Adhering to a Policy: The Moon Jae-in Government’s Housing Policy in South Korea

Inhye Heo
Jeonbuk National University, Jeonju, South Korea
inhyeheo@jbnu.ac.kr

Abstract: In a democratic country, it is not easy for a government to adhere to a public policy when public criticism of its effectiveness is mounted. However, the Moon Jae-in government in South Korea formulated a housing policy based on its ideological goal of pursuing “substantive equality” and adhered to such policy despite the ensuing social discontent. Because policy autonomy is a prerequisite for a government to stick to a policy, this paper aims to analyze this case, focusing on the relationship between the policy autonomy that the Moon government possessed and its adherence to said policy. It presents a theoretical framework that shows the political factors that affect policy autonomy, analyses the Moon government’s housing policy based on its ideological goal, and examines relationships related to the government’s adherence to the policy and the factors discussed in the framework. Based on the research findings, the paper concludes with the theoretical and practical implications of the study.

Keywords: government’s ideological goal, policy autonomy, adhering to policy, housing policy, South Korea

Citizen participation in public policy is often regarded as the cornerstone of enhancing the quality of democracy (Morlino, 2009). This implies that, even though a government coordinates interventions from society during policy processes, the deepening of democracy increases the possibility of limiting the government’s independent policy role. Under these circumstances, the Moon Jae-in government (May 2017 to May 2022) of South Korea’s (henceforth, Korea) adherence to its housing policy is notable. President Moon came to power when many Koreans were proud of having developed their country’s democracy to the highest level through political participation. Even as Moon declared the expansion of participatory democracy, his administration adhered to its housing policy despite growing social criticism. As such, this case did not conform to conventional wisdom and was not theoretically expected, thus requiring further study.

Since the start of modern politics in August 1948, Korea experienced the deterioration of democracy in the first government (1948–1960), the political chaos of the second government (1960–1961), and the military government from 1961 to early 1988. Finally, Korea carried out procedural democratization in 1987, and since then, democracy has been steadily developed in the country. In particular, citizens’ political participation was expressed through candlelight protests in 2016 that led to the impeachment of former President Park Geun-hye (February 2013–March 2017). This event has been hailed as “the victory of participatory democracy” and “an honorary revolution”
(M. Lee, 2017) by citizens and scholars, revealing Koreans’ pride in their democracy. Moreover, in his 100-day inauguration speech, Moon hinted at his pursuit of participatory democracy:

“The citizens, as sovereigns, usually just watch politics, and are not satisfied with this indirect democracy…. I will make an effort to constantly communicate with them regardless of [being] online or offline” (Moon & Han, 2017, par. 1).

Accordingly, after Moon’s inauguration, it was expected that his government would increase both answerability and responsibility to citizens, particularly in the policymaking process, which will have a quick and direct impact on their lives.

Amid this expectation, the housing policy was one of the Moon government’s newly launched ambitious programs. Korea is a representative country with a high population density of 510.4 people per km² in 2021 (https://kosis.kr). Moreover, more than 50% of the population lives in Seoul, the country’s capital. This has resulted in housing polarization, which refers to the widening gap in housing service levels and housing assets between high- and low-income groups. This situation has been steadily worsening in Korea and has spawned various socioeconomic problems, such as the decrease in the size of the middle class and young peoples’ avoidance of marriage and childbirth. It has also created a sense of social discomfort due to differences in educational and cultural levels (Oh et al., 2023) and inhibitions against social integration (H.-C. Lee et al., 2020).

Under these circumstances, past presidents have made various promises to attempt to stabilize Korea’s high housing salience through effective housing policies. The Moon government also formulated a housing policy to stabilize housing prices by preventing speculation, withdrawing unearned income, protecting end-users and tenants, and reinforcing publicity surrounding housing issues. During the early stages of policymaking, President Moon displayed a strong sense of confidence, stating that “we will surely stabilize the market…we are absolutely certain of our policies…nevertheless, if there is a sign that the price will rise further, we will implement stronger measures” (“Full text of press conference,” 2017, par. 24. It must be noted that the housing policy was promoted according to the government’s ideological goal of “substantive equality,” as supported by the discourses of “big government” and “fairness.” To this end, the government developed a strong regulatory policy (Oh et al., 2023), announcing 26 new policy measures over four years.

Various opinions were expressed within the country regarding the direction and content of Moon’s housing policies. As Korea’s political landscape alternated between a progressive Democratic Party and a conservative People’s Power Party, there has been a strong tendency for sharply conflicting views to be expressed on national issues. In terms of the housing policy case, there was a possibility that conflicting views would not be identified given that interests on the subject depend on whether one owns a house, the price and location of the house, the area of residence, and more—all of which are intertwined in complex ways. Nevertheless, previous research noted that conflicting views were found at the early stages of the policy: Hankyoreh, a representative progressive media outlet, showed a tendency to provide expectations and simple forecasts regarding the policy, whereas Kyunghyang, another progressive media outlet, had a tendency to exclude judgments as much as possible. Meanwhile, conservative media—such as Chosun, JoongAng, Dong-A, and Korea Economic Daily—revealed negative evaluations and critical outlooks (Chae & Jang, 2018).

