moreover, he ordered the Inspection Office to undertake investigations into the military equipment procurement process called 'Yulgok project,' and the Defense Ministry to probe into bribery scandals in connection with personnel decisions and the unjustifiable activities by the military intelligence units.

The President's posture toward the National Security Planning Agency (formerly

Central Intelligence Agency) was even more astonishing. Parting briskly with the precedents set by his predecessors to name military man or prosecutor as head of the Agency, President Kim appointed a scholar to this job, and gave him instructions to confine the agency's activities strictly within the boundary set by the law. The agency is now thus prohibited from intruding the private people's life, or conducting any kind of domestic political maneuvering.

Probably the most representative of the reform from above would be President Kim's anti-corruption drive. The first thing he did as president was the disclosure of his wealth. During the presidential election campaign, he pledged that he would put into practice the Korean adage, "Upstream Clean First." The President's solely voluntary action was immediately followed first by the members of the National Assembly, and then the cabinet and sub-cabinet level civil servants both in the central and local governments, local legislatures, and finally by the high-level prosecutors and judges. As expected, the public's repugnance was great. Under these circumstances, several MP's including the president of the National Assembly, high-level officials, prosecutors and judges whose source of were suspicious or whose methods of amassing and managing wealth were considered to be immoral or unethical were forced to leave their offices.

Of course, there was some criticism that the absolute amount of worth could not be the just measure of morality and that the disclosure process should be based on some legalized rules. So the government hurriedly amended the 'Ethics in Government Law,' and the National Assembly passed it without much fuss. According to the new Law, tens of thousand public officials are obligated to register their wealth and thousands to disclose their worth through the public register. Investigations by the Ethics Committees established respectively at different institutions are still under way. And another round of purge or 'voluntary' leave under pressure is expected.

One side product of anti-corruption drive has been the strengthening of the Office of Inspection and the National Tax Administration. In anticipation of anti-corruption drive, it was a matter of great concern as to who would head those agencies. The President chose a Supreme Court Judge, renowned as a principled man in his circle, as director of the Board of Inspection, while keeping the acting administrator, purely career official, as the Administrator of Tax Office, departing from the previous practices of political appointment.

Inspection Board's new director proved really obstinate on his principles. He even dared to probe into the validity of former two Presidents' decisions on the selection of fighter planes(F-16 in preference to F-18) and on the construction of the 'Peace Dam' to counter the alleged threat from the North, respectively. His active and unflinching direction of investigations virtually removed 'sacred cows.' Symbolically, he directed accounting inspections of the Blue House for the first time in the Board's history. Whether it be the former presidents, prosecutors, or judges, he

seems to know no one to dread of. As a result, the Board of Inspection under his direction has restored legitimacy and the public's confidence. This may be the most successful case vindicating the President's assertion that "the Presidential personnel management is everything."

The anti-corruption drive has produced a ironic twist with immense political implications, however. It put the National Assembly wholly on the defensive. Even the opposition Democratic Party has presented no real or effective opposition to President Kim. The situation is also true for the Courts. With all the allegations that these consequences were intentional and politically motivated, it would be fair to say that the situation was simply unfolded in that way. The only political entity which could avoid the anti-corruption storm and has emerged with even greater influence is the press. In these circumstances, the government has inevitably met with unexpected cynicism criticizing the government as 'populist dictatorship' or 'the government under personal rule.'

II. Economic Naivete? or Revolt?

To the criticism levelled against the President's anti-corruption drive for its negative impact on the economy, President Kim used to retort by saying that "economic revitalization and reform(anti-corruption drive) are two sides of the same coin." But the economy has tended to defy his hopeful belief.

The government has inherited economic recession which had started in 1990. So revitalization of the economy has been one of the prime and most immediate concern of the government. But the President has tended toward structural reform, although he initiated the '100-days Economic Recovery Plan,' which was designed, if vague, to reinvigorate the slackening economy.

But the causes of economic recession were again found deep-rooted, and the economy failed to show any sign of improving. In these circumstances, the cabinet was ordered to prepare the "New Economy Five-Year Plan" which would set the timetable of and give coherence to economic reform measures. Its major goal is to turn the nation's economic gear from government initiatives to private sector's vigor, autonomy, and creativeness. To meet this challenge, the government counts greatly on the wide-ranging deregulation. In fact, the President has stressed time and again that deregulation would be the main key for the economy to regain strength and get out of recession.

