

## **Business Community's Campaign Strategy in the 16th General Election**

*Chung Hee Lee\**

### **I. Introduction**

**A**s Korean society went through industrialization since 1960s, interest collisions doubled with the division of social and economic functions have emerged and found diverse ways to be released. Korean interest groups that underwent democratization process since the mid 1980s have developed both in quality and quantity, which enabled them to demand in the political decision making process their various interests oppressed under the authoritarian regime.

Korean interest groups in the process of diversification, decentralization and revitalization have constant influences on the political process for the formation of group interests. Aggressive participation in electoral process is a crucial way of such efforts. In general, interest groups select candidates who are considered to represent their interests and support candidates or a particular political party who advocates their interests. Especially, interest groups in the rapid growth coincident with the development of civil society, in order to materialize and

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\* Professor of Political Science, Hankuk University of Foreign Studies, Seoul, Korea.

maximize mass interests, activate their vigorous actions in the general election process where they can exercise influence.<sup>1</sup>

In the April general election, civic groups invigorated political reform campaign more than ever. The Citizens' Alliance for the 2000 General Election (CAGE) made up of 500 civic groups and citizens made an ongoing effort to whip the political system by nullifying the nomination of unfit candidates and carrying out rejection campaign revealing the personal records of corrupted and incompetent candidates. The CAGE, with its launch, gave pressure on lopsided political behaviors by releasing the blacklist of disqualified nominees of each party and helped voters acquire transparent judgements by watching the agitation of regional enmity and corruption during the entire campaign period.

Business community also took off its former passive attitude and established effective campaign strategies while appreciating legislators' activities and achievements and sharing each party's economic policy appraisals. The rapid industrialization led by government brought about subordination of employer groups to nation, which eventually linked to block the natural flow of employers' interests and made the employers' group prop one pillar of state-corporatism, playing a role of political fund resource. Under this situation, it is true that the operation of interest pursuit were done in a passive, shady, and illegal way rather frequently than in a positive and legal way.<sup>2</sup>

This paper intends to examine what strategies the business community established for the 16th general election and how such strategies were implemented. This paper will also illuminate the features revealed in its campaign goal and the actions that it took. Further, this paper analyzes the feasibility of the business community's campaign

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1. See Chung Hee Lee, "Campaign Strategy of Interest Groups in Korea: The Case of the 14th Presidential Election," in *Democracy in Korea* (The Korean Political Science Association, 1997), pp. 329-350. "Citizen Groups in the Korean Electoral Process," *Korea Observer*, Vol. XXVIII, No.2, Summer 1997.

2. Byung-Hee Soh, "Chaebol and Politics: Past Ills and Future Tasks," *Korea Focus*, Vol. 5, No. 3, May-June 1997, pp. 56-60.

strategies and explores the role and meaning of the business community with regard to the interest group politics.

For these, this paper explores the operations conducted by five major business organizations: the Federation of Korea Industries, the Korea Federation of Small Business, the Korea Employers Federation, the Korea International Trade Association, the Korea Chamber of Commerce and Industry, and the Korea Business Association Council, an agent body of the former five organizations. For this study, pamphlets, questionnaire letters, memorials, manifestoes, policy evaluations, other publications, and interviews with those engaged in general election campaign were examined. For the analysis of the pursuit of the business community in the general election and of the feasibility of each individual organization's operations, this paper also includes person-to-person interviews and telephone interviews with each party and candidates.

## **II. Changes in Political Environment**

The April General Election led the aggressive participation of the Citizens' Alliance for the 2000 General Election (CAGE) and revealed ardent aspiration more than ever for the new and clean politics since people were disappointed with politicians and their distrust hit over the tolerable level. The CAGE, an alliance of 500 domestic civic groups, embarked on rejection campaign and nullification of nomination of disqualified candidates. The CAGE categorized the unfit candidates into three like those who engaged in corruption, constitution violators, and those who antagonized civil rights, and set off to organize a systematic campaign, which received earnest applause from people in nation. These dynamic reactions to the general election stimulated the business community and turned out to be a chance.<sup>3</sup>

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3. Public opinion polls since the announcement of business community's involvement in electoral process showed negative reaction from the public. *Segye Ilbo*

The business community, since the late 1999, proclaimed its political participation to cope with the labor union's political action, but it could not take a firm and substantial action; since, its political participation might bring about criticism for the cozy relations between politics and business and it was under political pressure to abstain from its political participation.

On February 8, 2000, however, as the Act of Election was revised, which allowed election campaign of interest groups, the business community could gear its political actions. Moreover, since the National Assembly decided to postpone the Labor Act revision bill related to the wage payment to full-time union officials, hot issue between labor and management, until the end of the general election, the business community could launch its general election campaign with less burden.

