

## The Choi Soon-sil Scandal

### *President Park's 3<sup>rd</sup> public apology*

President Park Geun-hye offered her third public apology on Nov 29. Critics point out that her address was carefully worded to avoid responsibility for the current scandal. The apology merely acknowledged her fault for “mismanaging her people.” She also reaffirmed the position that she always placed the country’s and people’s interests above her own. She did, however, agree to resign if the National Assembly can agree on an exit strategy<sup>1</sup>.

Opposition parties criticized the President for refusing to admit guilt, failing to resign, and passing the buck to the National Assembly. Most importantly, they point out that her speech was a ploy to convince members of the ruling New Frontier Party (NFP) from voting for her impeachment during the general assembly on Dec 2.<sup>2</sup> The opposition members insist that they will move ahead with the plan to impeach the President during the next general assembly on Dec 9. Opposition parties have 171 seats in the National Assembly but need 29 votes from the ruling party to impeach President Park.

By unanimous consent, the New Frontier Party (NFP) announced its intent to forego impeachment and push for a resignation in April followed by an election in June.<sup>3</sup> However, the anti-Park camp within the party has agreed on Dec 4 to participate in the vote to impeach President Park.<sup>4</sup>

### *Candlelight vigil*

On Dec 3, an estimated 2,320,000 Koreans took to the streets demanding President Park’s resignation. This shattered the previous record set a week ago when an estimated 1,900,000 people protested. President Park’s third public apology appeared to have backfired with many South Koreans interpreting her statement as a ploy to stay in power. According to a recent public opinion survey by Hankook Research, 70.6% of South Koreans were in favor of either ‘immediate resignation’ or ‘impeachment’ even if President Park agrees to resign by April and names a temporary replacement<sup>5</sup>.

<b>If President Park agrees to resign by April and names a temporary successor...</b>	
She should resign immediately	36.7%
She should be impeached	33.9%
Impeachment should be postponed and temporary successor should be named	24.8%
Don't know/refused	4.6%

<b>How do you evaluate President Park's third public apology?</b>	
President Park's speech was a ploy and she must be impeached	62.8%
The ruling and opposition parties must set a date for President Park to leave office (and the president should comply)	27%
President Park should follow the roadmap she suggested in her speech	7.3%
Don't know/refused	2.9%

<b>Do you believe President Park will resign by the date set by the National Assembly?</b>	
Unlikely	75%
Likely	17.8%
Don't know/refused	7.2%

<b>What should the anti-Park camp within the ruling party do?</b>	
Vote in favor of impeachment	70%
Wait for President Park's resignation	19.8%
Vote against impeachment	5.9%
Don't know/refused	4.3%

<b>Should candlelight vigils continue?</b>	
Continue until President Park is out of the office	71.8%
Wait and see	15.6%
Discontinue	12.6%

If the National Assembly fails the impeachment vote on Dec 9, the protests may grow larger and fiercer.

DATE	SIZES OF PROTESTS
Oct 29 <sup>6</sup>	20,000 according to organizers
Nov 5 <sup>7</sup>	200,000 according to organizers
Nov 12 <sup>8</sup>	1,000,000 according to organizers
Nov 19 <sup>9</sup>	960,000 nationwide according to organizers
Nov 26 <sup>10</sup>	1,900,000 nationwide according to organizers
Dec 3 <sup>11</sup>	2,320,000 nationwide according to organizers

### Impeachment

On Dec 2, the opposition parties filed a motion to impeach President Park for “violating the Constitution and the nation’s laws in a broad and serious manner.” Constitutional violations include, but are not limited to, the following:

Violation of Article 1 (Democracy)	(1) The Republic of Korea shall be a democratic republic. (2) The sovereignty of the Republic of Korea shall reside in the people, and all state authority shall emanate from the people.
Violation of Article 67 Section 1 (Election)	(1) The President shall be elected by universal, equal, direct, and secret ballot by the people.
Violation of Article 88 (State Council)	(1) The State Council shall deliberate on important policies that fall within the power of the Executive. (2) The State Council shall be composed of the President, the Prime Minister, and other members whose number shall be no more than thirty and no less than fifteen. (3) The President shall be the chairman of the State Council, and the Prime Minister shall be the Vice-Chairman.
Violation of Article 89 (Competences)	The following matters shall be referred to the State Council for deliberation: 1. Basic plans for state affairs, and general policies of the Executive; 2. Declaration of war, conclusion of peace, and other important matters pertaining to foreign Policy; 3. Draft amendments to the Constitution, proposals for national referendums, proposed treaties, legislative bills, and proposed presidential decrees; 4. Budgets, settlement of accounts, basic plans for disposal of state properties, contracts incurring financial obligation on the State, and other important financial matters; 5. Emergency orders and emergency financial and economic actions or orders by the President, and declaration and termination of martial law; 6. Important military affairs; 7. Requests for convening an extraordinary session of the National Assembly; 8. Awarding of honors; 9. Granting of amnesty, commutation, and restoration of rights;