In the meantime, the economy recorded 3.8% growth rate in the first half of this year, while inflationary pressure is bubbling up. It is not certain what the major factors blocking the quick economic are. But one thing seems to be clear: uncertainties surrounding the government-business relations. As the anti-corruption mood began to sweep the whole nation, the politics-industry nexus emerged as a natural target.

In fact, in his inaugural address, the President announced his firm resolve not to accept any "political fund," and thereby sever the chains of Korean style 'iron triangle' once and for all. This certainly sent a signal to big business conglomerates (*chaebol*) that the new government would refrain from '*chaebol*' favoritism. This further froze their already dampened investment mood. Furthermore, it was suspected that the government might seek a forced break-up of '*chaebol*.' In these circumstances, the relationship between government and business has been going increasingly sour.

Moreover, as if wholly disregarding the economic conditions, the President decided to implement abruptly the 'real name system' in all financial transactions. Certainly, it has been a decade-long issue with political implications, as the public have regarded it as the single most important criterion to judge the morality and the determination of the government to bring forth economic justice. In fact, for these reasons, every presidential candidate pledged to adopt the system in one way or another. President Kim also promised to do so in early years of his tenure. To take him at his word, the adoption of the real name system was a sure thing. But given the continued economic downturn, a dark shadow has been cast over the real possibility whether the new government would dare to implement the system, to the detriment of the economic recovery.

Nevertheless, on August 12 the President took the nation by surprise that he decided to take the risk for the benefit of building a just society. Turmoil has continued for 2-3 months, but not in a great proportion as expected. Incidentally, combined with the second round of asset disclosure, the sudden, if not wholly unexpected, implementation of the real name system placed many public office holders in predicament, because many of them were believed to possess large funds in false names. Any way, it would be now fair to say that the President's structural prescription for the ailing economy was not, at least, in the wrong.

Although many small and medium-sized firms and the self-employed have suffered from a sudden crash of curb loan markets, the economy has successfully absorbed the shock. Here the increase in the money supply in support of the sector and other timely adaptations of the measure to the problems identified have proved successful. Even, there are many signs that the flow of money has become more efficient, and the business transactions more transparent and easy to track. Recent stock market boom may owe its strength to the successful implementation of the real name system.

III. Governmental Reorganization

From earlier on, anticipating the inauguration of the new government, many scholars and the government-sponsored research institutes submitted governmental reor-

gанизation proposals(Kang and Kim, 1993; PCAI, 1993a). Their common theme was two-fold: One was that in view of the rapidly democratizing policy environment and the enormous governmental tasks such as the strengthening of international competitiveness of industries while preventing trade conflicts, the economic restructuring, and the expansion of infrastructure, a new strong planning agency which can set national priorities and give a coherence to national policies is to be established preferably directly under the President. The other was the elimination of the duplication and overlapping of ministerial functions which tend to produce conflict and hinder policy coordination. In this respect, they recommended that the ministries with similar functions(eg. the Ministry of Science and Technology and the Ministry of Trade and Industry) be merged or consolidated.

But the President responded to this issue by simply not naming two officers in his first cabinet: Minister of Energy and Resources and of Athletics. The two ministries were merged into the Ministry of Trade and Industry and the Ministry of Culture, respectively. This reorganization plan was unusually prepared by the Democratic Liberal Party(DLP). The reason for the President to take this course was that once ministers are appointed, it would be difficult either to depose them or to terminate their ministries.

Except this reorganization effort, there are no such proposals on the horizon yet. But the local governments such as Seoul city government initiated reorganization. And the Ministry of Internal Affairs directed streamlining of organizations at the provincial government level. It may be understood as an inevitable response, on one hand, to the President's decision to set a moratorium on governmental organizations, and on the other, to meet rapidly changing responsibilities of local governments.

More recently, however, the government has resumed the privatization move of public enterprises and their offsprings, which had long been in the moribund, mainly because the stock market had been suffering from excess supply of stocks. It can be understood as a partial response to the public in general and the press in particular that have called strongly for the retrenchment of the government itself. In addition, as it gradually turned out that the quasi-public organizations are the main hindrance to the deregulation efforts, the government appears sniping at them.