The Tripartite Labor-Management-Government Commission (herein after the Tripartite Commission), newly established consensus body between labors and management since IMF bailout, helped the business community widen its radius of action in political participation.<sup>4</sup> The Tripartite Commission shows features of societal corporatism based on social consensus and civic forces' participation and became a passage that the business community could negotiate with government and labor union at the equal level within the Tripartite Commission.

In order to create sympathy that business community should embark on political actions commensurate to those of labor union since labor union's arbitrary actions and government's inappropriate responses could infringe the business community's interests, the business community held policy discussion meetings and public hearings with experts of every walks of life, figures concerned in each party,

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reported 73.2 percent of response was negative. *Yeonhap News* and *Hangyore Shinmun* reported that 76.3 percent and 78.6 percent of public were negative respectively.

4. The Tripartite Commission, *Data of Commission Activities* (in Korean) (Seoul, Korea: 1998), p. 45.

and governmental officials. The business community has held fast to its attitude to settle down every labor-management-related issue within the Tripartite Commission. Yet some lawmakers abolished no-work-no-pay principle without improvement of labor's working conditions and tried to pass the full-time union officials related bill that could paralyze the operation of the Tripartite Commission. The business community took a clear position against the bill and filed petitions to all interested persons in government and each party. Despite of ongoing efforts and petition, the full-time union officials related bill was in progress and the Tripartite Commission was on the verge of functional paralysis caused by labor union's boycott.

Thus, the business community, in order to achieve its goals in the labor-management or business-related policies and bills, made an effort to create a dynamic, so-called novel labor-management relation in political arena to cope with labor union's political activities.

Under the newly established political environment, the business community regarded the April General Election as a big chance. In order to adjust and form fair interests, it is required that various competition forces and interest groups should be endowed the opportunity to engage in the political decision making process freely and impartially. With regard to the influence on the political decision making process, the existence of severe disproportion among social forces, despite free competition, would make it impossible to adjust appropriate interests and instead, would bring about superiority of a particular interest or force and its dominance of the decision making process. Thus, the existence of plural civic groups and proportionate opportunities to participate in the political decision making process were considered as significant in the democratic decision making process.

On January 21, 2000, the business community contended that political activities commensurate to those of labor union should be allowed to employer groups. To achieve this goal, the Korea Employers Federation (KEF) filed a petition, "Business Community's Opinion to amend Article 87 of Election Act" to the National Assembly and to

three major political parties on January 21. In the petition, the business community made it clear that the law that allowed political activities of labor unions restricted the same political activities by employer groups violated the equal right that Constitution guaranteed, and thus the political activities commensurate to those of labor union should be allowed to the employer groups.<sup>5</sup>

The KEF pointed out problems caused by the law that allowed only labor union's political participation. First, the power imbalance between labor and management would be broken, which made it impossible to guarantee fair negotiation and peace. Second, the power imbalance would bring a distorted outcome only favorable to labor union in the political decision making process. Also, the KEF argued that employer groups made up for one of the various social forces that participated in every competition and political decision making process as well, and thus the political participation of employer groups should be permitted as much as labor unions.

The KEF articulated that it's unfair to categorize employer associations as one of interest groups and to restrict their election campaigns, and provided reasons why employer associations should be treated as an interest group. First, employer associations help maintain industrial peace by way of checking labor union. Second, employer associations help increase employment, improve the standard of laborer's living and consequently contribute to economic development.

Likewise, the business community illuminated its position on the provision 87 of Election Act amendment draft, clarifying that it was unfair treatment to restrict employer associations' election campaign while it allowed labor unions' election campaign.

Since the labor-management relation was used for political purposes and the labor unions initiated active political operations, the business community was concerned about its loss of initiative in the labor-management relation. This anxiety made the business community decide to embark on political campaigning for the general elec-

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5. See [www.kef.or.kr/topic\\_](http://www.kef.or.kr/topic_)

tion within the category of the law by way of evaluating lawmakers' activities and their achievements and intensifying promotion.

As a result, both ruling party and opposition parties agreed to permit interest groups' political campaigning, which legitimize the business community's participation in the April General Election. The business community set up the Lawmaker Activities' Evaluation Committee under the Korea Business Community Council, consultant body of the major five business organizations, and exercised direct and indirect power on each party to nominate business figures as candidates who could represent its interests. In addition, the business community conducted self-evaluation on each party's economic policies, which proved its aggressive political participation more than ever.

It is analyzed that the business sector had a strong confidence in the political activities. With regard to influences in the political arena, the business community was considered to have a comparative advantage. Above all, in the aspect of public opinion formation and its scale, it was estimated that the business community could make differences in the general election when it would unite 285 businesses that hired more than 10 employees including the employers who had less than 10 employees and who more than 10 employees. Moreover, the business community didn't care much about the demand to pay the wage of full-time union officials since it was an outcry of labor union executives not of general labor union members. Finally, the business community calculated that the full operation of business organizations and their publications would bring more effective political campaigning than the labor unions and its umbrella organizations could make.

