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**ISSUE BRIEF**  
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## **The Significance of the 2012 US Election for South Korea**

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There is hardly any need to expound upon the importance of the quadrennial exercise involving the selection of the next president of the United States. While non-US citizens do not have a vote on this matter, a sizable portion almost always likes to have some say in it. This year is no exception. According to the latest report based on the Pew Research Center's Global Attitudes Project, approximately 4-in-5 of those surveyed across 21 countries (excluding South Korea) have expressed some opinion about President Obama's re-election bid. In the September-October 2012 Asan Institute survey of the South Korean public, approximately 3-in-5 have expressed a desire to voice their preference between the two leading candidates. Indeed, there is little doubt that this year's election is of global significance, but the question remains just *how* it matters.

This essay will explore this very question from the standpoint of South Korea's national interest. The discussion begins with a general overview of South Korean public perception about the American election, followed by a comparison of each major candidate and subsequent implications for South Korea. It bears mentioning that the goal of this brief is less prediction than estimation. What is sought is an insight into how the US electoral outcome may potentially influence South Korea's national security and/or economy. We do not provide blanket coverage of all issues but handpick only those that may prove critical to South Korea's national interest.

### **Non-US Public Opinion on the US Presidential Election**

While the overall interest in the US election may have waned since 2008, the general public in Northeast Asia seems to remain engaged. According to the Pew Research Center, approximately 63 percent of the surveyed Japanese respondents claim to pay close attention to this year's US presidential race, which is considerably larger than the 36 percent in

Germany, 34 percent in the United Kingdom, or 24 percent in France. In fact, it is almost as large as the 66 percent of the American electorate who have expressed an interest. While the figure is only 36 for China, this is a significant jump from 2008 when only 17 percent of the Chinese respondents claimed to have followed the US election.

Our own survey shows that the number of people in South Korea who claim to not know enough about the election to have an opinion is only 37 percent. Of the remaining 60 percent that have expressed some interest, about 89 percent prefers Barack Obama over the GOP nominee Mitt Romney. Surprisingly, the strong preference for Obama does not appear to be related to views about America or the current administration's policy vis-à-vis South Korea and the world. In our own survey, for instance, a large majority do not have a favorable opinion about the Obama administration's policy with regard to South Korea's national interest, inter-Korean relations, Japan-Korea relations, global environment, or troop deployment.

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### South Korean Public Opinion on US Election 2012

**In the upcoming United States Presidential election in November, which candidate would you prefer to see win? Would it be...**

|              |      |
|--------------|------|
| Barack Obama | 53.5 |
| Mitt Romney  | 6.9  |
| Other        | 1.7  |
| Don't Know   | 37   |

QV107 (10/04-06/2012)

**In general, what is your opinion of the United States?**

|                  |      |
|------------------|------|
| Favorable        | 57.1 |
| Unfavorable      | 28.3 |
| Don't Know       | 12.5 |
| Refuse to Answer | 2.1  |

QV101 (9/25-27/2012)

**In general, what is your opinion of Americans?**

|                  |      |
|------------------|------|
| Favorable        | 58.9 |
| Unfavorable      | 22.9 |
| Don't Know       | 14.6 |
| Refuse to Answer | 3.6  |

QV102 (9/25-27/2012)

**Do you think that the Obama administration has**

|   | Yes  | No   | Don't Know | Refuse to Answer |
|---|------|------|------------|------------------|
| been fair in dealing with North and South Korea | 20.7 | 49.9 | 29         | 0.4              |

|   |      |      |    |     |
|---|------|------|----|-----|
| taken into account the interests of South Korea when making international policy decisions? | 39.5 | 34.7 | 25 | 0.8 |
| been fair in dealing with Japan and South Korea over the issue of Dokdo Island              | 19.1 | 56   | 24 | 0.9 |
| gotten the US to take significant steps to control global climate change?                   | 23.3 | 39   | 37 | 0.8 |
| sought international approval before using military force?                                  | 24.2 | 38.9 | 36 | 1.1 |

QV109-113 (10/07-09/2012)

Source: Public Opinion Studies Center - The Asan Institute for Policy Studies (09/25 – 10/09/2012)

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One possible explanation for this discrepancy is that a large number of people (approximately 23-35%) who have a preferential leaning for Obama are either uninformed or indifferent about these subject matters. Even among those that are informed and interested, the connection between policy and persona is not a given. This is especially true in the immediate aftermath of the October 22 presidential debate, which did not reveal many substantial differences in the two leading candidates' positions with respect to foreign policy. Nonetheless, an argument can be made that the two leading candidates' positions on various issues present certain challenges to the region and/or South Korea's national interest.

