

Issue Report

Daumsoft
MINING INSIGHTS

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[Monthly Prospects] Political Climate and Prospects for October 2019

Issue 60 (September 30, 2019)

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[Monthly Propsects]

Political Climate and Prospects for October 2019

General Review of Government in September 2019

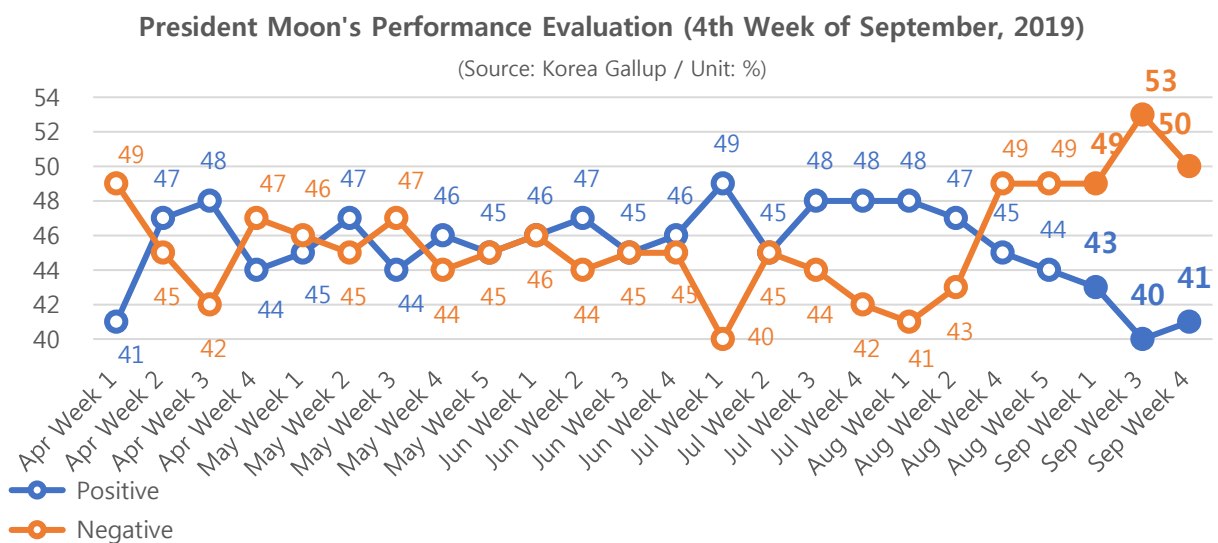
Prolongation of the 'Cho Kuk Scandal' Even After His Appointment as Justice Minister Negatively Impacts the Presidential Evaluation

○ Even after the appointment of Cho Kuk as justice minister, the 'Cho Kuk Scandal' failed to subside, which negatively impacted the presidential evaluation.

- Before the appointment of Cho Kuk as justice minister, greater attention was given to his suitability to the position. However, after the appointment took place, many began to question President Moon's personnel management capabilities, which directly impacted his presidential evaluation.
- At one point, President Moon's approval rating dropped to 40% (a record low upon taking office), which is something that still needs to be overcome (Source: Korea Gallup).

○ Initially it has been expected that the influence of the scandal would subside after Cho Kuk's appointment as justice minister. However, continued investigations through the indictment of Cho's wife in addition to the search and seizure operations have intensified the scandal overall.

- On September 27th, President Moon delivered a public warning to prosecutors, in which intensified tensions between political parties suggest a possibility for the 'Cho Kuk Scandal' to have a greater influence on public affairs and for party tensions to worsen even further.



September Week 1, Major Incidents

- 09/02 Cho Kuk's confirmation hearing at the National Assembly fails, Cho Kuk declares holding of press conference/ Chinese foreign minister Wang Yi visits North Korea
- 09/06 Cho Kuk's confirmation hearing at the National Assembly/Indictment of Cho Kuk's wife for prosecution
- 09/07 LKP rallies against Cho Kuk

September Week 2, Major Incidents

- 09/09 President Moon appoints Cho Kuk as justice minister
- 09/12~15 Chuseok holiday
- * Prosecutorial investigations regarding Cho Kuk continue; the battle between political parties are prolonged.

September Week 3, Major Incidents

- 09/16 Hwang Kyo-ahn, chairman of the Liberty Korea Party, is the first representative of the opposition party to publicly shave his head
The electronic securities system is launched in South Korea
- 09/17 First case of African swine fever is confirmed in South Korea
South Korea revises export and import measures regarding strategic materials (South Korea removes Japan from trade whitelist)
- 09/22 President Moon departs to attend the United Nations (UN) General Assembly Hwang Kyo-ahn, chairman of the Liberty Korea Party, announces an economic transition plan

September Week 4, Major Incidents

- 09/23 Prosecutors conduct domestic search and seizure operations
South Korea-Poland summit
- 09/24 President Moon delivers a keynote speech at the UN General Assembly/Korea-America Summit
- 09/26 President Moon returns to South Korea
- 09/27 President Moon delivers a public message regarding prosecutorial investigations
- 09/28 Large-scale candlelight vigil takes place for prosecutorial reform

□ President Moon's Approval Rating Decreases While It Increases for LKP

○ Despite the suspicions, controversies, and prosecutorial investigations surrounding Cho Kuk, President Moon pushing ahead with Cho's appointment as justice minister changed the nature of the 'Cho Kuk Scandal.'

- Before the appointment, the 'Cho Kuk Scandal' primarily involved the suitability of Cho Kuk as an individual. However, following the appointment, the issue has raised questions about President Moon's role regarding personnel management.

○ In addition to focusing on Cho Kuk's suitability as justice minister, the 'Cho Kuk Scandal' has expanded to include issues related to President Moon's administration and the ruling party, which raises expectations

When observing the party approval ratings for the month of September, the approval ratings of the Democratic Party of Korea consistently decreased since August and that of the Liberty Korea Party consistently increased, which was the result of the intensified negative public sentiments towards Cho Kuk.

that public opinion will have a direct impact on the president's performance evaluation and on party approval ratings.

○ When observing the party approval ratings for the month of September, the approval ratings of the Democratic Party of Korea consistently decreased since August and that of the Liberty Korea Party consistently increased, which was the result of the intensified negative public sentiments toward Cho Kuk.

- Public opinion polls for the 3rd week of September regarding the suitability of Cho Kuk as justice minister have revealed 36% of the public stating that he is suitable, whereas 54% stated that he is unsuitable (Source: Korea Gallup).

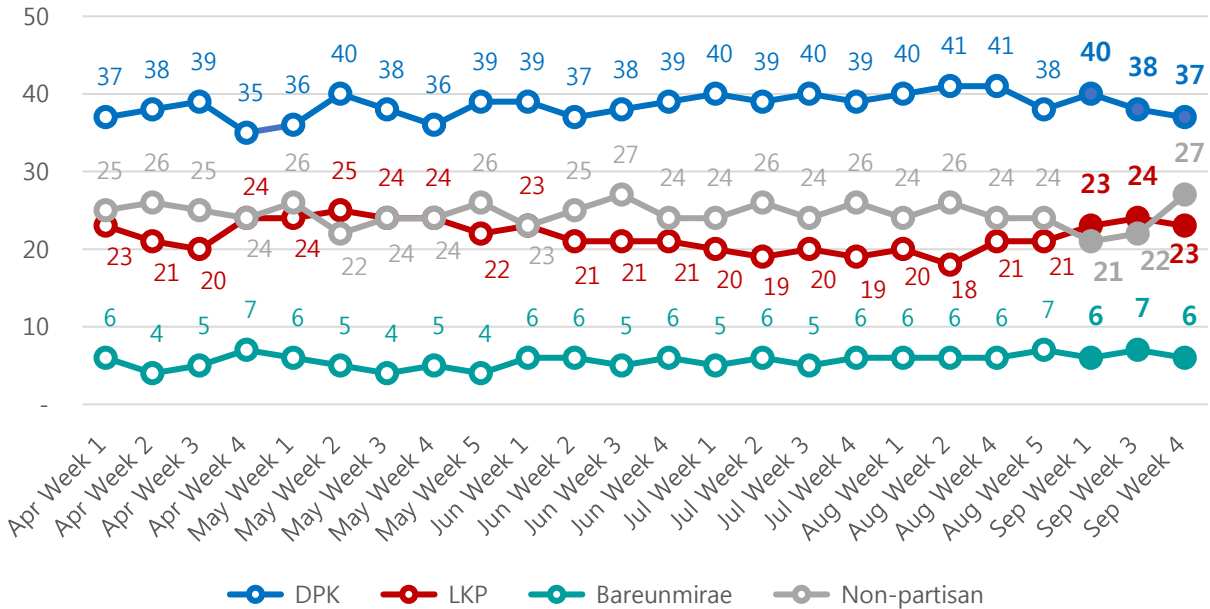
- Therefore, approval ratings for the Democratic Party of Korea dropped to 37% whereas such ratings for the Liberty Korea Party increased to 23% (Source: Korea Gallup)

○ It is expected that the 'Cho Kuk Scandal' will have a direct impact on President Moon's performance evaluation and approval rating for the month of October. However, as such evaluations are not about the

scandal itself but more about the battle between the political parties, close attention will be given to what kind of consequences will take place.