Likewise, the business community's aggressive political participation could bloom in the new environment based on active participation of civic groups coincident with the development of civil society, changing social atmosphere, the opportune demand of the business sector's active role in politics, and achievement of equal status as a competitor in the relation with government.

### **III. Business Community and its Election Campaigning**

#### *A. Participation Process*

The business community set up the Lawmaker Activity Evaluation Committee under the Korea Business Association Council (KBAC), and was off to maintain its political activities commensurate to those of the labor unions within the category of the law. The KBAC made it a rule to restrict its political activities to labor-management relation and declared that its activity would cover the evaluation of lawmakers' activities related to labor-management issues and stabilize a system to promote its operation. The KBAC also contended that the business community's political activities would check the labor union's political action and protect innocent politicians from labor union's attacks, and consequently, its activity would help minimize the chaos caused by political attack of labor organizations.

On Feb. 14, 2000, the business community held a plenary meeting of the KBAC with the five major business organizations and launched the Lawmaker Activity Evaluation Committee (LAEC), the representative organization of the business sector's political operation. The LAEC made it a rule to restrict the committee seats for business figures in less than 10 while standing vice president and staff of the five major business organizations could make up of the seats.<sup>6</sup> The LAEC launched on Feb. 27 and activated its operation. The LAEC began to select various materials and information to examine and evaluate 60 lawmakers in the labor-related standing committee such as the National Assembly Environment and Labor Committee and the

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6. As a result, the LAEC consisted of 17 members from academia (Uh Yoon-bae and Kim Dae-mo), business (Shin Dae-pum, Park Chong-kyo, Lee Hyu-young, Choi Sung-pil, and Kim Kyong-oh), press and media (Pae Pyng-hyu, Pyon Do-yoen, and Park Chang-rae), and bar (Yang Sam-seung) including the standing vice president of the five major business organizations.



Health and Welfare Committee.

The major activities of the LAEC covered (1) encouragement of party or individual lawmaker supporting associations and deciding the size of aids (selecting a candidate of each party for intensive patronage), (2) analysis of individual lawmaker's disposition on labor-management issues and devising countermeasures (parliamentary activity appraisal conducted by other agencies), (3) utilization of the business organizations' periodicals (establishing National Assembly activity evaluation section in the periodicals, issuing investigation materials reorganizing the periodicals issuing reports, distributing periodicals and reports to the business association's umbrella organizations and members), (4) designing a device to control local constituencies using the business association's umbrella organizations, (5) designing a strategy to deal with public opinion and mass media, (6) publishing a journal, *Politics and Economics*.

The launch of the LAEC was a challenge that the business community would verbalize its resolution and outcry commensurate to those of labor organizations. The business community also clarified that its political participation was ignited to resist the anachronistic move to revise the labor law, such as full-time labor union officials wage, initiated by some labor-friendly lawmakers and labor organizations leaders. The business community declared that it would stay within legal limits and deal with any labor-management related issued. The focus of its activities was to evaluate politicians' activities with objective impartial standards and to urge politicians to support no-work-no-pay principle, the basic principle of market economy. The business community could protect industrial peace from any threat caused by political upheaval in a way of checking reckless political operation by labor organizations and opposition parties. Also, the business community selected trustworthy figures from outside of the business community as a preparatory measure to keep industrial peace and employ the evaluation results as a tool to inform its affiliated organizations and members.

The five major business organizations also reaffirmed that they would stress mainly the activity to evaluate lawmakers' performances regarding labor-management issues and penetrate the no-work-no-pay principle. The business community deliberated its strategy to keep watch on political activities doubled with ongoing evaluation efforts so that it could deter any anti-business political atmosphere taking advantage of popularism.

To make its strategy work, the LAEC set off to examine and evaluate candidates' dispositions and performances regarding the full-time labor union officials wage. The evaluation items were designed to check four crucial questions: (1) Does he or she have a market economy mind? (2) Has he or she ever participated in any law making process that violated a basic principle of labor-management relation (no-work-no-pay principle)? (3) Has he or she made remarks to support or represent labor sector's demand, (4) Is he or she inclined to go with popularism without rationality? The business community also declared that the range and intensity of its operations would be flexible to those of labor organizations. For instance, in the case that labor organizations would include qualified or innocent candidates in their rejection campaign list, the business community would issue a statement to counteract such move.

The LAEC expected that its evaluation results and other related information would have greater influence on its 2,850,000 members. The business community also anticipated that the lawmaker's performance evaluation results would bring substantial influence on politicians' fundraising.

