

# **New Developments of Campaign Finance, Election system, and Party Politics in South Korea**

Prepared for CSIS workshop in Jakarta, Indonesia July 16<sup>th</sup> 2008

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# **I . Campaign Finance**

# 1

## The 2004 Reform: Watershed Reform in Korean Politics Breakthrough toward more transparency, less cost, and Rule of law

**A** *Money Supply*: Monthly Increase of Money supply from previous month  
2004 April 2%  
2000 April 13.2%  
1996 April 10.5%  
1992 April 11.38%

**B** *Public's Assessment*: NEC's post-election survey  
2004- 85% of the electorate says "it's free from corruption"  
2000- 44.9%

**C** *Rule of Law*: Decreasing number of MPs indicted after the election  
18th Assembly—12 members indicted  
17th Assembly—27 members indicted  
16th Assembly—57 members found guilty  
(12 members lost seats)

## 2 | New Rules

**A** *Prohibiting contributions by corporations*

**B** *Reducing ceilings for contributing and raising campaign finance*

**C** *Enhancing Transparency:*  
Reporting requirement for Most Expenditure and Incomes for Supporting Org.  
Only Registered bank accounts for donations and expenses  
Only credit cards and bank checks for most expenditure  
(over 0.2 million KRW)  
Prohibiting Anonymous contributions  
Reporting requirement for most donors

**D** *Strengthening Sanctions and Monitoring by NEC*

# 2 | New Rules

## Ceilings for Contributing Political Finance (per year, in million KRW) 20

Contributors	Type of Limitations	Contribution Ceilings by Recipients		Disclosure
		Supporting Groups		
		Party Organizations (Central Party) (Pre-Presidential Candidate)	Politicians	
Individuals	Overall	20million		Full disclosure for support group members
	Same Recipient	10 million	5 million	
Corporations	Overall	Prohibited		
	Same Recipient			

# 2 | New Rules

## Fund-Raising Limits by Support Groups (per year in million KRW) (2004)

	Non-Election Year	Election Year
Central Party	5,000	10,000
Regional Branches	500	1,000
District Parties and National Assembly Members	150	300

## Fund Raising Limits by support groups (per year in million KRW before 2004)

	Non-Election Year	Election Year
Central Party	30,000	60,000
District Branches	3,000	6,000
District Parties and National Assembly Members	300	600

# 2 | New Rules

## Sanctions and Monitoring

	Federal Election Commission (United States)	National Election Commission (Korea)
<b>Independence</b> Status Appointment  Decision rules Budget	Independent agency President  Super-majority (4 out of 6) Single-year budgeting	Constitutional institution President (1/3), National Assembly (1/3), Chief Justice (1/3) Majority rule Single-year budgeting
<b>Authority</b> Investigating financial reports Fines for reporting violations Civil litigation Referrals for criminal prosecution  Random audits Investigating anonymous complaints  Statue of Limitations	Yes? No Yes –with limitations Yes - limited  No No  3 years for criminal violations 5 years for civil violations	Yes – with limitations <b>Yes: 50 times amount of fines</b> No Yes – can ask Appellate Court to rule on the case referred in case of no action by the prosecutor No No  6 months after the election date for election-related violations

- New Protection for Whistleblowers
- Financial Reward for Whistleblowers

# 3 | Formulae for Miracle?

- A** *Coordinated Reform in Party Law and Campaigning Law*  
Campaigning Law: Prohibiting Mass Campaign Rally  
Encouraging Web-based campaign  
Providing More information about candidates  
On the web  
Party Law: Prohibiting local party branch  
Downsizing Regional and Central party org.  
(number of paid staffs up to 100 for central and 5 for regional org.)
- B** *Role of Issue Entrepreneur*  
Speaker Park K.Y. Independent Commission for Political Reform
- C** *Favorable Context:*  
End of Personal Party Leader Era: Kim YS and Kim DJ retired  
Mounting Pressure from Civic organizations  
Electoral Pressure

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**II. Nominating Legislative Candidates (2002 Reform)  
: From Party Leader Dominance to American Model**

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# II

## Nominating Legislative Candidates (2002 Reform) : From Party Leader Dominance to American Model

### A

Liberal Party (Uri Party->Unified Democratic Party)

: Limited American Model

Delegates from Core party member (30%), party member (20%)  
and from general voters (50%)

### B

Grand National Party

: Delegates from General Voters, Party members, and Party Delegates,

(\*can be substituted either by polling

or by candidates' debate before Nomination Committee)

### C

*Effects:*

Decentralization of Party in Congress

Loose Relationship between the President and his party

: chance for non-cooperation, resistance from president's party

### **III. New Mixed-Member Electoral System (2004 System)**

# III

## New Mixed-Member Electoral System (2004 System)

- 1 Joining Global Trend for MMES (Japan, New Zealand, Mexico, Italy)*  
With the goal of combining effects for openness and stability  
: 243 from district voting  
56 from PR list voting
- 2 Lowering Entry barrier for small, labor parties*  
: Allocating requirement for PR seats—3% (down from 5%)  
Stellar success for Labor party in 2004  
8 elected from PR and 2 from districts in 2004  
(3 from PR and 2 from districts in 2008)
- 3 Fractionalization of Party System?*  
Effective number of parties=  
3.6(1988) 2.9(1992) 3.0(1996) 2.0 (2004), 2.98(2008)  
Rae's Score of Party System Fractionalization  
.72(1988) .65(1992) .69(1996) 0.5(2004) .66(2008)
- 4 Split Voting by the Electorate*