IV. The Establishment and the Activities of the Presidential Commission on Administrative Innovation(PCAI)

The PCAI was established on April 20, within a month after the current government was sworn in. Its organizational nature is peculiar and its way of handling reform measures is clearly distinguishable from its predecessors.

First of all, it is an ad-hoc, advisory organization. Unlike its predecessors, however,

it is not supposed to prepare a report in which the direction of administrative reform is set and major reform areas and issues are identified and prioritized. It is supposed to deliberate and make immediate decisions on all sorts of reform proposals initiated by the ministries, local governments, and the general public. The PCAI's final decisions are reported to the President periodically, and goes into effect unless the President disagrees with them or the National Assembly would act otherwise. So far, however, there has not been a single case that the President or the National Assembly acted differently, meaning that the PCAI's decision is authoritative and, in effect, final.

In addition, unless the reform proposals are of the kind that were initiated by the PCAI, each ministry can freely release to the press that it has sought the reform and the PCAI has agreed upon them. This freedom has been allowed to let each government agency keep its autonomy and initiative. This has contributed to their active participation in the PCAI deliberation procedure.

The PCAI consists of 15 members, all of which are from the private sector. Its Chairman is a distinguished scholar Park Dong-Suh, professor at the GSPA, Seoul National University. There are three other scholars including the GSPA Dean Kim Kwang Woong. Other participants are three presidents of government-sponsored research institutes(all of them are also scholars), and representatives from business (3), labor(1), press(1), and private organizations(3).

To support the PCAI, an adjunct Working Committee is established under the Prime Minister. It consists of 20 members. Its Chairman is the Head of the Office of Administration and Coordination in the Prime Minister's Office. He regularly participates in the PCAI meeting. Eight other Working Committee members are assistant-minister level officials from the Prime Minister's Office and the Ministries of Government Affairs, Internal Affairs, Legislation, Economic Planning Board, and Political Affairs. There are 7 scholars with various fields of expertise(the writer being one of them), one businessman, one certified public accountant(CPA), one tax expert, and one representative from a public interest organization called the Citizen's Meeting for Economic Justice and Action.

The staff work is supported by three Task Groups, temporarily organized in the Prime Minister's Office, and manned by bureaucrats dispatched from several ministries. Its total size is around 30. They review and analyze reform proposals, elicit opinions on the proposals of the relevant ministries, commission expert analysis if necessary, and prepare memorandum for each proposal for the PCAI's and Working Committee's weekly meetings.

The PCAI and the Working Committee deliberate reform proposals submitted by relevant ministries, local governments, and the general public. As of the end of August, 6,817 proposals have been received. But only 1,459 proposals have been handled(PCAI, 1993b). Because the proposals are mostly highly complex and contro-

versial, and much time is consumed to coordinate differing views held by relevant ministries and interest groups. Because the reform proposals continue to grow, the backlog continues to grow. Usually only 20 to 30 proposals are dealt with by the Working Committee and the PCAI each week.

Out of 6,817 reform proposals, 2,320 were submitted by various ministries and local governments, 4,211 were presented by the general public, and the rest consisted of the PCAI members' special, 'package' proposals(PCAI, 1993b). As the government and the PCAI have encouraged each ministry and local government (each has established a task force) to take issue with other ministries, and as they have come to recognize that the PCAI's decision is binding, they seem to have become increasingly active in raising reform issues. In particular, local governments tend to take advantage of this channel, because the PCAI and the Working Committee have proved highly sympathetic to their plea for local autonomy.

More than half of the reform proposals are related to deregulation and decentralization which would facilitate the establishment of new firms and factories, make market more competitive, and reduce bureaucratic burden in terms of paperwork and time. The next important group of reform proposals are related to getting rid of any kind of authoritarian and bureaucratic practices impinging directly or indirectly on the rights of the people. The remainder are related to allocational issues concerning budget and financial resources. In rare cases, there are some 'reform' proposals whose major intent consist, in reality, in bucking responsibility to the PCAI or other ministries concerned.