#### *B. Operation of the Lawmaker Activity Evaluation Committee*

The Lawmaker Activity Evaluation Committee (LAEC) was organized to help foster fair decision making process for national economic development and free market economic order by carrying out full range of scrutiny, through objective standards, activities of both

individual lawmakers and parliamentary seat aspirants with regard to labor and management issues and informing evaluation results to business sector within legal limits. To realize its purpose, the LAEC selected 56 labor-issue-related figures out of the candidates running for the 16th National Assembly election. The LAEC overhauled 24 candidates at the first appraisal and reserved its evaluation of the rest because of the lack of information about the rest.

The LAEC narrowed down its evaluation targets to former or current lawmakers of the Environment and Labor Committee directly linked to labor-management-related legislation activities and candidates who were considered to do fierce performances or to be influential in labor related issues.<sup>7</sup>

The major appraisal items included lawmaker's disposition, attitude, political ability, and standpoint on labor-management relation. The first appraisal mainly dealt with the three hot contentions between labor and management such as "reduction of working hours, full-time labor union official wage, layoff," adding labor union officials' participation in personnel screening and political involvement in the dispute of working place into the appraisal items.

With regard to its appraisal methods, the committee evaluated former and incumbent lawmakers by examining the National Assembly stenographic records, press and media reports, and debates and in the case of the candidates who didn't leave any remarks in the stenographic records by analyzing questionnaire materials. The committee also investigated political neophytes by analyzing their careers and questionnaires. The appraisal targets who didn't fall into one of these criteria were excluded from the first appraisal. Under the basis of the appraisal outcomes, the LAEC evaluated 24 candidates and intended

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7. The appraisal list included 14 lawmakers of the 15th National Assembly and they were 5 lawmakers of the Grand National Party (GNP), 4 of the Millennium Democratic Party (MDP), 3 of the United Liberal Democrats (ULD), and 1 of the Democratic People's Party (DPP). This list also contained as significant labor-related figures, 19 lawmakers of the MDP, 8 of the GNP, 1 of the ULD, and 10 of the Democratic Labor Party (DLP), and 1 of the DPP.

to give substantial impact on candidate selection in the April 13th General Election by informing its evaluation results to its 60,000 affiliated members.

The LAEC classified candidates into the pro-labor, the neutral, the market-economy-oriented (or pro-business) according to their dispositions. The labor-friendly candidates were as follows:

The Grand National Party had four pro-labor candidates: Kwon Chol-hyon (he was supported by the Korea Labor Federation and his activities in the Environment and Labor Committee revealed his pro-labor disposition), Kim Moon-soo (he was a labor union chairman and also sponsored by the Federation of Korea Trade Union. He had activated labor-friendly parliamentary activities regarding labor-related bill to protect workers' interests), Won Hee-ryong (he is a lawyer with experiences working in the manual labor sites. He was a fervent supporter of the full-time labor union officials wage.), Oh Kyong-hoon (he was an ex-president of the Seoul National University Students' Association and his answers for the questionnaire proved his pro-labor inclination).

The Millennium Democratic Party also had four pro-labor candidates: Cho Sung-joon (he came from the Federation of Korea Trade Union and his activities in the Environment and Labor Committee represented labors.), Yim Chong-sok (he played a central role in the Korean students movement as the president of the National Council of Student Representatives and his answers for the questionnaire proved his labor-friendly propensity, advocating the full-time union labor official wage.), Cho Han-chun (he came from the Federation of Korea Trade Union, and his activities in the Environment and Labor Committee represented the view of the Federation of Korea Trade Union. He had a strong conviction on the individual labor union system, which, he contended, would resolve problems of the full-time union labor official wage, of medium and small size businesses and of dispatched workers and also help reduce the burden of employers.), Roh Moo-hyon (he was from Taejon district judge and worked for pro-

tecting the rights and interests of workers. With regard to labor-management issues, he supported the labor and regarded political involvement in the labor-management disputes as a way of adjusting conflicts).

Suh Hoon was the one pro-labor candidate from the Democratic People's Party. He also supported the full-time labor union official wage and legal working hour reduction and his activities in the Environment and Labor Committee also came closer to labor-friendly attitudes.

On the other hand, the business community classified two ULD candidates as pro-business figures: Lee Keung-kyu (as the former chairman of the Environment and Labor Committee, he adhered to neutral position and his answers of the questionnaire reflected his strong inclination towards market economy principles.) and Cha Soo-myong (he was the chairman of the ULD policy making committee. His answers of the questionnaire were based on market economy principles).

After the results of the lawmaker performance evaluation were publicized, it was analyzed that the appraisal results would have a possibility to help the labor-friendly candidates, betraying the original intention to block pro-labor candidates to enter the National Assembly.