Approval Ratings of Government Parties (5th Week of September, 2019)

(Source: Korea Gallup / Unit: %)



The Public’s Confusion Regarding Their Subjective Political Ideologies

Many people seem to be having a difficult time establishing their political position or ideologies due to the ‘Cho Kuk Scandal.’

Professor Chin Jung-kwon initially stated with criticism that the issue revolved around Cho Kuk should not be about disputes amongst individuals with different political ideologies or from different political parties but should be about discussions dealing with fairness and justice.

Although Cho Kuk is currently involved in a controversy revolved around morality, he maintains a reserved attitude by remaining sincere about the prosecutorial reform and by emphasizing his qualification to carry out the reform.

The trends of subjective political ideologies in September bring high attention to the changing size of the progressive group which fluctuated as follows: 29% (1st week of September) → 26% (3rd week of September) → 29% (4th week of September).

- The rise and fall of the progressive group were symbolically demonstrated by Professor Chin Jung-kwon’s movements.
- Professor Chin Jung-kwon initially stated with criticism that the issue revolved around Cho Kuk should not be about disputes amongst individuals with different political ideologies or from different political parties, but rather discussions dealing with fairness and justice.

Although Cho Kuk is currently involved in a controversy revolved around morality, he maintains a reserved attitude by remaining sincere about the prosecutorial reform and by emphasizing his qualification to carry out the reform.

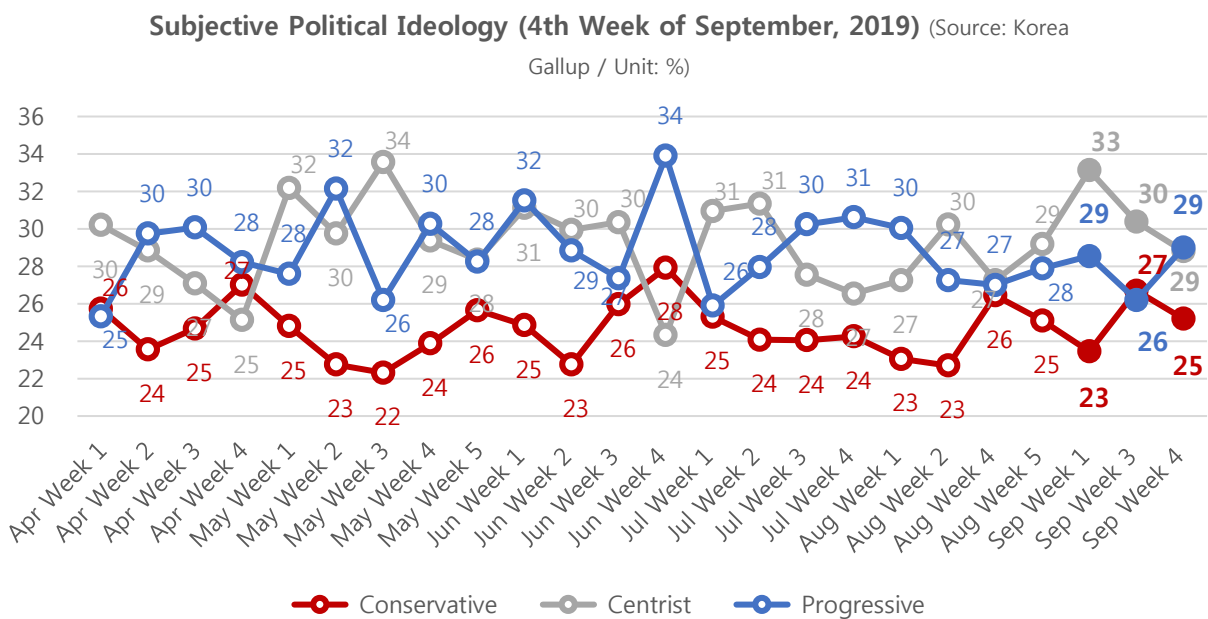
○ The size of the conservative group also shows a fluctuating trend varying from 23% → 27% → 25%, which results from the ideological changes amongst the centrists rather than the conservatives.

-Such fluctuations in size seem to demonstrate the rational behaviors of conservatives, who tend to switch from being in the conservative to the centrist group after an incident regarding the manipulation of state affairs takes place.

○ The size of the centrist group is gradually decreasing since it hit its peak of 33% during the first week of September.

-Centrists generally maintain a negative stance towards Cho Kuk, but when the battle between political parties heighten, centrists face an internal conflict of whether they should remain in the centrist group or switch to the conservative group.

-This is attributed to the lack of trust that rational conservatives have in the Liberty Korea Party.



□ Negative Impact of the ‘Cho Kuk Scandal’ Intensifies as Prosecutors Continue to Expand Investigations

○ The main agenda/issues of September are categorized by the influence on state administration and actual outcome as follows.

- The content below the first dotted line includes the agenda/issues that changed and were different from initial expectations.

- The content below the second dotted line and next to the asterisk include the agenda/issues that were added.

Positive Agenda/Issues	Neutral Agenda/Issues	Negative Agenda/Issues
<p>South Korea proceeds with the removal of Japan from its whitelist</p> <p>A diplomatic battle related to the issue with Japan takes place at the UN General Assembly</p> <p>South Korean consumers continue to boycott against Japanese goods</p>	<p>Controversy over the General Security of Military Information Agreement (GSOMIA) between Japan and South Korea</p> <p>Outdoor rally held by the Liberty Korea Party</p> <p>One-year anniversary of the 9.19 Pyongyang Joint Declaration</p> <p>South Korea and the US commence talks on military cost-sharing</p>	<p>Intensified 'Cho Kuk Scandal'</p> <p>Regular sessions of the National Assembly hindered due to the appointment of Cho Kuk as justice minister</p> <p>Prosecutorial investigations following the appointment of Cho Kuk</p> <p>Deepening US-China trade war worsens economic conditions</p>
<p>Lawmakers face investigations regarding the passage of controversial fast-track bills</p>	<p>Trends on public opinion regarding Cho Kuk and Chuseok (approval rating of state affairs drops)</p>	
<p>*Controversy over excessive prosecutorial investigations on Cho Kuk</p> <p>*Candlelight vigil for prosecutorial reform commences and expands</p>	<p>*Choe Son-hui, North Korea's vice foreign minister, indicates her willingness to hold talks with the U.S.</p> <p>*Keynote speech at the UN General Assembly about peace on the Korean Peninsula</p> <p>*North Korea-US summit related to restarting their dialogue</p>	<p>*Expression of opinion regarding the conflict with prosecutors</p>

- It is expected that the political situation of September would be an extension of that of October, mainly focusing on the two events: the dispute between Japan and South Korea which was categorized as a positive agenda/issue, and the 'Cho Kuk Scandal' which was categorized as a negative agenda/issue.
- However, in September, the 'Cho Kuk Scandal' will be given greater attention compared to the dispute between Japan and South Korea.
 - At the UN General Assembly, the diplomatic battle regarding Japan seems to have been replaced by the keynote speech about peace on the Korean Peninsula due to North Korean foreign minister Choe Son-hui's willingness to hold talks with the US (the keynote speaker also changed to President Moon).
 - However, since talks between the US and North Korea failed to take place at the end of September, the issue was added to the neutral agenda/issue category, minimizing the number of events under the

positive agenda/issue category.