As mentioned above, the PCAI and the Working Committee have not started their work without pre-established guidelines or principles. As a result, there are some confusion from what perspective they approach to reform proposals or on which standard each member bases their judgements. But the fairly common decision criteria seems to have emerged. The criteria most frequently adopted by the PCAI and the Working Committee members seem to be 1) "putting citizen's convenience, rather than bureaucrat's, first," 2) abolishing any authoritarian legacies deeply embedded in many institutions, policies, and practices, 3) opening wide, new opportunities for development for everyone, 4) eliminating any kind of discrimination and privileges for whatever reason it was originally instituted.

The following examples would give some feel about what the PCAI has accomplished thus far(PCAI, 1993c). It restricted the usage of VIP facilities at airports and railway stations from 545 to 34 people, and opened remaining spaces for public use. It prohibited foreign service officials from providing personal care to domestic high-ranking officials and MP's who visit foreign countries. It adopted a 'one-stop service system' which would force local government offices to complete their clerical works real time so that a citizen who visits the office can go back home without the need to return again and again. It reduced the burden that each people should bear to com-

plete resident registration whenever he moves. It streamlined the construction surveillance procedure to prevent unsafe construction. It made the driver's licensing procedure simpler for handicapped people.

But more prominent reform works done by the PCAI are the completion of deliberation of some 'package' reform proposals such as the institution of 'regulatory impact analysis' procedure with respect to new government regulations, the introduction of the ombudsman system to relieve citizen's grievances about the cumbersome bureaucratic procedures and practices, the introduction of the Administrative Procedure Act, and the Freedom of Public Information Act to ensure the right of people to the government information. All these reform packages will be enacted into laws in the coming years. And such 'package' reform proposals would continue to be put on the PCAI's table.

V. Concluding Remarks

It is too early to assess the Korean government's ongoing administrative reform efforts. But it is possible, I think, to draw some preliminary conclusions. First, in the current government, administrative reform goes hand in hand with the anti-corruption drive. And the public's demand for administrative democracy is irresistible. As a result, the bureaucracy's resistance to administrative reform tends to be effectively muted. In this respect, Korea has met with a unique, favorable opportunity for reform.

Currently, the singlemost important concern about the reform is its impact on the economy. Theoretically it is supposed to present the economy with favorable conditions. But in reality, it does not seem to be so, at least in the short-run. Two different diagnoses are possible. One is that the reform has not yet gone far enough. The other is that the reform has overkilled. Nobody can be sure which is right. But it seems clear that the answer is closely related to how long the anti-corruption drive will last.

Second, it is nonetheless the problem that reform is undertaken without much political discussions among a wide array of participants with legitimate interests and concern. For example, the National Assembly should deliberate over 250 laws and amendments in the fall-winter regular session. But given the short duration of the National Assembly session, it is doubtful whether sufficient review can be undertaken to each legislation. It is certainly ironic. For the reform to be 'successful,' there is some need to skip cumbersome and time-consuming democratic procedure. But reform may be caught in another kind of 'authoritarian trap,' if it ignores such process. Which course will be better is hard to determine. It also partly depends on feelings and emotions of the people. Thus far Korean people have tended toward the former view. But the tide is changing. It indicates that the problem of effectiveness

will soon follow as the locus of reform changes.

Third, so far the activities of the PCAI have been largely overshadowed by the dramatic reform movements directed by the President. Even it is unclear whether it will be allowed to deliberate on the possibility of massive governmental reorganization. As yet, its prospects look gloomy. But smaller, incremental reorganization seems inevitable, as the roles and functions of government agencies are continuously brought under scrutiny from various perspectives and, in many cases, some defects have been recognized (Kim and Choi, 1993). For example, as afore-mentioned many quasi-public organizations are generally considered to be the prime target to be streamlined.

Fourth, a recent survey conducted by the Economic Planning Board showed that the reform measures have failed to be implemented faithfully by the local government officials. They simply do not understand the details of reform measures, or when the new measure will start to take effect. On the other side, general public tend to believe that everything once put on newspaper has already put into effect, without giving much attention to the details. As a result, conflicts are reported to arise quite frequently (Kim and Hong, 1993). Such information barrier is another area worthy of a closer look.

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