That is, the appraisal report was designed to influence 60,000 business employer groups, but the results could also give an enormous impact on one million, at least, aggressive workers' votes. It seemed a possible scenario that the candidates named "labor-friendly" in the appraisal list could woo the labor votes by counterattacking the result itself. Since the pro-labor disposition itself in Korea could be symbolized as a fighter for democratization in the past, it would bring favorable election outcomes to those candidates classified as pro-labor.

Thus, business community modified its campaigning direction and put its focus on its post-election-preventive-measures, not on election campaigning itself, in order to check politicians and lawmakers'

arbitrary labor-friendly decision in the labor-management related policy making process. In this sense, the business community's appraisal result is considered to be more effective and valuable after the April 13th general election. That's why the appraisal thoroughly examined each candidate's political disposition and position in the crucial labor-management related legislation process relatively in details. The evaluation also came out of abstract items and intensively dealt with three hot controversial issues such as working time reduction, full-time labor union official wage, and layoff in order to appeal those who supported business community.

Business community pronounced that its evaluation works were mainly focused on assessing individual candidates since the majority of the National Assembly seats taken by pro-labor candidates would bring about the phenomena that labor-friendly policies would surpass all. Business community added that in the same vein, the primary purpose of its appraisal lay on providing information about individual candidates and thus helping entrepreneurs select a right candidate with sound judgment.

On the one hand, labor sector including the Federation of Korea Trade Union (FKTU) declared against the business community's evaluation works. Labor organizations harshly criticize the appraisal conducted by business community was more like pleasing its own taste without reasonable standards by stigmatizing those who had worked for improving backward labor condition as radical pro-labor, while classifying those who bellowed out against labor condition improvement as neutral.

Of course, labor organizations agreed that the current election law that prohibited business sector's political participation was unconstitutional since the freedom of political activity and the freedom of expression, basic equal rights, should be applied to all. However, from the perspective of labor sector, the problems of Korean politics did not lie on the deficiency of business sector's political participation but on its ebullient influence. It argued that there were only a few lawmakers

who represented isolated labor sectors and grass roots. In this reality, a series of business sector's actions, labor organizations argued, were nothing more than its blatant selfishness to maim those who resisted political-business nexus. Labor sector regarded that business community's egoism could taint Korean politics with corruption and nasty political-business nexus, and was the main factor to drive Korean economy into the foreign currency crisis. Labor organizations urged business sector to repent its misconduct that had contaminated politics at first.

On the other hand, each party showed unilateral reaction that business community's appraisal reports on 56 lawmakers' parliamentary activities and its aggressive political participation were "carried out in a mild way within legal limits." The Millennium Democratic Party (MDP) didn't deny business sector's legal political participation, but it also worried the possibility that business community could give undesirable influence on the candidates with its financial power. The MDP, however, tried to differentiate its image from other parties by commenting that it was sorry for the MDP that the appraisal report didn't put more MDP candidates in the pro-labor candidate list.

The Grand National Party (GNP) pointed out that the lawmaker activity appraisal report representing employers' position should also represent labor since the other four business organizations excluding the Korea Employers Federation spoke for major conglomerates, medium and small business, merchants, industrialists, and traders, that is, notwithstanding employers, embracing labor. But the GNP considered the appraisal report was acceptable since business community used the report to let its members to be informed about the candidates not grading candidates nor putting them in the rejection campaign list.

Unlike the MDP and the GNP, the United Liberal Democrats (ULD) welcomed the appraisal report distribution, pointing that every step about evaluating candidates were made within legal limits. The ULD's position seemed a strategy to highlight the fact that the rejection campaign of the Citizens' Alliances for the 2000 General Election

(CAGE) was illegal. The ULD stressed that the business community's lawmaker activity evaluation works stayed within legal limits unlike the CAGE's evaluation process that dominated the law.

### *C. Evaluation of Each Party's Economic Policies*

Business community distributed its each party's economic policy evaluation to its member business and press. It mainly dealt with unemployment, the gap between rich and poor, economic crisis way-out measures, and chaebol policy, and provided synthetic evaluation about ruling and opposition parties' economic policies.

With regard to unemployment and the gap between rich and poor emerged as hot social issues since the IMF bail-out system, the three parties, the MDP, the GNP, and the ULD approached the problems with similar perspectives.<sup>8</sup> Although each party's prescriptions looked alike in general, the three parties revealed their different point of views in specific matters and opened room for policy strife.

According to the each party's economic policy review, the MDP and the ULD emphasized active governmental engagement to settle down social problems while the GNP stressed the role of private sectors and business. However, it was criticized that each party's economic policies were nothing but enumeration of various pork-barrel commitments such as tax relief and grant-in-aid without palpable plan to secure financial resources, whereas the policies guaranteed financial deficit reduction inconsistent with the former commitments.