- The negative agenda/issues related to Cho Kuk have all taken place and the excessive prosecutorial investigations have maximized the negative influence of the scandal.
 - In relation to the neutral agenda/issues, the public sentiment during Chuseok revealed strong criticism towards the suitability of Cho Kuk as justice minister and exerted a negative influence by causing a drop in the presidential evaluation and party approval ratings.
 - The expression of opinion regarding the conflict with prosecutors has also exerted a negative influence on the sentiments towards the ruling party.

- It has been observed that the prosecutorial reform plan strongly suggested by the ruling party has taken effect since the end of September.
 - Issues related to the excessive investigations imposed on Cho Kuk and the prosecutorial reform were supported by the progressive group, preventing the approval rating of the current administration from falling from 40%.

■ Analysis of Political Ideologies by Age and Gender

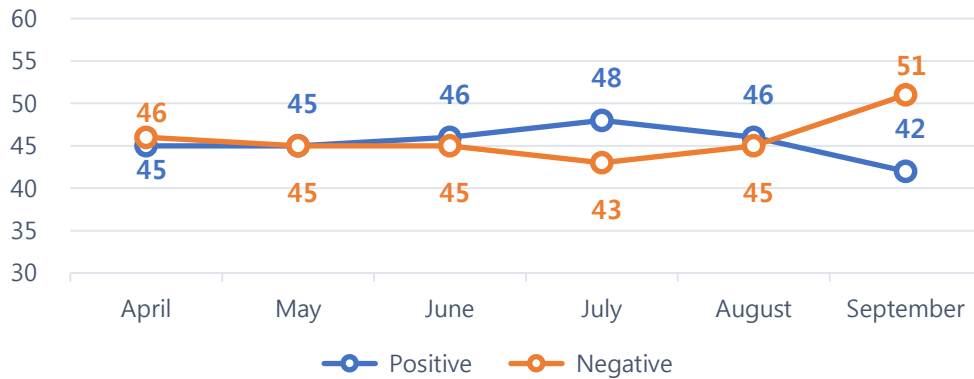
□ The Battle Between the Political Parties Becomes More Evident Within Korean Society

- President Moon's presidential evaluation demonstrated great fluctuations in which he received both positive and evaluations throughout March and April.
 - The reason behind such fluctuations is not because of a change in President Moon's governance, but due to a change in the people's perspectives.
 - Therefore, with the strengthening ideologies of the political parties following the scandal related to the manipulation of state affairs, people organized themselves into a battle of conservatives against progressives, causing presidential evaluations to be based on party identities rather than objectivity.

- Throughout April and September, President Moon's evaluations did not show significant difference between the positive and negative scores. However, the ratio of those who gave positive and negative evaluations changed over time.
 - In July, there were a greater number of people who gave positive evaluations due to the issue related to Japan's restrictions on South Korean imports. Whereas, the reason for the higher ratio of those who gave negative evaluations in September was due to the 'Cho Kuk Scandal' (Source: Korea Gallup).

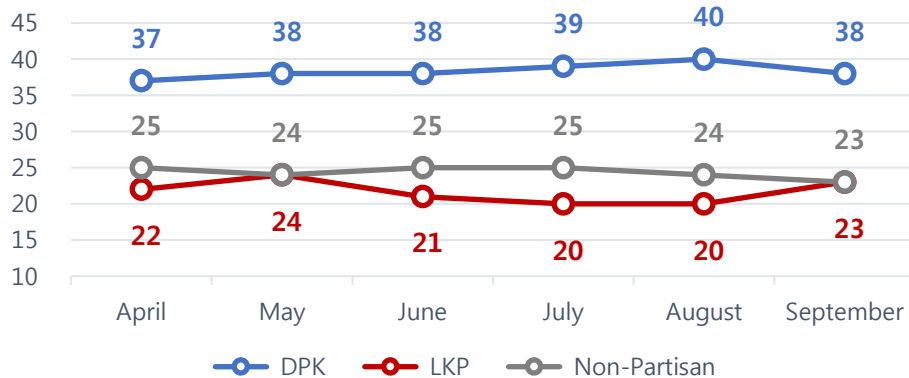
President Moon's Performance Evaluation: Overall Population

(Source: Korea Gallup / Unit: %)



Party Approval Ratings: Overall Population

(Source: Korea Gallup / Unit: %)



- Such conditions had an impact on party approval ratings in September, in which the approval ratings for the Democratic Party of Korea slightly decreased and that of the Liberty Korea Party slightly increased.

○ It can be said that the 'Cho Kuk Scandal' is causing a greater divide between the political parties.

- While the scandal initially focused on the morality of Cho Kuk as an individual, it currently focuses on the battle between the political parties.

- After President Moon delivered a public warning to the prosecution, the battle between the political parties is expected to worsen in October.

○ The battle between the political parties elicit responses that vary by gender/age and by political ideology

- Politically, supporters of the ruling and opposing parties are divided based on gender/age, in which this distribution is expected to remain the same even after the 21st general election that will take place next year.

□ Females and Males in Their 20's Exhibit Extremely Different Political Ideologies

○ When observing the presidential evaluations given by females and males aged 19 to 29, males gave more negative evaluations whereas females gave more positive evaluations.

_Females aged 19 to 29 view President Moon more favorably, whereas males aged 19 to 29 hold a more critical view. However, such males are not supportive of the Liberty Korea Party and remain non-partisan.

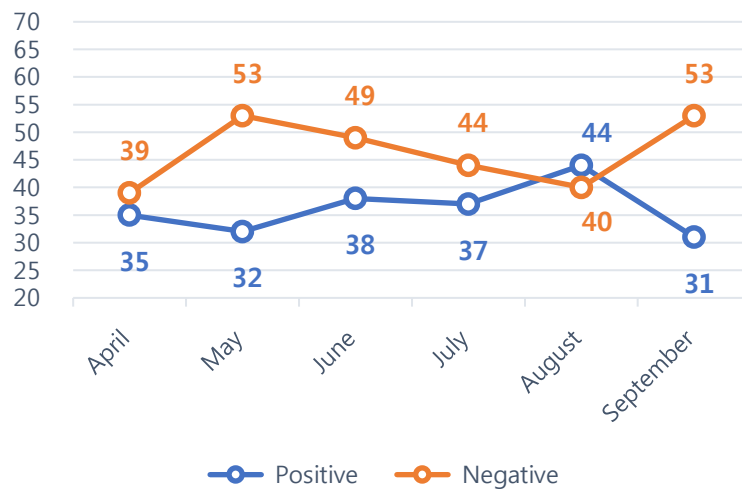
○ The only time males aged 19 to 29 gave positive evaluations was in August, which caused this group of individuals to be deemed the critical group.

- The reason behind the greater positive evaluations in August was because individuals positively evaluated the hard-line response directed towards Japan on National Liberation Day.

○ Females aged 19 to 29 demonstrated a more favorable attitude towards President Moon.