Despite this difference, which is to be discussed in detail subsequently, as housing market instability increased and prices soared, negative social evaluations of the policy spread. Even J.-U. Park (2020) went so far as to say that “policies speak of results, not intentions” and that Moon’s policy had “clearly failed.” Nevertheless, the Moon government consistently maintained its policy line and its confidence in the policy itself. Moreover, with approximately one year remaining in his term, President Moon claimed that he would maintain the existing policy, even though the people had judged it as having low policy effectiveness (“President Moon reflected on the failure,” 2021).

Hence, it must be asked what political factors enabled Moon’s government to maintain its housing policy despite social criticism and dissatisfaction. Focusing on the fact that adhering to a policy is untenable if the government does not possess policy autonomy, this paper aims to examine the political factors that offer policy autonomy to the government. Thus, the next section theoretically discusses the political factors that affect the government’s policy autonomy. The central section examines the Moon
government’s ideological goal and the housing policy that has been formulated under the goal. Per the framework, it then analyses relationships between the policy autonomy secured and the government’s adherence to the policy. Lastly, this paper concludes with some implications of the research findings.

The Government’s Policy Autonomy

In a democratic country, if a government adheres to a certain policy and refuses to revise it despite negative opinions, it means that it has a high degree of policy autonomy. Generally, a government’s policy autonomy implies the influence of the relevant actors in the policymaking processes. Moreover, a government’s policy autonomy can be understood as its ability to formulate, implement, sustain, and pursue policies that reflect their preferences, independent of external pressures and interventions (Heo, 2019) because “autonomy” is inseparable from “self-determination” (Míguez, 2021). In addressing national pending issues, a government intends to secure policy autonomy by utilizing policy instruments, such as taxes, interest rates, public spending, formation of institutions, and more. However, they do not always have full control over them (Akyuz, 2007).

Then, what are the political factors that contribute to the enhancement of the government’s policy autonomy? As there is a sort of dialectic pattern of interactions that exists between government and society during the policymaking process, political factors affecting the government’s policy autonomy exist both inside and outside of the government.

Inside the government, cohesiveness among policymakers is a favorable condition for securing policy autonomy. If policymakers, who have the power to influence the tone, goals, and content of a specific policy, share the same values and career trajectory, there will be a high degree of solidarity among them. This situation is highly likely to lead them to quickly promote policy formulation and implementation based on their beliefs. A strong homogeneity among members often leads to “groupthink,” producing a lack of fair leadership, a lack of suggestions and evaluations being sought from outside experts, and a lack of free discussion (Janis, 1973). It is impossible for outside actors to clearly confirm the existence of groupthink in the government. However, if the conditions that make groupthink possible exist, and if the government is indifferent to external voices due to its self-confidence, groupthink is highly likely to occur and might serve as a factor in increasing the government’s policy autonomy.

Outside the government, if the government receives a high approval rate, it produces favorable conditions for gaining policy autonomy. Approval rate and policy autonomy are highly likely to be proportional because citizens’ evaluation of the government is explained through a reward–punishment model (Ramirez, 2009). In this context, numerous studies show that public approval is an essential resource for leaders to advance their preferred policy agendas by persuading parliaments and gaining public support (Clarke & Stewart, 1994; MacKuen et al., 1992; Norpoth, 1996). Specific factors related to the government’s approval rate, and thus affecting policy autonomy, are as follows.

The first factor is the degree of external pressure that affects the government’s policy line. One of the major external pressures since the late 20th century has been the economic liberalization and globalization (Akyuz, 2007) that make governments face the difficult task of properly blocking or selectively accepting external pressure while also entering the globalized market to promote investment attraction and expand trade opportunities—all of which limit their policy autonomy. Transnational actors, such as international credit rating agencies that announce each country’s credit rating or international organizations that critically review other countries’ systems to induce improvement, might also limit policy autonomy. Their activities are related to a country’s external credit rating, which affects the ease of financing and the investment potential of foreign investors, which in turn affects the degree of policy autonomy.

The second factor is the nation’s domestic economic indicators. As economic factors have a decisive influence on the evaluation of leaders in capitalistic countries (Weatherford & McDonnell, 1996), the main pressure factor constraining the government’s policy discretion exists in the economic realm. If the unemployment rate, inflation, real income growth rate (Hibbs, 1979), and consumer sentiment index (Erikson et al., 2002) are stable, there is a positive effect on the government approval rating. A stable domestic economy also allows the government to selectively accept the external economic pressures mentioned above.
The third factor is the strong support base in civil society. In the early days of power, there was the so-called “honeymoon effect,” which occurs when the media and public opinion tend to refrain from criticizing the newly launched government, which strengthens the support base (Erikson & Tedin, 2010). However, it is unlikely that they will satisfy all the citizens’ expectations. Accordingly, as time goes by, the possibility of dissatisfaction, especially from those who did not enjoy the benefits of the policy changes, breeds disillusioned voters (Norpoth, 1984; Stimson, 1976), and the honeymoon effect is generally short-lived.