Regarding economic crisis such as the validity of the IMF style economic remedy, governmental efforts to cope with economic crisis and its restructuring measures, and Daewoo crisis, it pointed out that the ruling party MDP took a defensive measures while the two opposition parties the ULD and the GNP were inclined to criticize for causeless criticism itself. The appraisal report also analyzed that each

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8. See *The Chosun Ilbo*, April 4, 2000.



party's economic policies meaninglessly enumerated unemployment problems derived from the process of overcoming foreign currency crisis without any tangible measures. The MDP put its policy priority on the mass unemployment problem and the bigger gulf between rich and poor, but it was just like the MDP's resolution that would be carried out in the future not for now. The Democratic People's Party (DPP) and the ULD pointed out the same as the MDP, but they also failed to provide workable alternatives. Unlike the former three parties, the GNP argued that the current major economic problems did lie in domestic industries' loss of competitiveness caused by exorbitant business restructure, foreign business or resource's monopoly and oligopoly formation caused by all-around market open, and reinforcement of nation-governed economy. The failure in taking economic policy makers to account for their blunders was also pointed out by the ULD, the GNP, and the Democratic Labor Party.

Considering the measures to overcome economic crisis, the MDP took the position that the MDP had no alternative but to inherit the high interest rate policy and retrenchment policy that the Kim Young-sam administration had settled down negotiating with the IMF. The GNP admitted retrenchment economic policy, and yet it denounced the government's incompetence failing to deal with the bankruptcy of reliable companies in the black swiftly. The ULD pointed out the bankruptcy of companies because of the side effect of the retrenchment policy and the increase of jobless people.

Regarding Daewoo crisis, the MDP evaluated its Daewoo crisis settlement measures were successful. On the contrary, the GNP criticized the ruling party's measure, commenting that "in order to help financial institution stabilized, the prompt measure should be made to let the financial institution decide whether to provide sufficient financial aid to Daewoo for the help of its management normalization, or to liquidate it." The ULD, on the other hand, grasped the Daewoo problems such as insolvent bond increase and obstacles in dealing with Daewoo Motors, but failed to provide acceptable measures. The ULD

criticized that the MDP didn't duly recognize the collateral problems produced in the process of Daewoo crisis settlements such as the increase of insolvent bonds and additional public funds projection.

Each party's policies dealing with major conglomerates were much alike, which relieved the business community. It is noteworthy that four parties excluding the Democratic Labor Party, though delicate nuance existed, highlighted the market economic principles and business autonomy. The four parties took a harmonized attitude to tolerate the chaebol management hereditary system, commenting "it's a matter of business autonomy." Regarding the dissolution of the Federation of Korea Industries (FKI), the four parties declared that the FKI "is an authorized non-governmental organization and thus there is no reason that the government intervenes its operations." Instead, it was the business community that issued a statement to carry out continuous chaebol reform when the Hyundai was seethed with the management heir selection and public opinion about chaebol was aggravated.

Regarding the goal to reduce debt ratio down to 200 percent, the MDP considered it feasible in the sense that the goal was deliberated to stabilize domestic business' financial structure closed to the level of developed countries. However, the MDP left a loophole articulating that "it's not compulsory to maintain such level." The MDP showed inconsistency regarding chaebols. The MDP censured that the mammoth management of chaebols was the main factor that had hindered efficient financial distribution, while it advocated chaebols' participation in venture business with the logic that market was open to every business. The GNP contended that fostering desirable environment for transparency of business and prompt liquidation of insolvent enterprises was the main concerns of its chaebol-related policy, deploying at front its arguments based on market economy principles and restriction of governmental involvement. The ULD rather consistently argued that the debt ratio should be fixed at 200 percent. The ULD criticized that government' myopic measures brought about side effects

that handed over sound businesses to foreign capitals, which the appraisal report evaluated anachronistic remarks.

As examined so far, the business community contributed to access to the reliable information on candidates and helped its members cast a vote on the basis of their own choice by informing its evaluation report on the economic policies of each party.

*D. Individual Business Organizations and their Election Campaigning*

Although the Lawmaker Activity Evaluation Committee under the Korea Business Association Council led the general election campaigning, it is noteworthy to examine each operation carried out by individual business organizations in this section.

The Federation of Korea Industries (FKI), the central power of Korean business community, didn't aggressively participate in the 16th general election. It doesn't mean that the FKI regarded the general election trivial or neglected it.

With the inauguration of Kim Dae-jung administration, the government-initiated chaebol reform daunted the FKI and made it difficult for the FKI to readjust a proper relation with political sector. Besides, the Hyundai Group successor struggles right before the election weakened the FKI's influence. The FKI announced its official comments on the Hyundai problem and pledged the reform of the FKI. In the situation that the FKI restrained its policy proposals during the election campaigning period, it was out of the question that the FKI didn't support a particular party or candidates.