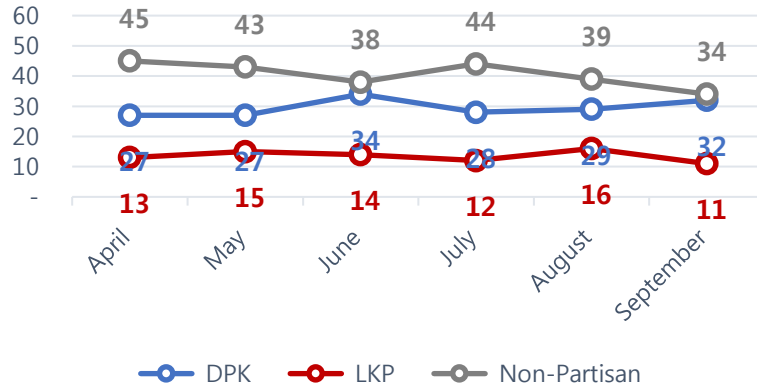
President Moon's Performance Evaluation:

Males Aged 19~29 (Source: Korea Gallup / Unit: %)



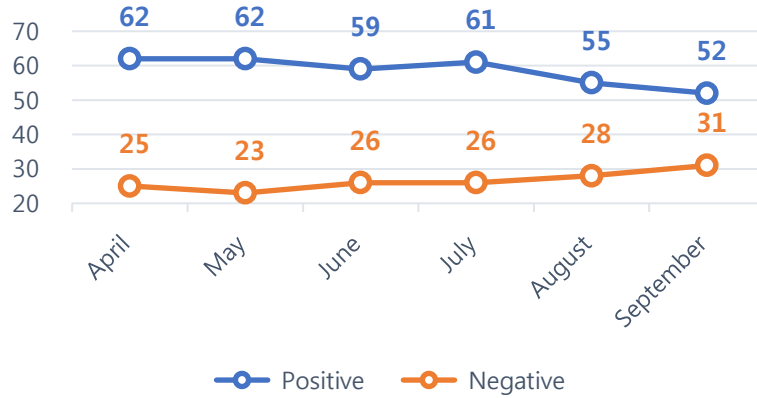
Party Approval Ratings: Males Aged 19~29

(Source: Korea Gallup / Unit: %)



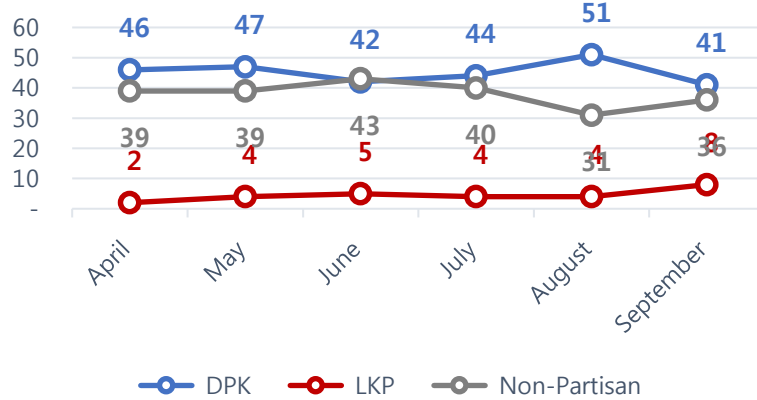
President Moon's Performance Evaluation:

Females Aged 19~29 (Source: Korea Gallup / Unit: %)



Party Approval Ratings: Females Aged 19~29

(Source: Korea Gallup / Unit: %)



- The number of those who gave positive evaluations during the peak of the 'Cho Kuk Scandal' in August and

in September decreased, but still recorded a high score of 52%.

- Based on political parties, males aged 19 to 29 demonstrated a greater level of support for the Non-Partisan Party compared to the Democratic Party of Korea, whereas more than 40% of females within this age group exhibited stronger support for the ruling Democratic Party.
- Although males aged 19 to 29 are more critical towards the current administration, they do not show great support for the Liberty Korea Party by remaining non-partisan.

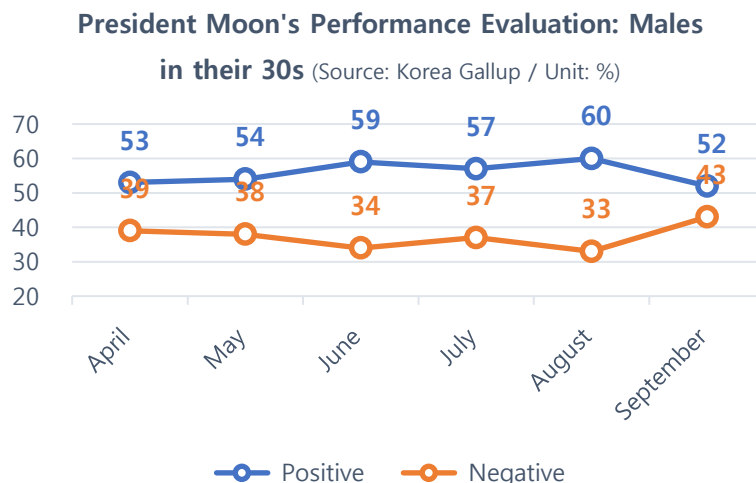
□ Females and Males in Their 30's Are the Main Supporters of the Ruling Party

_ Females in their 30s are the most supportive of the ruling party out of all gender and age groups, and males in their 30s also make up a strong support group.

- Both females and males in their 30s are more positive when it comes to presidential evaluations.
- Females in their 30s are the most supportive of President Moon out of all gender and age groups.
- Despite the 'Cho Kuk Scandal', the proportion of females in their 30s who gave positive evaluations in September was 60%.
- The approval rating for the Democratic Party of Korea was 50% amongst females in their 30s, making them the main support group of the ruling party.

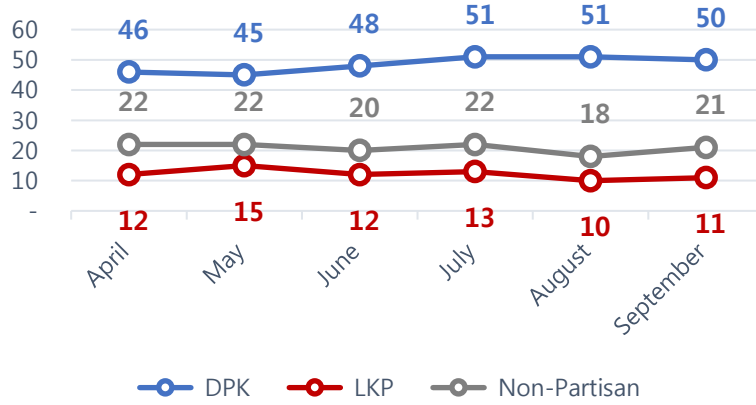
○ Compared to females, males in their 30s expressed stronger disappointment towards Cho Kuk after the scandal, inducing a drop in positive evaluations for September (52%).

- However, according to party approval ratings, over 50% of males in their 30s supported the Democratic Party of Korea, making them the main support group of the ruling party.
- Males in their 30s demonstrated a greater level of disappointment towards Cho Kuk but showed a consistent level of support for the ruling party.
- Initially, both females and males in their 30s were highly critical towards the Liberty Korea Party, causing its approval rating to reach 10%.



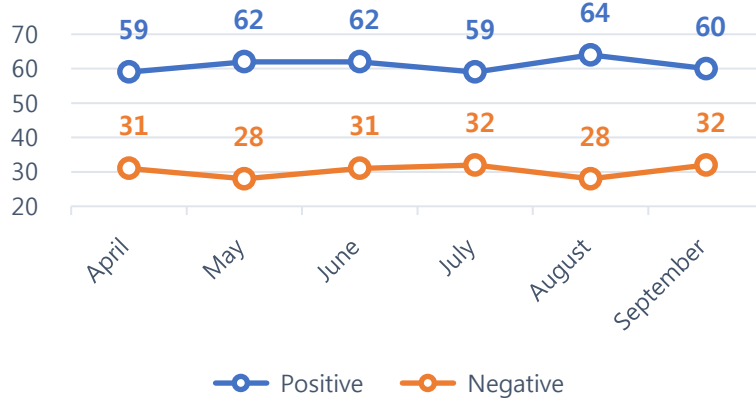
Party Approval Ratings: Males in their 30s (Source:

Korea Gallup / Unit: %)



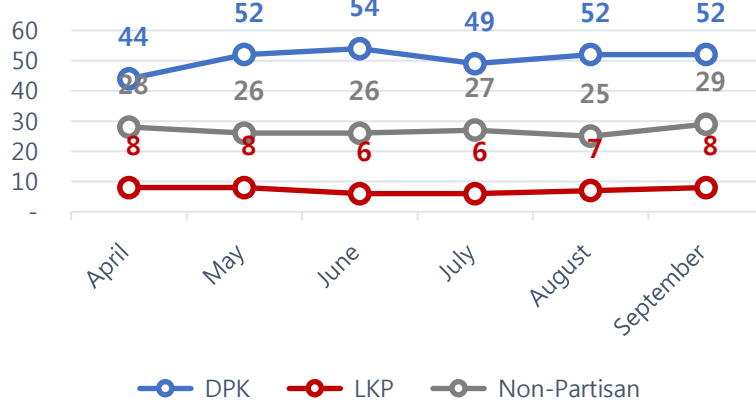
President Moon's Performance Evaluation:

Females in their 30s (Source: Korea Gallup / Unit: %)



Party Approval Ratings: Females in their 30s

(Source: Korea Gallup / Unit: %)



□ Females and Males in Their 40's Also Exhibit a Favorable Attitude Towards the Ruling Party

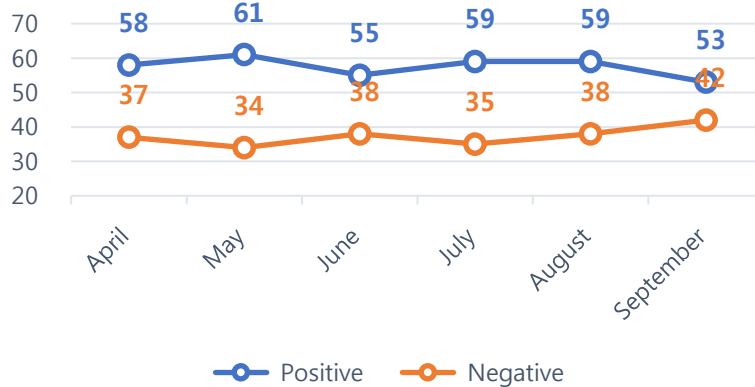
_ Both females and males in their 40s are supportive of the ruling party despite their disappointment towards Cho Kuk.

- Females and males in their 40s also view President Moon in a positive light.
- The drop in positive evaluations from both females and males in their 40s in September was due to the 'Cho Kuk Scandal.'

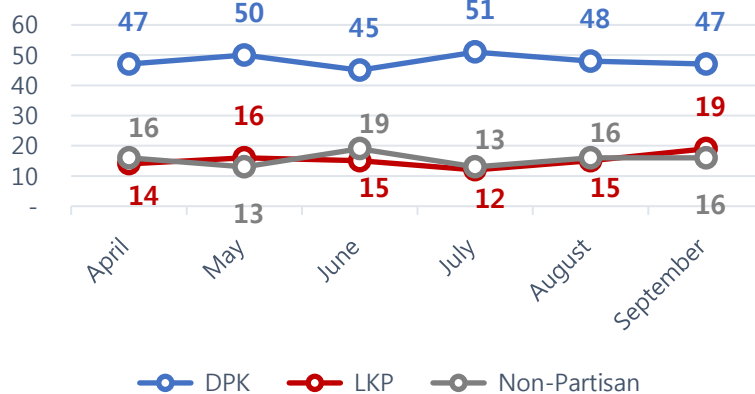
○ However, based on party approval ratings, females and males in their 40s showed a great amount of support for the Democratic Party of Korea, recording 50%.

- Similar to males in their 30s, those in their 40s were disappointed by the 'Cho Kuk Scandal,' but show consistent support for the ruling party.
- Both females and males in their 40s remain critical toward the Liberty Korea Party along with those in their 20s and 30s, recording an approval rating within the 10% range.

President Moon's Performance Evaluation: Males in their 40s (Source: Korea Gallup / Unit: %)

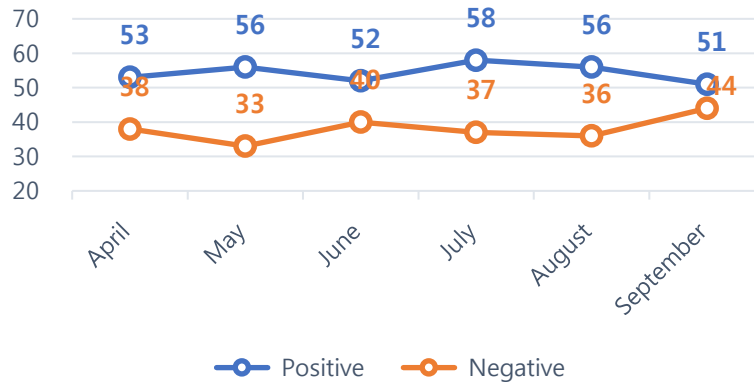


Party Approval Ratings: Males in their 40s (Source: Korea Gallup / Unit: %)



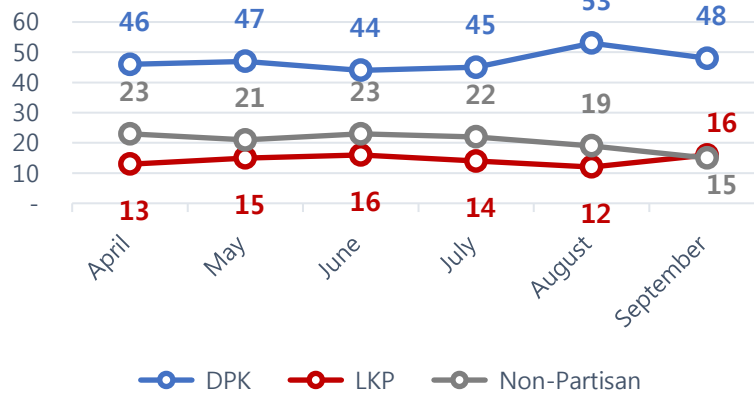
President Moon's Performance Evaluation:

Females in their 40s (Source: Korea Gallup / Unit: %)



Party Approval Ratings: Females in their 40s

(Source: Korea Gallup / Unit: %)



□ Females and Males in Their 50's Show Potential for a Change in Their Political Ideologies

○ Both females and males in their 50s are more negative towards President Moon when it comes to his presidential evaluations.

– Both females and males in their 50s are supportive of the ruling party yet maintain a critical attitude, leaving a possibility for them to switch their support to the Liberty Korea Party.

- Males in their 50s showed a high number of negative evaluations except for the month of July.

- Females in their 50s remained more critical compared to males in their 50s by showing a high number of negative evaluations throughout the whole period.

○ Apart from the negative evaluations, however, females and males in their 50s showed a high amount of support for the Democratic Party of Korea.

- The number of supporters of the Democratic Party of Korea compared to those of the Liberty Korea Party

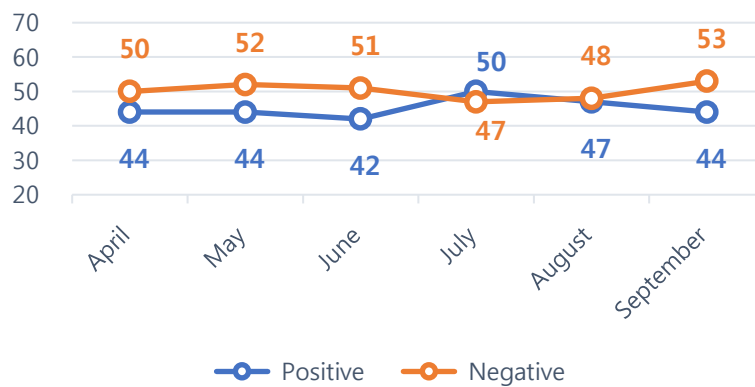
largely differed amongst males, unlike amongst females.

○ Generally, both females and males in their 50s support the ruling party but maintain a critical attitude, which raises the expectation that a greater amount of support may shift to the Liberty Korea Party depending on the performance of the ruling party.

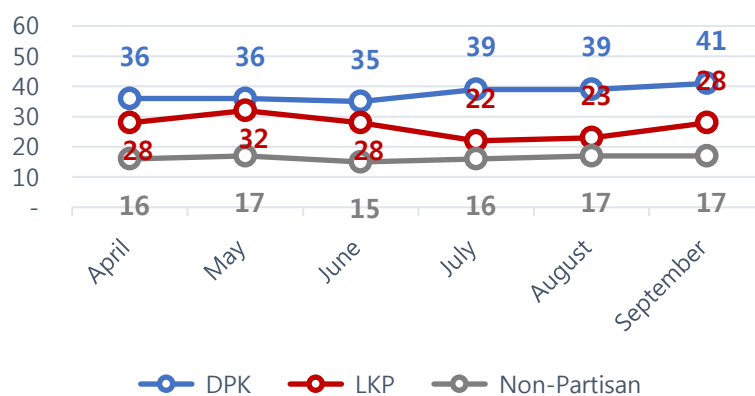
- Females in their 50s show higher possibility of switching their support to the Liberty Korea Party.
- Rational conservatives seem to be the most prevalent amongst those in their 50s.