	10. Demarcation of jurisdiction between Executive Ministries; 11. Basic plans concerning delegation or allocation of powers within the Executive; 12. Evaluation and analysis of the administration of State affairs; 13. Formulation and coordination of important policies of each Executive Ministry; 14. Action for the dissolution of a political party; 15. Examination of petitions pertaining to executive policies submitted or referred to the Executive; 16. Appointment of the Prosecutor General, the Chairman of the Joint Chiefs of Staff, the Chief of Staff of each armed service, the presidents of national universities, ambassadors, and such other public officials and managers of important State-run enterprises as designated by law; and 17. Other matters presented by the President, the Prime Minister, or a member of the State Council.
Violation of Article 66 Section 2 (Head of State)	(2) The President shall have the responsibility and duty to safeguard the independence, territorial integrity and continuity of the State and the Constitution.
Violation of Article 69 (Oath)	The President, at the time of his inauguration, shall take the following oath: "I do solemnly swear before the people that I will faithfully execute the duties of the President by observing the Constitution, defending the State, pursuing the peaceful unification of the homeland, promoting the freedom and welfare of the people, and endeavoring to develop national culture."
Violation of Article 10 (Dignity, Pursuit of Happiness)	All citizens shall be assured of human worth and dignity and have the right to pursue happiness. It shall be the duty of the State to confirm and guarantee the fundamental and inviolable human rights of individuals.

President Park was also charged with violating the nation’s bribery laws in her involvement with Mir and K-Sports Foundations.

The motion will be briefed during the general assembly on Dec 8 and voted on the following day. Voting is carried out by a secret ballot and will need two-thirds vote for the impeachment process to move ahead.

### Special investigation

On Nov 22, President Park approved the special investigation unit tasked for examining the scandal surrounding Choi Soon-sil.<sup>12</sup> Park Young-soo was also appointed on Nov 30 to head the unit.<sup>13</sup> Special Prosecutor (SP) Park was one of two candidates nominated by the opposition parties.

SP Park has vowed to begin the investigation from

scratch and investigate ‘everything’ including the whereabouts of President Park during the *Sewol* ferry incident, entrance of unauthorized prescription medication into the Blue House, and the possibility of shamanistic influence in state affairs, among others.<sup>14</sup>

SP Park also downplayed concerns regarding his personal relationship with Woo Byung-woo and Choi Jae-kyung, the former and current Senior Presidential Secretary for Civil Affairs, respectively.<sup>15</sup> He stated that everyone will be investigated according to the law.<sup>16</sup>

President Park has vowed to participate fully in the upcoming investigation.<sup>17</sup>

#### *Presidential election*

If President Park is forced to vacate the Blue House before her term comes to an end, South Korea will have to hold a presidential election within 60 days of her departure. National Assemblyman Kim Moo-sung made headlines by announcing that he will not seek the presidency in the upcoming election.<sup>18</sup> Although he commanded only 2% support in the latest Gallup Korea poll, the announcement has surprised many observers given his expressed long-running interest in contending for the Blue House post.

One name that has recently emerged as a serious contender for the next presidential election is the current Mayor of Seongnam, Lee Jae-myung (Together Democratic Party – TDP). According to one recent survey, Lee is running second at 17.5% behind Moon Jae-in (TDP, 23.8%). Ban Ki-moon has dropped to third (15.2%) followed by Ahn Cheol-soo (PP, 6.9%), Park Won-soon (TDP, 5.8%), Sohn Hak-kyu (5.4%), Oh Se-hoon (NFP, 3.5%), and Yoo Seong-min (NFP, 3.2%).<sup>19</sup>