### **Afghanistan and Pakistan**

One issue of notable concern is US policy toward Afghanistan and Pakistan. On the one hand, Romney has been critical of the Obama administration's announcement of a complete force withdrawal from Afghanistan by 2014. Even though Romney is on the record as supporting this timeline, he has added a caveat that this decision should depend on a "full interagency assessment of... military and assistance presence in Afghanistan."<sup>1</sup> Obama, on the other hand, has been more resolute on the 2014 deadline.

Left out of this discussion is Pakistan, arguably the more important piece of the puzzle as far as the grand regional strategy for the United States is concerned. Pakistan not only harbors the insurgents that can threaten the peace and stability of Afghanistan but maintains the world's sixth largest nuclear weapons stockpile. Both candidates have staked out a position that they support the use of drones and special operation forces on high value targets within Pakistan. Yet both candidates have also expressed concerns over Pakistan's nuclear capability. Regardless of who occupies the White House in 2013, one cannot completely rule out the

possibility that US plans for withdrawal from Afghanistan may be influenced by the situation in Pakistan.

Issues dealing with the deployment of ground forces to conflict zones take on a special importance for South Korea, which has a long history of cooperation with the United States on this matter dating back to the Vietnam War. More recently, South Korea has contributed as many as 3,600 troops to the Multi-National Force in Iraq (MNF-I) and 350 soldiers to Afghanistan's International Security Assistance Force (ISAF). While complete ground force withdrawal from Afghanistan by 2014 is a likely scenario, regardless of whoever wins the election in November, there is an outside chance that the US troop presence in Afghanistan will continue past 2014 should the new administration sense a strategic rationale for continuing or even elevating deployment in Afghanistan. From South Korea's standpoint, some contingency plan may be needed to address this issue past 2014 even though it is preparing for a phased withdrawal.

## **Iran**

Similar to Afghanistan and Pakistan, there are marginal differences in the two leading candidates' positions with respect to Iran. Thus far, the Obama administration's response to Iran's position on its nuclear program, terrorism, and human rights record has been a web of carefully orchestrated multilateral sanctions and covert operations. Critics of the current administration's policy with respect to Iran, including Romney, point out that sanctions, though useful, have not led to the termination of Iran's nuclear program. While the GOP camp supports sanctions, they would like to emphasize the need for a credible military option and reestablish a missile defense system in Eastern Europe.

Iran is one of the main sources of South Korea's crude oil supply. As a result of the international sanctions, South Korea's crude oil imports from Iran were down 17 percent during the first half of 2012. Continued sanctions along with the looming possibility of a US-led military conflict in the region also have the potential to create market jitters and worried outlooks among investors and businessmen in South Korea. Some notable stakeholders include large companies, such as SK Innovations and Hyundai Oil Bank, not to mention the thousands of small and medium sized firms who have business concerns in Iran. These interests should work closely with the government to devise a strategy for dealing with the possibility of a nuclear Iran.

## **The Middle East and North Africa**

The recommendation above could also apply to the rest of the Middle East and North Africa, which is a major source of energy for South Korea. According to Troy Stangarone of the Korea Economic Institute, the Middle East made up 87 percent of crude oil imports for South Korea in 2010.<sup>2</sup> South Korea's exports to the Middle East in 2011 were about US\$35.9 billion. Reconstruction efforts in countries like Libya in the post Arab Spring era could also be a boon for Korean businesses. One estimate by the Korea Trade-Investment Promotion

Agency (KOTRA) estimates South Korea's share of the Libyan reconstruction market to be about US\$40 billion. However, the long term viability of business ventures in this region may in part depend on the policy favored by the next administration in Washington.

Unfortunately, the projected outlook on White House policy for the region based on the positions of the two leading candidates is less than reassuring. For one, the Obama administration has been heavily criticized for its policy of "leading from behind." Although President Obama has stated publicly that he would support a comprehensive aid program to encourage private investment and provide loan guarantees as well as debt relief in the region, lack of sizable action on these fronts have skeptics questioning the administration's intent. The recent series of embassy attacks in Libya, Egypt, Tunisia, and Yemen also present a difficult challenge for the administration, which has been timid about the military option. In general, Romney's position on this matter deviates little from that of Obama. Based on the last debate, both candidates seem to agree that a) the United States favors democratization in the region, b) but they are not willing to support direct military intervention, and most importantly c) that in order for the United States to lead abroad, it must be strong at home.

## **China**

China is not only the second largest trading partner to the United States but is also the largest holder of US Treasury Securities, worth over US\$1.1 trillion. The speed and robustness with which China has established itself as an emergent global power has compelled the Obama administration to walk a fine line between collaboration and competition. On the one hand, the 2009 joint communique between the two heads of state signaled the opening of a new chapter in US-China relations; however, China's unwillingness to engage in a coordinated diplomatic effort to discourage North Korea from developing its nuclear weapons program and prevent crises on the peninsula has pushed the United States to question Beijing's motives.<sup>3</sup> More recently, the nature of US-China relations has taken on a more competitive air as the Chinese have continued to modernize their military and delayed appreciation of the Renminbi. The United States, on the other hand, has built new US Marines facilities in Darwin and, de facto, precluded China from the Trans-Pacific Partnership (TPP) by establishing standards that exceed China's current practices.