Nevertheless, considering that the personal factors of the leader also influence the evaluation of the government (Miller & Borrelli, 1991), there is a possibility that government support will remain strong. If the leader can overcome the country’s long-standing difficulties, the approval rating will likely rise. Moreover, if the leader tries to increase the approval rating by expanding favorable public opinion, it will help gather existing supporters and expand to new supporters. For example, if the president raises the public’s interest in his national agenda by appealing to and persuading the public, it will help to increase the approval rating (Cohen, 1995; Edwards & Eshbaugh-Sola, 2000). It is uncertain whether individual citizen support for the presidential speech will rise, but the president’s efforts are at least trying to provide a place for direct communication with citizens, which is a blind spot in the representative system. Furthermore, at this time, if the president emphasizes issues in which he has strengths through the agenda-setting strategy, it can be expected to increase the approval rating. Regarding this issue, Druckman and Holmes (2004) showed that U.S. President Bush, in 2002, in his joint speech to both houses of Congress, drew general support from the citizens by addressing the security issue as a top priority.

Thus, if a government, like the Moon government, shows a strong drive to implement certain policies even if adverse side effects occur or the policies’ effectiveness is questioned, the government is mostly likely situated in a place where favorable political factors for policy autonomy, as depicted in Figure 1, exist.

**The Moon Government’s Ideological Goal: Realization of Substantive Equality**

Since the inauguration of the Moon government, the “frame”—a mental system that structures the ideas of people and also determines the way they think and act (Na, 2019)—that not only the president, ministers of the administration, and major politicians in the ruling Democratic Party had, but also many everyday Koreans, was “the liquidation of the deep-rooted evil” (Oh, 2019). “Deep-rooted evil” in Korea at that time referred to various types of corruption and unfair practices. The government defined itself as “the candlelight government” and argued that the “candlelight spirit” was the eradication of those evils (J.-D. Lee, 2018). Accordingly, the new government designated the complete liquidation of the evils as the

![Figure 1. The Political Factors of the Government’s Policy Autonomy](image-url)
first task among the top 100 national tasks, and this was accepted as a sacred act to bring peace to peoples’ lives (National Planning Advisory Committee, 2017). A famous Korean writer’s comment, that “They are deep-rooted evils, and we are the revolution. They are the discarded past, and we are the future. They are the remnants of a declining era, and we are the eternal light that illuminates the darkness,” directly supported this (H.-Y. Jung, 2019, par. 37).

The social support for the slogan to eradicate evils was largely attributable to the fact that Moon took office after an early election following the impeachment of former President Park. In December 2016, the National Assembly of Korea passed an impeachment bill for Park, stating that her close friend had committed bribery and abuse of power. In March 2017, the Constitutional Court decided to dismiss her from office. In a country with dual democratic legitimacy like Korea—a country in which the head of the executive branch and members of the legislative body are both directly elected by the people—the legislative body’s resolution to impeach the president chosen by the citizens might have been difficult to succeed if it went against the will of most citizens (Heo, 2019). In this case, Park’s dismissal was possible through the large-scale candlelight protests. Citizens who participated in the protest showed high support for Moon, who was defeated by Park in the 2012 presidential election. Finally, after taking office in May 2017, Moon pursued public policies under the slogan of the liquidation of “deep-rooted evils,” which can be summarized as “realizing substantive equality” (Kim & Park, 2018).

Before discussing substantive equality, it is necessary to understand who has primarily discussed equality in Korea. As a result of the victory of leaders pursuing Western-style liberalism over communists (who intended to establish a Soviet country after Japanese colonialism [1910–1945]), Korea was established as a democratic country in 1948 (Scalapino & Lee, 1973). However, various historical events have prevented the country from steadily developing its democracy, including the 1950 North Korean invasion, a military coup in 1961, and the long-term authoritarian rule of Park Chung-hee (1961–1979). However, as considerable literature shows, rapid industrialization was achieved during the Park period when Korea became a representative East Asian developmental state, with this material affluence nurturing democratic forces with a desire for political equality (Kim, 2007).

Their discourse on equality naturally brought about discussions on equality in the economic realms, such as economic growth centered on large corporations, conflicts between employees and employers, and insufficient public welfare services. In this context, Moon and his colleagues, who have said that their activities are an extension of the democratization movement (J. Lee, 2017), have consistently informed the public how they understand the issue of equality:

[himeomneun saramege gwandaehago him inneun saramege eomgyeokan jatdaega jeogyongdoeneun sahoe] “We should be tolerant of the powerless, and apply strict standards to the powerful.” – Moon, a leader of the opposition party in 2012 (M. W. Lee, 2012, par. 26)

Not everybody can be dragon… what’s more important is to make an environment where fish, frogs and crayfish can live happily in the stream without becoming a dragon and flying into the sky.” – Cho Kuk, March 2, 2012; Cho became a minister of justice in the Moon government in 2019 (S.-Y. Lee, 2019, par. 4)

“Scholarships should be awarded based on financial need (not grades).” – Cho Kuk, April 15, 2012 (S.-H. Kim, 2019, par. 5)

In this context, the ideological goal of the Moon government can be summarized as realizing substantive equality beyond formal equality that focuses on the provision of equal opportunities. In reality, some individuals lack the foundation to lead free and independent lives and secure basic rights as human beings, even if their own efforts are sufficient. Therefore, those who advocate for substantive equality aim for the socioeconomic equality of outcome. As this requires the government’s financial role and may partially constrain the principle of equal opportunity, individuals must tolerate government intervention in the private sphere.