○ The outcome of next year's 21st general election is to depend on the votes of those in their 50s.

President Moon's Performance Evaluation: Males in their 50s (Source: Korea Gallup / Unit: %)

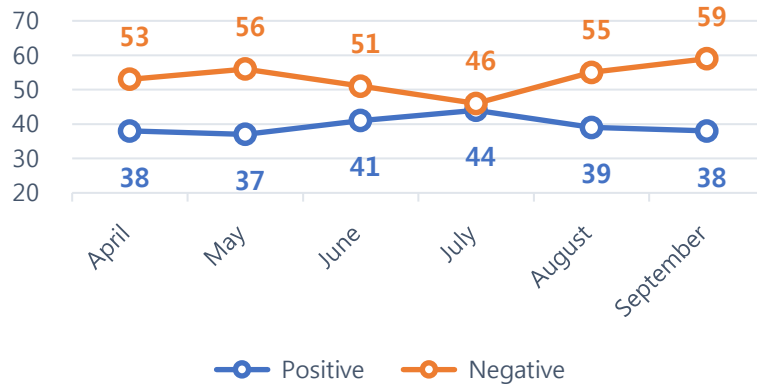


Party Approval Ratings: Males in their 50s (Source: Korea Gallup / Unit: %)



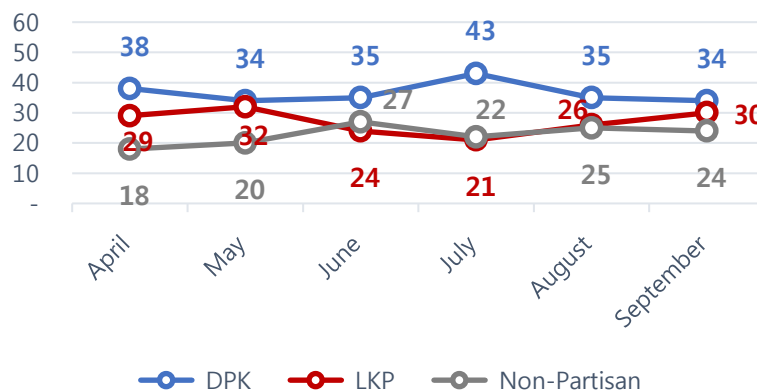
President Moon's Performance Evaluation:

Females in their 50s (Source: Korea Gallup / Unit: %)



Party Approval Ratings: Females in their 50s

(Source: Korea Gallup / Unit: %)



□ Females and Males Aged 60 or Above Demonstrate Extreme Criticism Towards the Ruling Party

○ Females and males in their 60s are the most negative towards President Moon's presidential evaluations.

— Overall, those in their 20s to 40s are favorable towards the ruling party, whereas those in their 60s are more favorable towards the Liberty Korea Party, and those in their 50s will have the strongest impact on the outcome of the 21st general election.

- Males in their 60s comprise of the greatest number of negative evaluators out of all the gender/age groups, making them the most critical individuals towards President Moon.

○ Both females and males show the greatest amount of support for the Liberty Korea Party.

- Males in their 60s are more supportive of the Liberty Korea Party compared to females of their age, making them the greatest supporters of this party.

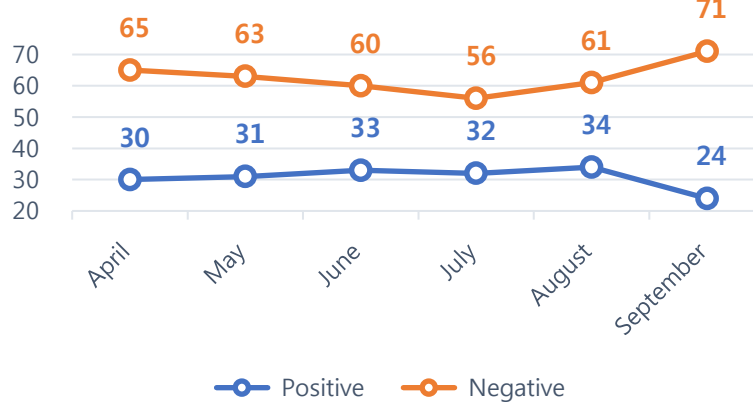
○ It is expected that females and males in their 60s will continue to support the Liberty Korea Party at next year's general election.

- Such support will be divided based on region, in which the greatest amount of support will come from the TK region and the least will come from the Honam region.

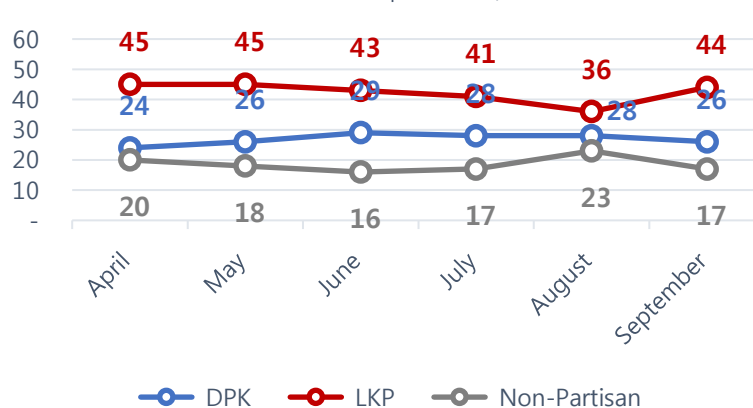
○ Overall, those in their 20s to 40s are favorable towards the ruling party, whereas those in their 60s are more positive towards the Liberty Korea Party, and those in their 50s will have the strongest impact on the outcome of the 21st general election.

- Males in their 20s are critical towards the ruling party but also maintain a similar sentiment towards the Liberty Korea Party.

President Moon's Performance Evaluation: Males in their 60s (Source: Korea Gallup / Unit: %)

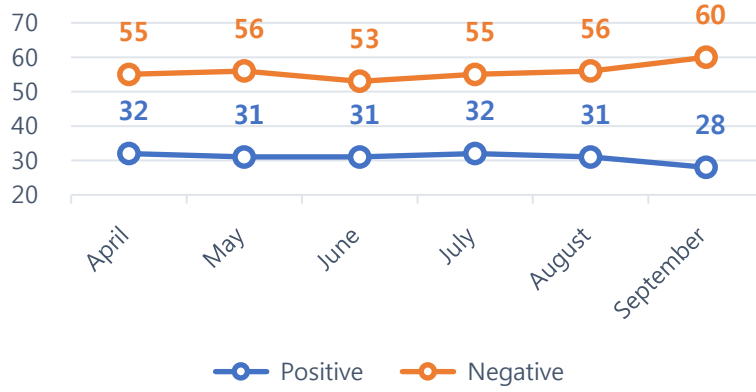


Party Approval Ratings: Males in their 60s (Source: Korea Gallup / Unit: %)



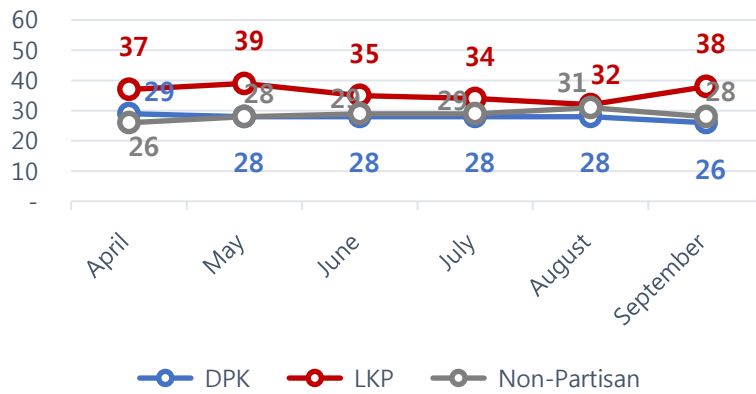
President Moon's Performance Evaluation:

Females in their 60s (Source: Korea Gallup / Unit: %)



Party Approval Ratings: Females in their 60s

(Source: Korea Gallup / Unit: %)