Romney's position on China is decidedly more confrontational in that he has repeatedly voiced his intent to label Beijing as a "currency manipulator" and human rights violator. Although Romney also seems to support Obama's policy of carefully "pivoting" or "rebalancing" China's presence with a comparable build-up in the Asia Pacific, he seems to envision a more sizable investment and expansion in US naval capacity. The Brookings Institution points out, however, that the GOP nominee's position is driven by two problematic assumptions: one, China is too dependent on the United States to risk a trade war and, two, that the US budget can be renegotiated to accommodate increased defense spending. Given China's unwillingness to back down from past US threats against Chinese imports and the looming possibility of sequestration, Romney is likely to find his proposed approach facing

some serious hurdles. Nonetheless, if we assume that Romney does follow through on these measures, we are likely to see Beijing take a more hardline stance.

The precariousness of US-China relations presents a predicament for South Korea. Whoever is elected to the Oval Office, Seoul may be forced to choose between two great powers that are equally important to South Korea's national security and economic interests. While it may be more convenient to simply ignore this possibility, a contingency plan should be made to address a worst case scenario. Of course, the difficulty of planning for such an event is compounded by the fact that Beijing will be going through a leadership transition of its own in the coming months.

### **The US Budget: A Mountain of Debt and a Fiscal Cliff**

The central underlying concern that seems to permeate all of the issues discussed above is the US economy and federal budget. The logic is simple. The capacity to lead on the global stage depends on America's ability to get its own house in order. Data from the Bureau of Labor Statistics (BLS) shows encouraging trend towards successive improvements in unemployment and growth since Obama's inauguration and the passage of the American Reinvestment and Recovery Act (2009). However, the record stimulus spending, which has largely fueled this recovery, has come at the price of a record deficit.<sup>4</sup> The US national debt has surpassed the gross domestic product (GDP) as of September, US\$16 trillion and counting. According to one recent estimate by the Congressional Budget Office (CBO) the US gross debt will be 300 percent of the GDP by 2050 if the government continues to spend at the current rate without implementing any significant cuts.<sup>5</sup>

At the moment, the United States faces the possibility of an across-the-board sequester amounting to approximately US\$109 billion each year over the next ten years if the government cannot agree to a new budget by the year's end.<sup>6</sup> Citing the CBO, the Committee for a Responsible Federal Budget (CRFB) estimates that the effect of sequestration in the first half of 2013 will be a significant contraction of the economy (-3%) and a sizable rise in unemployment (about 1 to 2 million).<sup>7</sup> On the other hand, history teaches us that the alternative is not any more desirable. The last time that the US government decided to kick the can down the road after a prolonged impasse on the debt issue, US credit rating was downgraded, the New York stock market trembled, and the US dollar lost value. If the pundits are right, a more palatable budget deal is likely before sequestration kicks in at the end of the year; however, with the pace of recovery being slower than expected, this issue is likely to haunt policymakers again after January 1, 2013, even if a short term deal is struck.

It is important to realize that the outlook on the federal budget does not solely depend on who becomes the president. Following the Budget and Accounting Act (1921) and the Congressional Budget and Impoundment Control Act (1974), the president has the power to propose a budget that Congress can then use to draft and pass a budget resolution.<sup>8</sup> In short, a timely passage of the budget resolution depends largely on Congress' ability to act

collectively. Although the debt ceiling issue in 2011 did not involve a budget resolution, the gridlock was largely due to a difference of opinion among the GOP controlled House and the Democratic controlled Senate. When we look closely at the congressional election for the coming year, the make-up of Congress is not likely to change with the Republicans leading in more than 218 districts required to control the House while the Democrats looking likely to take the 51 seats necessary to control the Senate. Even if the Republicans do end up taking the majority of seats in the Senate, the Democrats would still have the ability to block bills using the filibuster.<sup>9</sup>

The state of the US economy and the federal budget is critical to South Korea's national interest for several reasons. First of all, while the United States is not the only trading partner for South Korea, it just happens to be the second largest.<sup>10</sup> Closer trade ties imply that a double dip recession in the United States would have ripple effects on the South Korean and regional economies.<sup>11</sup> Secondly, the *timing* of a second recession in the United States would be ominous, especially when there are signs of slowed-growth in China and Europe still in the grips of a financial crisis.<sup>12</sup> As a side note, South Korea's growth happened to reach a three-year low in the third quarter of 2012. Thirdly, the implications for the ROK-US security alliance could also prove difficult with a large portion of the US budget cut likely to come from reduced defense spending. If sequestration kicks in at the end of the year, it would mean a US\$55 billion cut in the overall Department of Defense (DoD) budget for 2013. Peter Singer of the Brookings Institution estimates that US defense spending in South Korea would decline by about US\$112 million in 2013, which translates into a 30 percent decline in force readiness.<sup>13</sup> The overall condition of the US budget does present a quandary from the South Korean perspective in that there is now an element of uncertainty surrounding the US commitment towards strengthening the security alliance.