Based on the above discussion, the Moon government aimed to realize substantive equality by formulating policies that reflect this. Moon argued that the elimination of deep-rooted evil was to “eliminate inequality in all areas of economy and society,” “promoting socioeconomic equality,” and “reinforcing support for the underprivileged” (National
The government also stressed that vested interests inherited wealth and honor, taking privileges and fouls for granted, and that the dictatorship (related to the previous government) carried out structural inequality (S.-D. Kim, 2019). This showed that the government aims to step in and balance the consequences of the inequality experienced by people with innately different starting points.

Thus, the Moon government intended to reduce the existing benefits enjoyed by individuals and groups with relatively more wealth and provide more socioeconomic benefits to those in the opposite position. To this end, it produced quite radical policies. Immediately taking office, Moon argued that because one in three people (32.8% in 2016) was a non-regular worker, the hourly wage was only 65.5% of that of regular workers, and 37.4% compared to regular workers in large corporations (I. Heo, 2019), this should be corrected and declared “the age of zero irregular workers.” (“Irregular works account,” 2017). Moreover, the government decided to abolish special-purpose high schools and private high schools, which are known to have relatively high numbers of students from wealthy families (M. Lee, 2017). They also made policy efforts to strengthen the tax burdens of large enterprises and tried to close the gap between large enterprises and SMEs in terms of employees’ welfare service level and productivity gap (National Planning Advisory Committee, 2017).

While carrying out the above policy efforts for substantive equality, the government presented discourses on big government and fairness. It did not propose these discourses as a formal way to realize substantive equality. Nevertheless, considering that these discourses were presented in the process of expressing their strong will for the abolition of inequality under the recognition that inequality was widespread in previous governments (B.-C. Lee et al., 2021), the discourses and the government’s aim to realize substantive equality were closely related as follows.

First, Moon revived the big government that had a negative image as it was reminiscent of authoritarian regimes. Of course, big government cannot be equated with authoritarian government because the former refers to the scope and intensity of the government’s role, whereas the latter refers to the nature of a regime that seeks to prolong its power. However, because a big government is a necessary condition for maintaining an authoritarian system, after democratization in 1987, it was considered part of democratic reform to pursue a small government and expand the autonomy of the market and civil society (Heo, 2019).

However, Moon, taking office 30 years after democratization, said that the blind faith that big government is bad should be abandoned (E.-H. Cho, 2017) and that Koreans had a stereotype that small government is good. Moreover, he criticized the previous governments for neglecting their fiscal role and argued that he would make the government play an “active role of finance” as a “working government” (“Transition to big government,” August 13). Under the motto of “an inclusive welfare state enjoyed by all,” he tried to put a lot of money into the health, welfare, and labor sectors (National Planning and Advisory Committee, 2017). Accordingly, the combined budget of the main budget and the supplementary budget increased to 432.7 trillion won (2018), 475.4 trillion won (2019), 546.9 trillion won (2020), 604.9 trillion won (2021), 679.5 trillion won (2022), and during the same period, the national debt was 680.5 trillion won, 731.5 trillion won, 846.9 trillion won, 965.9 trillion won and 1068.8 trillion won (Hwang, J. H., Jung, E. J., & Doh, B. W., 2022).

Second, Moon presented fairness as a topic. In his inauguration speech, he declared that “everyone will have equal opportunities, the process will be fair, and the result will be righteous” (D.-H. Ko, 2017). Because fairness, a highly abstract term, is affected by variables such as personal experiences and social contexts, it is difficult to derive an agreed-upon concept. The Moon government seemed to have recognized that it was fair to intervene directly and correct various aspects of inequality. This recognition was revealed in the following remarks by Moon that the government must close the gap between the weak and the strong:

The candlelight protest was a forum for public debate that revealed the contradictions of Korean society all at once....It was an accusation against the reality that no matter how hard we tried, we could not get out of a hard life with our own strength alone, and these individuals should not be discouraged anymore. (T. Kang, 2017, par. 2)In a similar vein, the government said that discrimination, which recognizes the differences between people as making them
superior or inferior, has resulted in unfairness, and the government would correct under the slogan “people come first” (National Planning Advisory Committee, 2017). Thus, the government’s fairness discourse was presented to justify its intervention in realizing the goal of substantive equality.