■ Main Events and Prospective Trends of October

□ Main Events and Other Notable Matters in October

	30(Mon)	10.1(Tues)	2(Wed)	3(Thurs)	4(Fri)	5(Sat)/6(Sun)
Main Events	National Assembly interpellation session (economy)	National Assembly interpellation session (education, social, culture) 70 th anniversary of the founding of the People's Republic of China	National Assembly inspection of state affairs (~21)	National Foundation Day Liberty Korea Party's large-scale rally for Cho Kuk's resignation	12 th anniversary of the October 4 th Declaration	(05) Candlelight vigil for prosecutorial reform (06) 70 th anniversary of China-North Korea diplomacy
Other Notable Matters	<p>It is expected that prosecutors will summon Cho Kuk's Wife, professor Chung Kyung-shim for investigation / Possibility of Kim Jong-un's visit to China around the time of the 70th anniversary for China-North Korea diplomacy.</p> <p>Conflicts related to the 'Cho Kuk Scandal' and the unification of the ruling and opposition parties are expected to be highlighted during the inspection of the state administration.</p>					
	7(Mon)	8(Tues)	9(Wed)	10(Thurs)	11(Fri)	12(Sat)/13(Sun)
Main Events	Nobel prize announcements (~14)		Hangul Day	North Korea Party Foundation Day		
Other Notable Matters	Prospects for the summoning of Cho Kuk's wife for prosecutorial investigations to stir up great controversy.					
	14(Mon)	15(Tues)	16(Wed)	17(Thurs)	18(Fri)	19(Sat)/20(Sun)
Main Events	ASEM summit (~15/Belgium)	World Cup preliminary match: South Korea vs North Korea (Pyongyang)		Decision-making process of monetary policy meeting Ritual offering at Yasukuni shrine's autumn	Annual Meetings of the World Bank Group and the International Monetary Fund (~20, Washington, D.C.) Registration of	(19) US state election (20) Swiss federal election

				festival (~20) European Council meeting (~18)	preliminary candidates for the 21 st general election D-60	
Other Notable Matters	The World Cup qualification match in Pyongyang is expected to attract national attention. / Attention will be given to the possibility of a decrease in interest rate at the monetary policy decision-making process meeting.					
	21(Mon)	22(Tues)	23(Wed)	24(Thurs)	25(Fri)	26(Sat)/27(Sun)
Main Events	Final day of the National Assembly's inspection of state affairs Canada general election	Government budget speech for next year's spending Enthronement ceremony of Japan's new emperor	Preliminary screening of next year's budget proposal by the standing committee of the National Assembly	Eurozone ECB meeting	Dokdo Day National Assembly inspection of state affairs by the steering committee (first session)	(27) Argentina presidential election (27) Ukraine general election
Other Notable Matters	There is a possibility for the 'Cho Kuk Scandal' to go under fire during the inspection of overall state affairs, which is the last stage of the inspection of state affairs. / Attention will be given to whether President Moon himself will conduct the budget speech.					

	28(Mon)	29(Tues)	30(Wed)	31(Thurs)	11.1(Fri)	2(Sat)/3(Sun)
Main Events	Speech by the head of the Parliamentary Negotiation Body (Democratic Party of Korea)	Speech by the head of the Parliamentary Negotiation Body (Liberty Korea Party) US FOMC regular meeting (~30) Local government Day	Speech by the head of the Parliamentary Negotiation Body (Bareunmirae Party)	Plenary session of the National Assembly ASEAN +3 summit (~11.4/Thailand) Brexit deadline	National Assembly inspection of state affairs by the steering committee (second session)	
Other Notable Matters	Attention will be given to the content of the bill to be passed at the plenary session of the National Assembly.					

*Foreign events are recorded in local time

*Prospects for negotiations between North Korea and the US around mid-October. However, there is a high possibility of postponement depending on the impeachment of President Trump carried out by the House of Representatives.

□ Greater Attention Will be Given to Moon's Decisions Amid the Prolongation of the 'Cho Kuk' Scandal

○ As the 'Cho Kuk Scandal' intensifies during October, tensions amongst the public will worsen apart from the already existing battle between the ruling and opposition parties.

_ It is expected that all issues related to the 'Cho Kuk Scandal,' which started in August, will cause major obstacles for the month of October.

- Politicians will face a fierce confrontation during the inspection of state administration due to the 'Cho Kuk Scandal.'

- The public is expected to face three confrontations regarding the conservative-led rally for the resignation of Cho Kuk and the progressive-led rally for prosecutorial reform.

○ Great attention has been given to whether President Moon will send an additional message after warning prosecutors to practice the restrained exercise of prosecutorial authority on September 27th.

- With President Moon's warning creating a direct battle between the president and the prosecution, it can be expected that a paradoxical situation will take place in which the prosecutors will step up their investigations to prove their legitimacy.

- There is a high chance that President Moon as well as the Blue House will accept the prosecution's response as 'disobedient,' therefore, it can be expected that an additional warning will inevitably be much more intense than the first.

○ An issue that may cause a short-term inflection point regarding the 'Cho Kuk Scandal' is the arrest warranted for Cho Kuk's wife, Chung Kyung-shim.

- Attention will be given to the decision made by President Moon once investigations are held against Cho Kuk and if Chung Kyung-shim obtains an arrest warrant.

- If Chung Kyung-shim does not obtain an arrest warrant, keen attention will be given to prosecutor general Yoon Seok-yeol as he will inevitably face political consequences due to the event.

○ The main agenda/issues of October are categorized by the influence on state administration as follows.

Positive Agenda/Issues	Neutral Agenda/Issues	Negative Agenda/Issues
Continuation of candlelight vigil for prosecutorial reform	Presidential evaluation, change in party support	Worsened national divide caused by the 'Cho Kuk Scandal'
World Cup Preliminary match at Pyongyang	President Moon's 2 nd message to prosecutors	Liberty Korea Party's outdoor rally
Resumption of negotiations between North Korea and the US	Content of the bill passed at the plenary session of the National Assembly	Arrest of Cho Kuk's wife
Ritual offering at Yasukuni shrine	Controversy over the General Security of Military Information Agreement (GSOMIA) between Japan and South Korea	Prosecutorial investigations on Cho Kuk
Investigations on lawmakers due to controversial fast-track bills	Talks about military cost sharing between South Korea and the US	Surge of real estate prices in Seoul

○ It is expected that all issues related to the 'Cho Kuk Scandal,' which started in August, will cause major obstacles for the month of October.

■ Three Main Points of the Political Climate in October

① What Will Happen to the Government After President Moon's Involvement in the 'Cho Kuk Scandal'?

_ It has been analyzed that President Moon's warning directed to the prosecution was an effort made to control the prosecutors by causing the 'Cho Kuk Scandal' to subside as he expected.

- Despite the controversy and suspicions surrounding Cho Kuk, President Moon went ahead with Cho Kuk's appointment as justice minister. Therefore, it can be expected that the 'Cho Kuk Scandal' will dissipate or subside following the appointment.
- In general, many political or social issues come to an end when the issue is over. Thus, the 'Cho Kuk Scandal' may come to an end as soon as his appointment as justice minister takes place.
- Although prosecutors had the capability of carrying out investigations to continue dealing with the 'Cho Kuk Scandal,' President Moon took on a defensive role by working to help Cho Kuk navigate out the issue.

- Even though the illegal status of Cho Kuk's family has yet to be confirmed, there is a possibility for Cho Kuk to regain his reputation since there is a decent amount of certainty that Cho Kuk himself did not

partake in illegal conduct. In addition, although the scandal will negatively impact the presidential evaluations, this can be recovered by the unification of Cho Kuk's supporters.

