

ORAL STATEMENT
before
High-Level Segment of the Economic and Social Council

***Chaebol* Reform: Time to end Corporatocracy**

*by Sangin Park**

the NGO representative of
Citizens' Coalition for Economic Justice (Special, 1999)
New York, July 19, 2019

Madam/Mr. President and distinguished delegates,

My name is Sangin Park, an Economics Professor at Seoul National University.
I am very honored to represent the Citizens' Coalition for Economic Justice (CCEJ) at the 2019 High-level Political Forum of the United Nations. CCEJ is the oldest NGO in South Korea, and is devoted to a fair, inclusive and sustainable economy.
Currently, the Chaebol Reform is our priority.

Chaebol refers to a big conglomerate controlled by a single family. The Chaebol-centric strategy of economic development was successful in 1970s and 1980s. However, as a consequence, Chaebol dominated the Korean economy, becoming the gatekeeper of Korean society. As predicted by the Progress Movement of the early 20th century, democracy is now replaced by corporatocracy, and fair competition is no longer viable.

Economic concentration and hereditary succession by Chaebol is creating barriers to market entry and exit. Furthermore, over-diversification and internal trading by Chaebol built an exclusive economic bloc. Within this bloc, the Chaebol companies wield monopsony power, engaging in technology extortion and price squeezing, which cause SMEs to lose incentive and capacity to innovate. The distortion of subcontracting market also serves to exacerbate the wage gap between SMEs and Chaebol companies.

Without the Chaebol Reform, Korea may encounter another economic crisis similar to that of 1997's. However, with the reform, economy will be fair and sustainable, and the society will be inclusive. Together with punitive damages and discovery process, SMEs will be more competitive and acquire greater bargaining power. As a result, the wage gap will be narrowed.

The candlelit protests led by Korean people in 2016 asked for fundamental changes in this corporatocracy. However, to our disappointment, the Moon Jae-in Administration, which came to power after the historic triumph of candlelit protests, has NOT done anything substantial to resolve the economic concentration by Chaebol.

Ladies and gentlemen,

Korea is now at a crossroad. It becomes clear that it is the citizens of Korea who must make a difference once again. Therefore, CCEJ will continue working together with the citizens of Korea to achieve the Chaebol Reform.

Working together: Making a difference

Thank you.

* This statement is contributed by Professor Park, Sangin (sanpark@snu.ac.kr) to the UN Trusteeship Council, its general debate and parallel meetings between the 2019 High-Level Political Forum on Sustainable Development and the High-Level Segment of the Economic and Social Council, and with respect to its theme: Empowering people and ensuring inclusiveness and equality. The statement focuses on the Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Professor Park, Ph.D. in Economics from Yale University, is currently a Professor of Economics for the Graduate School of Public Administration at the Seoul National University in South Korea, who voluntarily serves as the chairperson of the Policy Committee at the Citizens' Coalition for Economic Justice with reformism against the Chaebol system of Korea.

He has published a number of papers in academic journals including *Review of Economics and Statistics* and *Journal of Econometrics*, served as the editor of several books including *Strategies and Policies in Digital Convergence*, and also published Korean books including *The naked Chaebol; How can South Korea survive without Samsung Electronics?*; *Why now the Chaebol reform?*; *Vision and strategy for Inter-Korean economic community* (co-authored). And his current research is of particular interest to the Korean economy & economic policies and the corporate governance & ownership structures.