The Moon Government’s Housing Policy and Its Adherence to Policy

Korea’s housing polarization problem has steadily worsened. Comparing the self-ownership rate by income class between 2006 and 2017, the Korea Research Institute for Human Settlements (2018) has found that ownership by low-income class decreased from 52.6% to 49.3%, middle-income class ownership increased from 61.0% to 63.8%, and high-income class ownership increased from 76.8% to 79.9%. Moreover, the number of houses owned by the top 1% of the population’s earners was 910,000 as of 2018, an increase of 543,000 from 2008 (Korea Research Institute for Human Settlements, 2019). These statistics clearly indicate a deepening of the housing polarization problem. This phenomenon was the key root of various socioeconomic problems noted previously, as it widened the asset gap depending on whether people owned a house and how many houses they owned (Korea Research Institute for Human Settlements, 2018; Park & Kim, 2022). In this atmosphere, the Moon government’s ambitious housing policy measures were announced 26 times, with confidence that the measures would definitely be effective. Key policy objectives and measures are shown in Table 1.

The above policy measures strongly reflected the government’s will to realize substantial equality by securing fairness in the housing market through the role of big government. First, the government intended to pursue substantial equality by directly intervening in the housing market. It defined people who made a profit through housing transactions or who owned more than two houses as “speculators,” calling them “the main culprits” who overheat the housing market (J. Lee, 2019). Accordingly, the government raised the acquisition tax, property tax, and transfer tax and announced that owners of multiple homes would be subject to heavy taxation.

By changing the result of housing allocation through tax increases, the government’s preference for big government was found in the policy. Because huge fiscal expenditures are inevitable for supporting and regulating the private sector, increasing taxes is essential for a leader who believes that a bigger government is needed (Feldstein, 1997). However, because the tax increase target is the voters, it may cause political backlash. Accordingly, a government that aims for big government should present a legitimate need for tax increases. In the case of the Moon government, in response to criticism from the opposition party and some citizens who argued that “punitive taxation” was unreasonable because owning multiple houses was not a crime, the government stressed that the tax increase was justifiable as it would protect the end-users of housing (C. Lee, 2020).

Second, the government tried to realize substantive equality by insisting on housing as a public good and applying the concept of fairness to the market. In a capitalist country, it is inappropriate to regard housing as a public good. However, considering a government official’s remark that “housing is not a subject for speculation but a public good, in the sense that it is a residential space for life” (J. Lee, 2020, par. 2) and the remark of the Deputy Prime Minister of Economic Affairs, who said, “Housing and land are the commons” (K.-M. Noh, 2021, par. 1), the government seemed to emphasize that housing was a basic commodity that was essential for survival, distinct from products traded in the market. This view justified the idea that the government should directly intervene in the housing market and should contribute to the stable maintenance of the community. From this view, in housing construction, private companies needed to pursue profits by investing in places with business potential, so government agencies should supply public rental housing for citizens living in areas where there was no business feasibility. The government should also activate the housing construction sale plan that supplies houses to the elderly, newcomers, and newlyweds at lower prices. Accordingly, the supply of public rental housing played a key role in the Moon government’s housing policy. As shown in Table 1, the government announced a plan for 139,000 units, an increase from the Park government’s plan to supply 112,000 public rental housing units (Ministry of Land, Infrastructure, and Transport, 2019).
Table 1
Moon Government’s Housing Policy Measures (June 2017–2021)

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Relevant policy measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blocking housing speculation</td>
<td>Reinforcing regulations in areas where housing prices are rising.</td>
</tr>
<tr>
<td></td>
<td>Designating speculative “overheating” area: if the price increase of housing in the area continues, impose restrictions on housing transactions, strengthen regulations, and strengthen verification of loan repayment capacity.</td>
</tr>
<tr>
<td></td>
<td>Strengthening financial regulations: strengthening LTV (loan-to-value) and DTI (debt-to-income).</td>
</tr>
<tr>
<td>Withdrawing unearned income</td>
<td>Increasing multi-house owners’ acquisition tax, general real estate tax, and transfer tax.</td>
</tr>
<tr>
<td>Protecting end-users and tenants</td>
<td>Implementing the upper limit on housing prices.</td>
</tr>
<tr>
<td></td>
<td>Reinforcing reconstruction regulations.</td>
</tr>
<tr>
<td></td>
<td>Implementing “Housing Lease Protection Act” (2018): extending the rental guarantee period, limiting deposit increase upon contract renewal (5%), guaranteeing a one-time contract renewal claim if the tenant wishes, and prohibiting the leaseholders from rejecting a request for contract renewal if they do not have justifiable grounds.</td>
</tr>
<tr>
<td></td>
<td>If the tenant does not give notice of refusal of renewal two months in advance, the leaseholder will be deemed to have re-leased under the same conditions as the previous lease; and when disputes between them occur, the dispute mediation procedure must be initiated without delay.</td>
</tr>
<tr>
<td>Reinforcement of publicity of housing</td>
<td>Developing new housing sites for housing construction.</td>
</tr>
<tr>
<td></td>
<td>Providing public houses (supply 139,000 units of public housing by 2028).</td>
</tr>
<tr>
<td></td>
<td>Selling public houses to newlyweds, young people, the elderly, and low-income families at low prices.</td>
</tr>
</tbody>
</table>