Lee was elevated to the national stage with his opposition to THAAD deployment in his city. He is also a strong critic of President Park, even suggesting that she be indicted for her involvement with Choi.<sup>20</sup> He also criticized the most recent public apology as a ploy to buy time<sup>21</sup> and accused President Park of having ‘a pro-Japan and dictator DNA’ following the recent GSOMIA announcement.<sup>22</sup> Finally, he has filed charges on Nov 22 against President Park for failing to perform her duties during the *Sewol* ferry incidence.<sup>23</sup>

#### *GSOMIA*

The Republic of Korea and Japan signed the General Security of Military Information Agreement (GSOMIA) on Nov 23. Defense Minister Han Min-koo and Japanese Ambassador to South Korea Yasumasa Nagamine signed the controversial bilateral military pact in Seoul.<sup>24</sup> The agreement will allow the two countries to share information about North

Korea’s missile and nuclear activities without having to go through the United States.

The need for military cooperation between the two countries has been on the rise with increasing number of nuclear and missile tests by North Korea. The decision to sign GSOMIA has been met with criticisms that the government has bypassed public oversight in its unilateral decision to hand over sensitive military information to Japan.<sup>25</sup>

The agreement will be automatically renewed every year and can only be terminated if one side files for termination 90 days prior to the date of renewal.

#### *ROK-US-Japan Trilateral Summit*

Despite President Park’s previous commitment to attend the upcoming ROK-US-Japan trilateral summit meeting in Tokyo, her appearance is not likely given her domestic predicament. If the National Assembly votes to impeach President Park on Dec 9, her authority as president will be suspended immediately. Even if she manages to survive the impeachment process, she will still be facing the possibility of early resignation and, therefore, is unlikely to attend the summit.

#### **National Assembly Inquiry on the Choi Soon-sil Scandal**

The National Assembly Inquiry Committee was formed on Nov 30 to investigate the Choi Scandal. The committee is led by Kim Sung-tae (NFP) and consists of 18 members, 9 from the ruling and opposition parties respectively.

The committee agreed to have four hearings in the next week and a half. One is scheduled for the 6<sup>th</sup> involving the heads of eight companies - Samsung, Hyundai Motors, LG, Lotte, Hanhwa, Hanjin and CJ. The key question for the committee is whether these companies were coerced by the Blue House to contribute to the Mir and K-Sports Foundations during a meeting with the President last July. Another theory is that these companies saw these contribution as a way to bribe the government.<sup>26</sup> Regarding Samsung, there’s additional allegation that the contribution was an exchange for the National Pension Service’s “yes” vote on the merger with Cheil Industries.<sup>27</sup>

#### **Budget and the Corporate Tax**

The government and the National Assembly have reached an agreement on next year’s budget. The biggest conflict was free childcare funding for children aged 3~5. The government set the budget for this item at KRW 500 billion but the opposition parties demanded that they double the amount.<sup>28</sup> In the end, the parties agreed to increase funding to KRW 860 billion in exchange for maintaining the current corporate tax but increasing the tax rate by 2% for over

KRW 500 million earners.<sup>29</sup>

### Corporate Organization Restructuring

Korean conglomerates are thinking about simplifying their structure by creating a holding-company structure. Samsung Electronics has already announced the possibility of this move. SK group and Hyundai Motors are also expected to follow suit.<sup>30</sup> Some companies already started this process including Hyundai Heavy Industries, Orion, Mael Dairy Industry.<sup>31</sup>

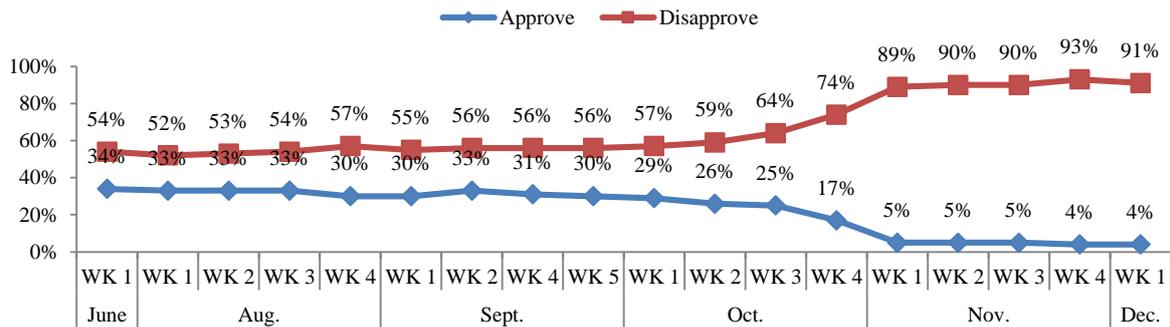
The moves were made amid increasing possibility of TDP-led economic reforms. The alleged corruption surrounding the Mir and K-Sports Foundation has contributed to building this momentum. The TDP identified eight economic bills as part of 23 high priority issues to tackle by the 9<sup>th</sup>.<sup>32</sup> These reforms are intended to significantly reduce large shareholder influence. Under the newly revised Fair Trade Act, for instance, the holding company will not be allowed to offer its own shares to investors in exchange for shares

