

Talking Points on “Emerging Populism: Contributing Factors, Impacts, and Countermeasures”

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Definition and Typology

1. Populism is defined as “a political approach that seeks to disrupt the existing social order by solidifying and mobilizing the animosity of the “common man” or “the people” against the privileged elites” and “the establishment.” Populists can fall anywhere on the traditional left-right political spectrum of politics and often portray both bourgeois capitalists and socialists organizers as unfairly dominating the political sphere. Populists tend not juxtapose the pure people against “the corrupt.” Populism is most common in democratic nations, inherent to representative democracy.
2. Populism has taken left-wing, right-wing, and even centrist forms, as well as forms of politics that bring together groups and individuals of diverse partisan views. Historically, populism appeared in authoritarian movements, a variety of fascism, American types including more recently Occupy Wall Street Movements, European type as seen in the “Brexit” and the election of the youngest president Emmanuel Macron in France and Latin American type addressing the problems caused by its severe income inequalities across the region.
3. Some view populism as a largely democratic and positive force in society, while others contends that populist movements are irrational and introduce instability into political process.
4. Given rising income inequality amid “global new normal” and when mainstream politicians lose their credibility in terms of growth, employment, and sharing the fruits of economic growth, it is natural for common voters to discount the promises they make. Voters are more likely to be attracted to candidates who have anti-establishment credentials and can safely be expected to depart from prevailing policies.

Contributing Factors and South Korean Experiences

1. Politically again during the last May presidential election, South Korea has demonstrated a mature political democracy, swinging from a conservative ideology to people-centered progressive one back and forth. South Koreans alternated their choice of political regimes from a conservative to a labor-friendly progressive regime. South Koreans ended two consecutive conservative administrations, which advocated free trade and international competitiveness with large conglomerates sitting on the driver’s seat to push the economy forward.

2. But this time, South Koreans elected President Moon Jae-in who promised to adopt an “income-led growth” for common people with broad-based welfare programs for low and middle income people and anti-corruption measures. It should also be noted that the government is also going to push an innovative growth side by side the income led growth by elevating the Office of Small Business Administration to a ministerial level for the first time in Korean government history.
3. After two economic crises, the first one being the Asian Financial crisis in 1998 and the second one global economic crisis in 2008, South Korea’s income distribution has been markedly polarized in the Asia-Pacific economies and youth unemployment has been the highest among OECD economies. A political corruption scandal has turned around public sentiments on establishments and conservative ruling elites and triggered popular support for the well-focused welfare-oriented economic policies for the people in low and middle income brackets.
4. In South Korea, rising income inequality, acute dichotomy between large conglomerates and SMEs, especially micro businesses require a new approach for an inclusive growth and inclusive economic policies as highly recommended by the IMF and OECD. One way of achieving an inclusive growth is to pursue a win-win growth in a mutual cooperation framework between big companies and SMEs especially micro family businesses as evident in the ideal pursued by the Korean Commission for Corporate Partnership (KCCP). The KCCP attempts to transform a business ecosystem between big and small businesses from a zero-sum relationship to a positive sum one.
5. It is great challenge how South Korea find itself in the optimum balancing of distribution and growth in economic management. It is imperative Korea should have a clean and transparent government and global standards in business governance. A social harmony based on profound “Noblesse Oblige” by Korea’s establishments is crucial for South Korea to pursue an inclusive and sustainable development.

Impacts of President Donald Trump’s Anti-globalization Policy to East Asian Economic Integration

1. East Asia has faced most seriously the populist challenge adopted by the U.S. President Donald Trump in the area of globalism and international trade and in the combat of global climate change. President Donald Trump has invoked a new wave of protectionism and unilateralism to protect American jobs and American interest first. He appears to keep a confrontational relationship against China to correct lopsided trade imbalance in favor of China. Most importantly, President Trump has scraped a much heralded TPP to protect American jobs. The US president Donald Trump with his America First policy put the East Asian economies with deep trade orientation and as a matter of fact the entire world “off balance” in maintaining free trade and clean environment.
2. If the anti-globalization policy by the U.S. is fully implemented as promised during his election campaign, it would have far reaching impacts on the economic integration outlook for East Asia, and broadly Asia-Pacific economies. The departure of the US

from the concluded TPP has shattered away a possible ideal of an enlarged, upgraded and open regionalism in the Asia-Pacific region. This is likely to cause a serious setback of new set of trade rules, which will set a tone for renewed multilateralism on a regional basis.

3. The Trump Administration might take some harsh trade restrictive actions such as anti-dumping measures, countervailing duties, and safeguards, etc. In the short run, he might succeed in bringing in some tangible benefits to the U.S. in terms of job creation and trade balance equilibrium. However, the founding spirit contained in the TPP might be coming back soon after realizing that protectionist measures in a zero-sum mercantilism proves to be eventually harmful in generating overall economic efficiency and consumer welfare gains of all countries. Furthermore, the US cannot afford to shun away from the attractions in the most rapidly growing and increasingly affluent Asian market in the world.

Countermeasures

1. In the absence of such a US leadership in ushering in an open East Asian regionalism in the years to come under President Trump Administration, China is likely to take the advantage of the US leadership vacuum in Asia and is poised to establish itself an economic hegemon in the unfolding Asian Century. Or should Japan, Australia, or ASEAN or South Korea together take a leadership role for an East Asian integration movement?
2. We need to recognize that a domestic populism for a political vote gathering could be against international norms, values, openness, trade liberalization, cross-border people to people flows, etc. For East Asia to keep its trade liberalism intact, TPP minus the US or TPP minus the US but with new entrants should be proactively pursued.
3. In this context, RCEP need to be accelerated simultaneously for an early conclusion thus not only to maintain East Asia's high growth regime but also to revive an East Asian identity, which was widely shared during the Asian Financial crisis.
4. Although in the Trump era we might see slower pace of progressing toward East Asian Economic community, market forces embedded in the 4th industrial revolution can dictate the US to utilize the great attractions and obvious benefits expected due to great dynamism and affluent consumers' power in Asian economy. In this regards, each East Asian economy needs to upgrade its economic system to global robust standards, which will facilitate an economic integration as deep as possible. So the path of East Asian economies might take some bumpy roads ahead but move to freer trade regime, eventually leading to an East Asian economic community.
5. East Asian countries must recognize invaluable contributions of the international liberal economic system that has benefited the world so much in the past. They need to adapt it to current needs and realities, and to mitigate some negative consequences of globalization and openness such as social and income inequalities by employing effective inclusive growth measures and to reshape the institutions of global

governance. Toward an East Asian economic community, East Asia needs to turn collectively the emerging tide against globalization and open trade.

6. Terrorism, cyber attacks, and North Korea Nuclear ambitions must be stopped by some collective actions by East Asian countries.
7. A regional carbon emission market and regional environmental cooperation need to be activated to combat global climate change.
8. Systematic dialogue mechanisms among future leaders and next generations among East Asian economies must be proactively ushered in.

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