By providing a vast amount of public rental housing, the government’s preference for fairness was found in its housing policy. Choo Mi-ae, who served as the Minister of Justice (January 2020–January 2021), mentioned that “a small number of individuals and large corporations monopolize real estate, making Korea a real estate republic that collects huge unearned income” (K. M. Noh, 2021, par. 7). In this vein, the government believed that undue power relations existed in the housing market, where the strong (the homeowners) exercised power over the weak (the homeless)—a state that should be eradicated. The government also believed that to eradicate this relationship, it was necessary to limit the power of the former and increase the power of the latter. Thus, it criticized homeowners’ wealth that increases when housing prices rise, which was unearned income that should be eradicated (Ministry of Land, Infrastructure,
and Transport, 2019). At the same time, to provide direct benefits to people who were homeless, the ruling Democratic party, which won 180 out of 300 seats in the general election in April 2020, enforced the Housing Lease Protection Act in July 2020, as explained in Table 1. For a bill to pass in the National Assembly of Korea, it is usually discussed at a plenary session and then referred to a subcommittee for review, but the ruling party skipped this step. Moreover, the ruling party passed the bill in the absence of the opposition party, which did not agree to the bill. This bill process reflected the president’s intention that the Act is absolutely necessary to protect tenants.

During the early part of the Moon government’s term, civic groups and experts, including professors, real-estate researchers, and ordinary citizens, presented diverse opinions regarding the above housing policy. According to the results of a public opinion poll conducted by Hankyoreh and Korea Research in August 2017, 71.8% of respondents were in favor of the policy, whereas 19.15% were against it (Choi, 2017). In other words, ruling party supporters, tenant households, and progressive housing experts overwhelmingly supported the policy. Although house prices have continued to rise since then, some have argued that this was due to factors such as exaggerated survey results, low interest rates, and the entry of speculative forces into the housing market rather than a policy failure (“Real estate market is unstable,” 2019; K.-H. Yoon, 2021).

However, negative evaluations increased since the second half of 2019. According to Gallup Korea (2021b), negative evaluation levels were at 57% on December 5, 2019; by 2020, it was at 64% (July 9), 65% (August 13), and 68% (November 5); by 2021, it increased to 74% (March 4), 78% (July 1), and 79% (September 30). As the negative evaluation of this policy became overwhelming, even the President Moon officially said that “we failed to achieve the goal of stabilizing the real estate policy.” (Lee, J. 2021, May 11, par 1) Considering that the original mission of any policy is to address pending issues effectively, the concerns were focused on the question of the policy’s effectiveness. There were criticisms about the problems that the housing policy created or may cause in the future. If the transfer tax was raised, multi-homeowners would not put them up for sale but would rather donate the house to their children to strengthen the inheritance of wealth. The loan regulation would make it more difficult for homeless people to purchase a house. The expansion of public rental housing to people excluded the natural process of starting with a small house and gradually increasing the size of the house according to the money they earn. Strengthening regulations on redevelopment and reconstruction in high-demand downtown areas would distort the principle of supply and demand in the market (S. S. Lee, 2021; Y. Park, 2021).

There were also criticisms of the Housing Lease Protection Act. Because this law granted the tenants the right to apply for contract renewal, the leaseholder might greatly increase the amount of jeonse (long-term rentals with a lump-sum deposit, a system known to exist only in Korea) lease money or convert the jeonse to monthly rent, exacerbating the economic burden on the tenant. Some criticized the policy based on the Korean Constitution. As housing traders were regarded as speculators and transfer taxes were intensified, it might become difficult for people to move to where they wanted to live, which restricted the freedom of residence and the right to pursue the happiness of those who wish to move (Roh, 2020)

In the process of presenting these critical views, ordinary citizens also expressed dissatisfaction with the policy. According to Gallup Korea (2021a), respondents who negatively evaluated the president’s work performance pointed to housing and real estate policies as the number one reason. At that time, it was the 18th consecutive week that dissatisfaction with this policy was cited as the number one reason for the negative evaluation of the president (Shin, 2021).

What should be noted here is that the government did not revise the existing policy stance despite the voices of citizens and constructive criticisms from experts. Confidence in the president, government officials, and the ruling party was maintained. The Ministry of Land, Infrastructure, and Transport said that they were stably managing the housing market by eradicating speculative demand and protecting end-users, and housing sales prices rose only slightly despite the previous government’s deregulation (M.-I. Kim, 2020). Above all, the president strongly expressed trust in the existing policy through several statements, implying that there would be no policy revision:

[Munjaein Daetongnyeongeun Tebudongsan Munjeneun Jasim Itdatemyeongeun Jeongukjeogeundo Budongsan Gagyeogi Anjeongdoego Itdagi]
As discussed previously, the government believed that realizing substantive equality is indispensable in eradicating deep-rooted evil; thus, it seemed that the government had made a full commitment to realizing this aim by exercising big government and fairness discourse. This served as a strong foundation for the policy and provided it a driving force.