of the operating company, thereby allowing the parent company's stake in the operating company to grow. The proposed amendment to the Commercial Act also would require Korean companies to separately name board directors and audit committee members and limit major shareholder voting rights to 3% when appointing audit committee members.<sup>33</sup>

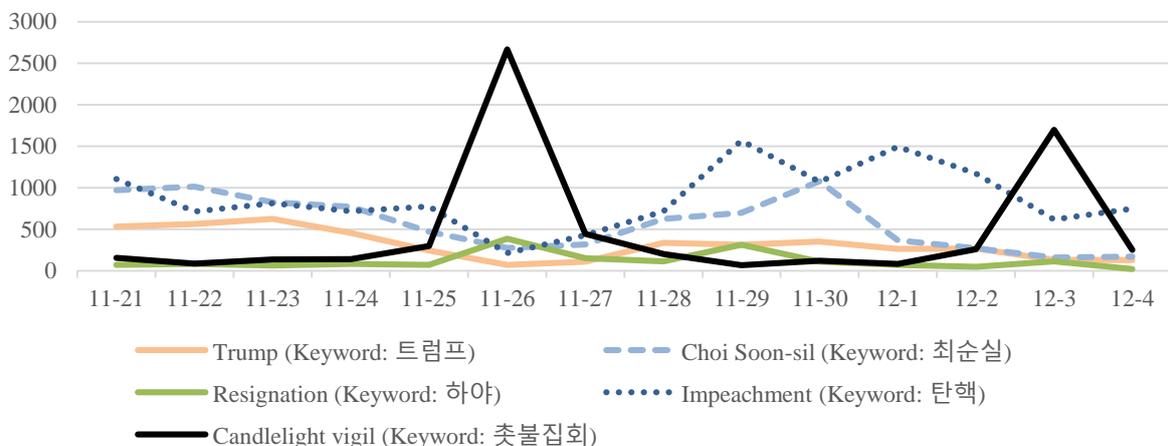
### Party Approval Ratings

	Nov. 22-24 <sup>34</sup>	Nov. 29-Dec. 1 <sup>35</sup>
NFP	12%	15%
TDP	34%	34%
PP	16%	14%
Justice	7%	6%
Don't know/refused	30%	31%