The Korea Employers Federation (KEF), unlike the FKI, put heavy weights on the general election and played a leading role in each party's economic policy review and lawmaker performance appraisal works. Especially, since the KEF had a remarkable interest in the labor-management relation and the right of personnel management, the KEF was very active in election campaigning in order to occupy a favorable position in the labor-management disputes. The official

comments of the Korea Business Association Council came from the KEF, and the strategy of every operation was also set up in the KEF.

The KEF lobbied the administration and political parties as an individual organization. However the KEF official argued that it was not related to any action to influence general election campaigning, and any gestures of political fund donation were not made.

The Korea Federation of Small Business (KFSB) proposed various policies on nurturing small-medium business and revitalizing economy to each party, and aggressively demanded them whenever each party' leaders visited the KFSB. The demands of the KFSB were not so much notable since they were daily-based tactics not for the general election.

Although the central association of the KFSB didn't support a specific party or candidate, it was plain that the KFSB turned out to be pro-government in the situation that the central association of the KFSB was activated with governmental aids. Nonetheless, since the local associations and occupational associations under the KFSB had autonomy, it is unlikely that the instructions of the central association of the KFSB control them.

However, Park Sang-hyu, the president of the KFSB, and its 300 members joined the MDP, which hurt itself with legal and ethical blow. Since they joined the MDP violating the KFSB laws that prohibited the leader of the KFSB from joining a specific political party and political participation, countless objections and criticisms were made within the KFSB.

#### **IV. Results of Business Community's Participation in the General Election Campaigning**

The business community' efforts to evaluate lawmakers' performances turned out to be ineffective in the April 13th General Election unlike its expectation. Business community unveiled its evalua-

tion works that classified 24 influential candidates considered to affect labor policy formation into pro-labor, neutral, and market-economy-oriented dispositions. However, the majority of candidates classified labor-friendly won the election while the two pro-business candidates in the appraisal list lost the election.<sup>9</sup>

Like the election outcomes above, the business community's appraisal works designed to influence the general election did not create a palpable result. It is because the impact of the lawmaker performance appraisal works were discolored by many variables such as regional antagonism, rejection campaign of the Citizens' Alliance for the 2000 General Election, inter-Korea summit talks, disclosure of criminal records and taxation scandal, and disclosure of military records. To borrow words from one of the business community, the lawmaker activity appraisal works bore its failure from the start. First, most candidates were classified as labor-friendly. Second, the appraisal activity didn't carry out active campaign like "rejection or negative campaign" of the CAGE. Third, the use of the appraisal was confined to providing information about candidates without a concerted perspective or instructions. In addition, it is true that ordinary voters and politicians regarded the business community's political participation undesirable with a negative point of view. Right after business community announced its political participation, most mass media gave a light on negative sides.

After the election, the business community proclaimed that its political activities would be limited in labor-management issues and make an ongoing effort to create "politics for economy." One official

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9. The six out of nine pro-labor candidates succeeded in taking the seats in the National Assembly and the election winners were Cho Sung-jun, Yim Chong-sok, Cho Han-chun (from the MDP candidates), Kim Moon-soo, Won Hee-ryong, Kwon Chil-hyon (from the GNP). On the contrary, Lee Keung-kyou and Cha Soo-myong (from the ULD) favored by the business community lost the election. The eight out of thirteen candidates classified neutral won the general election: Lee In-jae, Kim Tae-hong, Kim Chung-jo, Pae Ki-woon (from the MDP), Park Won-hong, Lee Pu-young, Lee Sang-deuk, Chung Chang-wha (from the GNP).

engaged in the business community's political participation puts it as follows:<sup>10</sup>

“The necessity of business sector's political participation was triggered by the unacceptable actions that some lawmakers pushed on with labor-related act revision in order to eliminate the provision that banned full-time union labor official wage. It was a crucial issue that could uproot the market economy principles and disturb labor-management relation, which the business sector regarded intolerable. In this context, the lawmaker activity evaluation is a minimum device to check labor organizations' excessive political participation. At the same time, the ultimate purpose of the lawmaker activity evaluation is to contribute to the development of healthy market economy that can stand firm despite political fluctuation or political logic. Politics, economy and society are getting transparent and as they are getting more transparent, the system in every sector is required to be ameliorated. In this situation, it is undesirable to distort the lawmaker performance appraisal works with conventional point of view or to disparage the meaning. Instead, to straighten the biased perspective against business community should be done first to make a transparent society.”

Yet, social atmosphere was more hostile to the business community's political participation. A representative of the Korean Confederation of Trade Unions (KCTU), standing at the opposite end from the business community, commented as follows:<sup>11</sup>

“The business community for decades has brandished politics with not only legal financial support but also illegal political funds and drew out legislation favorable to its position. Its connection with conventional politicians contaminated Korean politics tainted by corruption and political-business nexus. It was the business community that caused the IMF bailout system. Business community should repent with humble-

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10. Interview with the staff of the Korea Employers Federation, from *Dong-A Ilbo*, April 16, 2000.