Contrary to the government’s expectation, however, Korea experienced market turmoil, rising housing prices, and unexpected adverse effects of the policy. Housing prices under the Moon government were 1.4 times higher (34%) than the 24% of the previous governments from December 2008 to March 2017 (Cho, H. H, 2020 August 03) (cei.or.kr), and the price of a 1,245-foot apartment, a preferred choice of citizens, skyrocketed by 93% between May 2017 and May 2021 in Seoul (Oh, Lee and Heo, 2023) (). This was also supported by the fact that, when comparing the Moon government to previous governments, the number of acquisitions decreased from 978,000 to 952,000, whereas the acquisition tax surged from 5,723.1 billion won to 9,797 trillion won (T.-I. Kim, 2021). There was also an unusual occurrence in which house sales and rental prices skyrocketed at the same time (Jeon, 2020). In August 2021, one year after the enactment of the Housing Lease Protection Act, the number of apartments in Seoul for jeonse was 21,141, a decrease of 84% compared to a year ago (37,107 cases), and the rate of increase of the jeonse price reached 27.2% (W. Kim, 2021). Nevertheless, the government consistently justified the existing policy stance, as discussed previously, which signifies that the government has a high level of policy autonomy.

**The Moon Government’s Policy Autonomy and Its Insistence on the Housing Policy**

The high degree of policy autonomy demonstrated by the Moon government resulted from the high approval ratings secured by the president and the ruling party. Moon, who started with an approval rating of 80.6%, much higher than the 54.8% approval rating of
former President Park, has maintained a consistently high approval rating (Figure 2).

Moon has maintained an over 40% rating even after June 2021, with less than a year left before the end of this term, which is unusual compared to other governments for not experiencing a lame-duck presidency (Chang & Yun, 2022). This contrasts with previous presidents after democratization, who became lame ducks as their approval ratings fell below 30% in the last year of their term (S.-J. Yoon, 2021). Per the theoretical discussion of this paper, the high social support formed during the early and midterm of the Moon government was possible primarily because of various political factors.

First, no external pressure affected the domestic policy path, largely because of stable economic indicators. In 2016, at the end of the Park government, Korea’s short-term external debt to foreign exchange reserves remained low, maintaining good foreign exchange soundness, and the account surplus continued. Accordingly, the current government was at a time when Korea’s macroeconomic stability was expected to remain stable (Korea Development Institute, 2016). Despite the COVID-19 outbreak, the Organization for Economic Cooperation and Development forecasted that the Korean economy would continue to recover faster and stronger than initially expected, supporting Korea’s relatively stable economic situation (Ministry of Economy and Finance, 2021).

Second, the government had supporters in civil society who gave their unconditional support. Some citizens formed a passionate fandom of Moon and were called “Moon Fans” (Jin, 2020). They shouted, “Do whatever Moon wants to do!” launching “Moon goods” (So, 2017), posting an oath of allegiance on a billboard, creating a situation in which even ruling party politicians have no choice but to leave the party if they are critical of Moon (Jin, 2020), and attacking the media that published critical articles on Moon as “garbage journalists” (Oh, 2021).

Third, expectations that Moon was the right person to solve Korea’s critical pending national issues were widespread within society. Internally, he was expected to alleviate the inequality problem effectively. Many of the candlelight protesters complained that the previous government lacked the ability to solve socioeconomic problems, particularly economic inequality that accompanied increased polarization in unemployment, wages, education, culture, and housing (M. Lee, 2017).

They thought that this problem got worse because the previous government offered a marketist solution—trying to create investment and jobs by guaranteeing corporate freedom. In this atmosphere, citizens had high expectations of Moon, who proposed a governmental solution—the government intervened in the labor market to reduce non-regular workers, ensure job security, raise the minimum wage, strengthen the burden on large capitalists through tax reform, and correct the income distribution system (Heo, 2019). In addition, after the outbreak of the COVID-19 pandemic, the positive evaluation of the government’s quarantine measures was maintained at 70–80% in 2020 and in the 50–70% range in 2021, which also contributed to maintaining support for the president (Gallup Korea, 2021c).

Internationally, Moon was expected to enhance the relationship with North Korea, which has been the main enemy that has caused the sacrifice of the South Korean people through intermittent terrorism since it invaded the South in 1950. From the beginning of his presidency, he demanded that the United States declare an end to the Korean War, which ceased to exist in 1953. Meanwhile, North Korea, which declared the completion of its nuclear force in November after a breath-taking nuclear test in 2017, changed its stance rapidly from the beginning of 2018 and participated in the Winter Olympics, held in South Korea; invited Moon to their capital city; and participated in three inter-Korean summits, all of which drew favorable reviews that Moon was creatively pioneering history (Yang, 2019). During this process, North Korea’s announcement of the closure of the Punggye-ri nuclear test site and the withdrawal of guard posts from the DMZ in 2018 contributed to the government’s high approval rating (Y. S. Lee, 2021).