### **The Impact of Congress**

As the above discussion suggests, the makeup of the new 113th Congress will largely influence whether the US government will be able to formulate a sensible budget in a timely manner. In addition to this, the congressional race takes on added importance because Congress also has the power to shape foreign policy by ratifying treaties, regulating commerce, and declaring war. In short, while the global focus on the US presidential race is understandable, Congress should not be ignored since it also has the power to shape foreign policy.

### **The Supreme Court**

Finally, the significance of this year's election for South Korea should move beyond the White House and Capitol Hill. Depending on who becomes the next president and which party takes control of the new Senate, the current makeup of the US Supreme Court can change drastically within the next four years. Currently, Justice Ruth Bader Ginsburg is 79 while Justice Antonin Scalia is 76, Justice Anthony Kennedy is 75, and Justice Stephen

Breyer is 74. Although none have shown any interest in stepping down, Professor Randall Kennedy of Harvard Law School has presented a compelling case for why Justices Ginsburg and Breyer should have considered retirement as early as 2011—“both are unlikely to be able to outlast a two-term Republican presidential administration, should one supersede the Obama administration following the 2012 election.”<sup>14</sup> Of course, if Obama wins the election, this argument is moot. However, the makeup of the US Supreme Court should have some implications for South Korea when the US Supreme Court is the final arbiter of many important appeals, including a possible showdown between Apple and Samsung over intellectual property.

## Conclusion

The significance of this year’s US election for South Korea is indisputable. The discussion has shown, however, that the US general election encompasses more than the presidential contest. Even more important or critical from a policy standpoint and South Korea’s national interest is the election over the seats in the legislature as well as the subsequent impact that this will have on American domestic and foreign policy. In the end, the 60 percent of the South Korean public is right. Regardless of who wins the election, South Korea should watch carefully.

\* The views expressed herein do not necessarily reflect the views  
of the Asan Institute for Policy Studies



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<sup>1</sup> Romney has been especially critical of the Obama administration's decision to publicly announce the troop withdrawal date thereby giving the Taliban an incentive to simply wait out a US exit from Afghanistan.

<sup>2</sup> Troy Stangarone, "Ten Foreign Policy Issues for the Next South Korean Administration," *Issue Brief*, October 23, 2012.

<sup>3</sup> Some notable recent North Korean provocations include the sinking of the Pohang class corvette *Cheonan* and the shelling of Yeonpyeong Island in 2010.

<sup>4</sup> Stimulus spending amounts to approximately US\$777 billion to date while the federal deficit for each of the last four years has exceeded US\$1 trillion.

<sup>5</sup> To provide some perspective, Spain's public debt is about 90 percent of its GDP, while that of Greece is 190 percent and Italy stands at 120 percent.

<sup>6</sup> Other important changes include expiration of Bush tax cuts and the end to Alternative Minimum Tax patches as well as elimination of certain Medicare benefits and critical jobs measures.

<sup>7</sup> The Committee for a Responsible Federal Budget, "Between a Mountain of Debt and a Fiscal Cliff-Finding a Smart Path Forward," July 16 2012.

<sup>8</sup> Given that the budget resolution is not a bill, and therefore not subject to presidential approval, the key determinant of the US budget will be the make-up of Congress.

<sup>9</sup> According to Senate Procedural Rule XXII, the filibuster can be broken and a motion can be made for a floor vote if cloture is invoked through 60 votes in the Senate.

<sup>10</sup> China has been South Korea's largest trading partner since 2004.

<sup>11</sup> The prolonged impasse on the debt ceiling negotiation during the summer of 2011, which resulted in a 6.9 percent drop in NASDAQ and 5.5 percent decline in DOW Jones industrial average as a result of the credit downgrade on August 5, 2011, also led to successive fall in KOSDAQ and KOSPI.

<sup>12</sup> According to the latest estimate issued by the International Monetary Fund (IMF) in October, the likelihood of the European Union falling into a recession is 80 percent.

<sup>13</sup> Peter W. Singer, "Separating Sequestration Facts from Fiction: Sequestration and What It Would Do for American Military Power, Asia, and the Flashpoint of Korea," *Time Magazine*, September 23, 2012.

<sup>14</sup> Randall Kennedy, "The Case for Early Retirement - Why Justices Ginsburg and Breyer should Retire Immediately," *The New Republic*, April 28, 2011.