### President Park's Approval Rating



### Daily Media Coverage (# of articles that contained the following keywords in their titles)



Source: Naver

- 1 “박근혜 대통령 3차 대국민담화, ‘다음 기회에 자세한 경위 밝힐 테니...질문은 나중에 해달라’ 이번에도 질문 안받아,” *조선일보*, 2016년 11월 29일.
- 2 “박지원 ‘대통령 대국민담화, 계산한 통치기에 꿈수 정치...탄핵 계속 추진할 것,’” *동아일보*, 2016년 11월 29일.
- 3 “새누리, ‘朴대통령 내년 4월 퇴진·6월 대선’ 만장일치 당론 채택,” *동아일보*, 2016년 12월 1일.
- 4 “새누리 비박계 ‘9일 탄핵 표결’로 선회...’가결 위해 최선,’” *한겨레*, 2016년 12월 4일.
- 5 Hankook Research, date: Dec. 2-4; sample size: 1,205; margin of error:  $\pm 2.8\%$  at the 95% confidence level; “국민 10명 중 7명이 ‘당장 물러나라’...’질서 있는 퇴진’ 거부,” *경향신문*, 2016년 12월 4일.
- 6 “10대부터 60대까지 ‘최순실 촛불’ 커다,” *조선일보*, 2016년 10월 31일.
- 7 “주최측은 ‘20만명’ 경찰은 ‘4만5000명,’” *조선일보*, 2016년 11월 6일.
- 8 “與 비주류 ‘100만 집회’에 비상회의 ...김무성 ‘저도 국민도 속았다, 탄핵을,’” *조선일보*, 2016년 11월 13일.
- 9 “바람에도 촛불은 꺼지지 않았다...전국 96만 모여,” *한겨레*, 2016년 11월 20일.
- 10 “촛불 한달, 무너진 박근혜정부...사실상 ‘직무정지 상태,’” *한겨레*, 2016년 11월 27일.
- 11 “6차 촛불집회 최종 집계 232만 명...역대 최대치 경신,” *동아일보*, 2016년 12월 3일.
- 12 “朴 대통령, 특검법 · 한일군사정보보호협정 재가,” *조선일보*, 2016년 11월 22일.
- 13 “朴대통령, ‘최순실 특검’ 박영수 임명...’특검 직접 조사 응할 것,’” *동아일보*, 2016년 11월 30일.
- 14 “박영수 특검 ‘세월호 7시간, 청와대 약물반입, 사이버종교 다 수사할 것,’” *조선일보*, 2016년 12월 2일.
- 15 “박영수 ‘우병우 최재경과 친분?...’특검에선 안 통한다,” *경향신문*, 2016년 11월 30일.
- 16 “박영수 특검 ‘최태민 들여다 볼 것...김기춘 우병우 일반인과 똑같이 법대로,’” *동아일보*, 2016년 12월 2일.
- 17 “박 대통령, ‘최순실 특검’ 박영수 전 서울고검장 임명,” *중앙일보*, 2016년 11월 30일.
- 18 “김무성 대선 불출마 선언...’박근혜 대통령 탄핵안 발의에 앞장,’” *동아일보*, 2016년 11월 23일.
- 19 Research View, date: Nov. 30; sample size: 1,091; margin of error:  $\pm 3.0\%$  at the 95% confidence level.
- 20 “이재명 ‘朴대통령, 반기문 합류시켜 반전 기대...’명예퇴진? 구치소 보내야,” *동아일보*, 2016년 11월 21일.
- 21 “이재명 성남시장 ‘대통령 담화 시간끝기다. 무조건 사퇴해야,’” *한겨레*, 2016년 11월 29일.
- 22 “한일군사정보보호협정 의결, 이재명 ‘친일·독재 DNA...’박근혜 탄핵절차 개시해야,” *동아일보*, 2016년 11월 22일.
- 23 “이재명, 박근혜 대통령의 ‘세월호 7시간’ 직무유기 혐의로 형사 고발,” *한겨레*, 2016년 11월 22일.
- 24 “한일 군사비밀정보보호협정 공식 서명...2·3급 군사기밀 실시간 공유,” *동아일보*, 2016년 11월 23일.
- 25 “한일 군사정보협정 체결...’박지원 ‘무엇이 무서워 비공개로 서명했나,’” *동아일보*, 2016년 11월 24일.
- 26 “5공·한보 청문회’ 버금가는 ‘슈퍼 국조’ 열린다,” *경향신문*, 2016년 11월 21일.
- 27 “국조특위, 6일 재벌총수 청문회 최대 관심,” *내일신문*, 2016년 12월 1일; “[삼성전자 지주사 전환 검토] 물산·제일모직 합병비율 부당 여부 대법원 심리 중,” *서울신문*, 2016년 11월 29일.
- 28 “법인세·누리예산’ 막판 진통,” *경향신문*, 2016년 12월 1일; “누리예산 합의 與野, 정부에 年 1조원 편성 요구,” *조선일보*, 2016년 12월 2일.
- 29 “400조 예산 합의...법인세 인상 철회, 5억 이상 고소득자 소득세 2%p 인상(종합),” *조선비즈*, 2016년 12월 2일.
- 30 “‘자사주 의결권 막히기 전에...’ 기업들 지주사 전환 가속,” *동아일보*, 2016년 11월 29일.
- 31 “지주사체제 전환 붓물, 오너 수익 확보도 목적,” *비즈니스포스트*, 2016년 11월 24일.
- 32 “‘경제민주화법’ 밀어붙이기...공공 앓는 재계,” *중앙일보*, 2016년 12월 1일.
- 33 Ibid.
- 34 Gallup Korea, date: Nov. 22-24; sample size: 1,004; margin of error:  $\pm 3.1$  at the 95% confidence level.
- 35 Gallup Korea, date: Nov. 29-Dec. 1; sample size: 1,003; margin of error:  $\pm 3.1$  at the 95% confidence level.

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