Although the government maintained such social support, there was a high possibility that cohesion existed among key figures who exerted influence on housing policy. At the time when the housing policy was actively announced during the early- and midterm of the government, the figures who directly or indirectly influenced the policy were the president, the longest-serving Prime Minister, Lee Nak-yeon (May 2017–January 2020), and the longest-serving minister of the Ministry of Land, Infrastructure, and Transport, Kim Hyun-mi (June 2017–December 2020). They shared political experiences in the Democratic Party. Moon was the leader, and Lee and Kim were
legislators in the party. Also, they were all related to the Roh Moo-hyun government (February 2003–February 2008), which had the same political power base as the Moon government. Moon served as the chief of civil affairs and chief of staff in the president’s office, Lee served as Roh’s spokesperson, and Kim was the deputy spokesperson. The fact that they were in the same political party and government means that they shared similar ideologies. Ideology is one of the critical factors providing a theoretical basis for solving problems and expressing it as a policy (Peters, 2002), so it was highly likely that the same beliefs about housing policy existed among them. This suggested that groupthink might have been at play, both among them and in the policymaking groups surrounding them. External actors cannot clearly know whether or not groupthink existed or what mechanism there might be. However, they maintained the policy and strongly promoted it in spite of various critical views, which made it difficult to rule out the possibility of groupthink (Kwon, 2020).

Thus, despite the rapid increase in negative evaluations of Moon’s housing policy, his government maintained high social support, thanks to stable economic indicators, some citizens’ unconditional support, social expectations of the government’s ability to solve national pending problems, and high cohesion among policymakers. Finally, we can say that the Moon government’s long-standing high approval rating offered policy autonomy and the ability to adhere to its housing policy.

Conclusion

At the end of January 2021, Moon lowered his rhetoric a bit, saying, “I am sorry about the people who are very discouraged by housing difficulties” (T.-K. Kim, 2021, par. 4), and the ruling party remarked that it would seek to revise the policy (H.-J. Lee, 2021). However, in the absence of a clear policy revision, citizens’ dissatisfaction with the policy increased. This was reflected in the March 2022 presidential election, won by the opposition Party candidate Yoon Suk Yeol. Several facts support the idea that social criticism of Moon’s housing policy played a role in this result. According to the 2022 January opinion poll, 51.8% of respondents said they would choose a candidate prioritizing real estate and residential stability and that Yoon would be better suited to resolve the issue than the opposition party (40.4% > 29%) (J.-H. Lee, 2022). In this situation, and in light of Kang’s (2002) research targeting citizens who withdrew their support for the ruling party, the correlation between responses highlighting Moon’s failure in terms of the housing policy as an influence in voting and those who indicated that the election served as a means of the judgment of the Moon government was high (.387). Moreover, the correlation between the responses indicating that the Moon government’s higher taxes related to real estate and the sentiment that the election was meant to serve as a judgment of the government was even higher (.709). As housing prices soared nationwide, even in Jeolla Province—the Democratic Party’s solid support base—showed a highly negative evaluation (72.0%) of the Moon government in the July 2020 opinion poll (P. Cho, 2020). Finally, Lee Jae-myung apologized for his party’s failure to control the housing crisis during the 2022 presidential election campaign, differentiating himself from Moon (J.-T. Ko, 2022). All of this indicated that Moon’s housing policy, although not the only factor, critically affected the shape of the 2022 presidential election.

This study offers a theoretical implication regarding policy autonomy. In many democratized countries, it has been conventional wisdom that the government’s policy autonomy has an affinity with past authoritarian states; thus, as discussed, democratic development seems to limit autonomy. As democracy deepens, social actors have the ability to exert policy influence by identifying social problems, gathering policy information, suggesting alternatives, and evaluating policy measures (Heo, 2013). However, this study shows that the government’s autonomy can be advanced even in a country that prides itself on its democracy, specifying the political factors making this possible.

Moreover, this Korean case is significant in that it shows the danger of excess belief or ideology in public policymaking by implying that the government should not adhere to the policy (or the specific belief that underlies it), but should try to make the policy effective first. In reality, the government cannot be a flawless, rational actor that produces optimal alternatives in a timely manner and can prepare countermeasures against side effects. This implies that in order to accomplish a policy’s innate mission—thus effectively achieving what is in the public interest by the best possible means (Yadav, 2010)—a government should respond
to social voices by gathering non-governmental actors’ experiences, information, and knowledge, all of which are indispensable to making a policy effective. If a policy turns out to be ineffective, the belief that the government seeks to achieve through the policy can hardly be achieved. Considering that people’s trust in their government is related to what it offers to them (Petrovsky et al., 2017), strongly adhering to a specific ineffective policy is likely to reduce trust in democratic government and the quality of democracy.

Declaration of Ownership

This report is my original work.

Conflict of Interest

None.

Ethical Clearance

This study was approved by my institution.

References


Lee, J. (2021, May 11). Four years in office, President Moon has “Nothing to say” when it comes to real estate. Kyunghynag News. https://m.khan.co.kr/politics/president/article/202105111903487#c2b


Seo, Y. (2020, August 9). [mun daetongnyeong, chammodeul sauie tjanggottjeongmutmminjeong deung meonjeo bakkul deut] President Moon was lost in thought as his staffs wants to quit their jobs. *Hankyoreh Daily. https://www.hani.co.kr/arti/PRINT/957089.html*


[kejunjeongburoui jeonhwan: ihaneun jeongbu jacheo, jeoseongjangpsiyeungseokwa haegyeore apjang] Transition to big government: working government to