11. See the Homepage of the Korea Confederation of Trade Unions: <http://kctu>.

ness, regretting that its "black" money contaminated political arena and made people distrust in politics. Recently revised election laws allow the business community to participate in political activities, and the business community declared to reinforce its political participation. Political freedom should apply to all people, and the business community is one of those political freedom beneficiaries. However, a little piece of cognition let you understand that the business community's political participation matters not because of the deficiency of its political activity but of its excessive participation. The political participation of the business community is more like to reverse the original purpose of the revision that is designed to reflect labor and ordinary people in the political area where they had been isolated for a long time. Further, its political participation is likely to pour "cold water" on the rejection campaign. Though the business community revealed that its political actions would be confined to labor-management issues, it's a matter of time to enlarge its range of political operation. Also, it is said that the business community would provide financial support candidates who are for the business community and thus it is no wonder that a scanty number of politicians standing in the grass-roots side will soon lose its position. In the reality that medium and small businesses made up of the majority of business sector even think about political participation, the political participation of the business community is, precisely speaking, the activity of a few major chaebols. It seems also obvious that the effect of its political actions will converge on reinforcing chaebol's political influence. Thus, the declaration of the business community's political action reinforcement will legalize the nasty political-business nexus and cast an enormous impact on the political development."

Although business community did not play a significant role in terms of its appraisal activities, 32 economy-related figures could become congressmen through the April general election. They are bureaucrats, businessmen, and bankers. Political parties needed more person who can make effective economic policy facing IMF crisis. Therefore, many economy-related persons were nominated and

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elected. The MDP and the ULD nominated 22 and 23 candidates at the districts respectively while the GNP nominated 12 persons.<sup>12</sup>

## V. Conclusion

Through the discussions above, some aspects concerning the business community's campaigning can be summarized as follows:

First of all, it must be pointed out that business community for the first time engaged in election campaign openly in the 16th general election. There have been pro and cons on the business community's open involvement in the electoral process. However, political environment has changed and it is becoming natural for the business community to take part in the election. With the decay of state-corporatism, newly formed groups challenged the state-dominated groups for representation of their interests. Especially citizen groups and public interest groups play significant role in expanding interest groups activities. In this circumstances, business groups are gradually changing their mode of interest representation. The Tripartite Labor-Management-Government Commission helped the business community widen its radius of action in political participation. The Tripartite Commission shows features of societal corporatism based on social consensus and civic forces' participation and became a passage that the business community could negotiate with government and labor union at the equal level. The Act of Election was revised to allow the business community as well as other interest groups to launch election campaign.

Secondly, as expected, business community could not establish strategic ends and did not work systematically for accomplishing them during the 16th general election and their election strategies remain at the infant stage compared with that of other interest and social groups.

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12. See *Kukmin Ilbo* and *Joong Ang Ilbo*, April 17, 2000.



The business community could not set up concrete strategy for the campaign and its action was limited. It is partly because there were discords among business groups.

The Korea Business Association Council made it a rule to restrict its political activities to labor-management relation and declared that its activity would cover the evaluation of lawmakers' activities related to labor-management issues. The KBAC also contended that the business community's political activities would check the labor union's political action and protect innocent politicians from labor union's attacks.

In fact, the Federation of Korea Industries, the central power of Korean business community, didn't aggressively participate in the 16th general election. With the inauguration of Kim Dae-jung administration, the government-initiated chaebol reform daunted the FKI and made it difficult for the FKI to do election campaign actively. Besides, the Hyundai Group successor struggles right before the election weakened the FKI's influence. The FKI announced its official comments on the Hyundai problem and pledged the reform of the FKI. In this situation, the FKI restrained its policy proposals during the election campaigning period. However, the Korea Employers Federation (KEF), unlike the FKI, put heavy weights on the general election and played a leading role in each party's economic policy review and lawmaker performance appraisal works.

Thirdly, it is quite difficult to analyze how and in what degree business community's campaign activities had influence on the election result and changed attitudes of candidates and political parties during the 16th general election. Especially, it is so when the most critical study on the offering of money for political activities is not possible.

Nevertheless, this study at least shows that business community can be a positive actor in Korean politics. It should be noted that business community has potential to play an active and systematic role in coming elections considering internal and external factors of inter-

est group politics.

Korean business community should overcome their allergic attitudes toward the political activities and recognize that the election is a good chance of expressing their interests. At the same time, other political actors, groups or individuals, should encompass the business community's normal activities including campaign activities for the election. Finally, it is essential to establish permanent communication channels between the business community and other political actors.