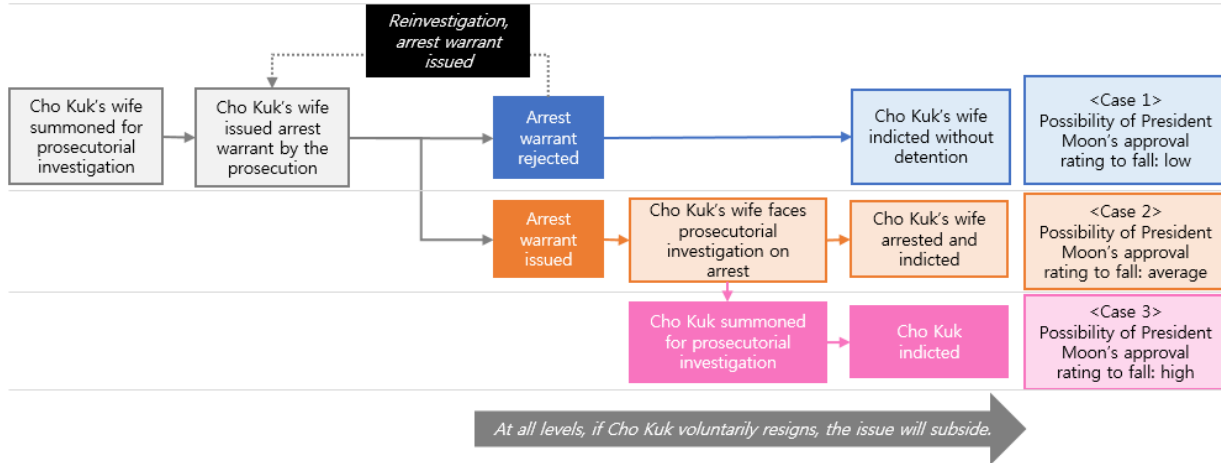
- However, the reality differs significantly from the judgments made by President Moon and the Blue House.
 - Despite the appointment of Cho Kuk as justice minister, the 'Cho Kuk Scandal' has further intensified rather than subsided due to full-blown prosecutorial investigations.
 - The continuation of the 'Cho Kuk Scandal' due to the extensive prosecutorial investigations has in the end caused the presidential evaluations to hit its lowest point and also led to the drop in approval rating of the Democratic Party of Korea.

- It has been analyzed that President Moon's warning directed to the prosecution was an effort made to control the prosecutors by causing the 'Cho Kuk Scandal' to subside as he expected.
 - The main focus of President Moon and the Blue House was to prevent the prosecution from disrupting state affairs and leading the situation, especially during a critical time when issues related to Japan-South Korea relations and North Korea-US relations should be given greater priority.
 - In addition, the prosecutorial reform plan that was continuously backed by the ruling party seems to incorporate President Moon's vision of unifying the progressives and giving more significant political weight to the progressive party.
 - The goal behind unifying the supporters of the progressive party is to facilitate an increase in the presidential evaluations as well as party approval ratings.

- The political situation that initially focused on Cho Kuk as an individual transitioned to creating two major confrontations. One is the president against the prosecution whereas the other is the ruling party and the progressives supporting the prosecutorial reform against the opposition party and the conservatives who back extensive investigations.
 - From the prosecution's perspective, making a greater emphasis on conducting extensive investigations will create a hypocritical situation in which there will be increased support from the opposition party and conservatives.
 - In addition, in order to prove their legitimacy, prosecutors will have no choice but to intensify their investigations. However, this in turn will create a stronger confrontation between the president and the prosecution, which will cause President Moon to perceive the prosecution's actions as 'disobedient.'

○ The following political situation is expected to take place as shown by the following scenarios.

[Political Situation by Scenario]



○ <Case 1> demonstrates a situation where President Moon constructed a Maginot line since he pushed ahead with Cho Kuk's appointment as justice minister.

- In this case, it is expected that the arrest warrant of Cho Kuk's wife, Chung Kyung-shim, will be rejected and that she will be indicted without detention, allowing President Moon to retain Cho Kuk as justice minister.

○ <Case 2> demonstrates a situation where Cho Kuk's wife, Chung Kyung-shim, is issued an arrest warrant, facing arrest and indictment.

- Public opinion may fluctuate amid the unprecedented arrest of Cho Kuk's wife, and it is likely that President Moon's approval rating will decrease.

○ <Case 3> is the worst case for the ruling party in which the prosecution indicts Cho Kuk.

- With this case, it is very likely that President Moon's approval rating will plummet.

○ The issue will subside if Cho Kuk voluntarily resigns at all levels, but his resignation will likely be decided by President Moon.

- The biggest inflection point would be caused by issuing an arrest warrant to Cho Kuk's wife, Chung Kyung-shim. If an arrest warrant is issued, close attention will be given to whether President Moon will continue to carry the weight of the burdens of <Case 3>.

○ Legally, the prosecutorial investigations on Cho Kuk may not be able to confirm Cho's illegal behavior. Even if he gets indicted, in the end, his status will only be confirmed through trial.

- However, Cho Kuk's role as justice minister during the course of this legal dispute will inevitably stir up significant political controversy and will be burdened by public opinion.

- Great attention will be given to whether President Moon will carry the political risks entailed by Cho Kuk's prosecutorial investigations that are to take place after his wife is placed under arrest.

※ For more details, refer to 'Ipsos Report Issue 59: An Analysis of Public Opinion Regarding Cho Kuk and Prospects for Cho Kuk by Scenario' (September 23, 2019)

○ The progression of the political situation and prosecutor general Yoon Seok-yeol's response to the 'President vs. Prosecutor' confrontation will be the greatest points of interest for the month of October.

② Will the Approval Rating of LKP Continue to Increase?

_ If the Liberty Korea Party continues to increase its approval rating in October, it will be able to show that the rational conservatives and centrists are changing their attitude towards the party.

○ Since August, the Liberty Korea Party has been waging a battle against the Democratic Party of Korea by involving all its members to deal with the 'Cho Kuk Scandal.'

○ Despite such efforts, however, the Liberty Korea Party's approval rating throughout August remained stagnant.

- What is more unfortunate is that although President Moon's approval rating increased during August, the approval rating of the Liberty Korea Party remained the same.

○ From the perspective of the Liberty Korea Party, September must have been a positive month as the party experienced a rise in its approval rating along with a

decrease in the presidential approval rating.

- However, it can be criticized that such results have not been attained due to changes of the Liberty Korea Party itself.
- Thus, it would be difficult to say that the public would continue its support for the Liberty Korea Party due to their dislike for President Moon, which raises the point that the current approval rating of the Liberty Korea Party would eventually diminish.

○ The movement and message of the Liberty Korea Party represent the hard-line conservatives (those from the TK region and those who are 60 years or older). There is a huge difference between these hard-line conservatives and rational conservatives as well as centrists.

- The sense of responsibility and political reflection in relation to the incident of manipulating state affairs is the primary reason for the large gap between the political groups.
- While the Liberty Korea Party may be able to accept the criticism regarding the duplicity of Cho Kuk, it is difficult for the party to accept the statement of fairness and justice.
- Recently, the Liberty Korea Party launched an intraparty group called the 'Justice League' to show the fairness and justice that was damaged by the 'Cho Kuk Scandal,' yet the group has been criticized as it was deemed unrelatable.

○ If the approval rating of the Liberty Korea Party continues to increase during the political situation of October amidst the worsening battle between the political parties, it can be inferred that the rational conservatives and centrists are gradually changing their view towards the Liberty Korea Party.

- Close attention will be given to whether the rational conservatives and centrists will engage in strategic behavior by supporting the Liberty Korea Party to go against President Moon's administration.

③ Will Negotiations Between North Korea and the US Be Able to Take Place in October?

_ Due to President Trump's involvement in the 'Ukraine Scandal,' it is expected that President Trump will adopt a more cautious attitude as during the Hanoi talks, making the agreement process more difficult even with the launch of the working-level negotiations in October.

○ On September 9th, North Korean foreign minister Choe Son-hui expressed her willingness to hold talks with the US at around the end of September, raising the possibility of resuming negotiations and launching the third North Korea-US Summit.

○ The current administration responded positively towards North Korea's proposal of resuming talks with the US. Moreover, the North Korea-US summit was scheduled and the message of strengthening peace on the Korean peninsula was highlighted at the UN General Assembly.

- While President Moon initially did not consider attending the UN General Assembly, the public attention drawn from the negotiations between the US and North Korea spurred President Moon's decision to attend both the North Korea-US summit and the UN General Assembly.

○ In contrast to what was initially expected, the negotiations between the US and North Korea did not take place and got postponed to October.

- This occurrence has been attributed to the fact that the preparatory talks for the resumption of negotiations failed to take place.

○ With Kim Jong-un declaring the deadline of the negotiations between the US and North Korea to be by the end of the year, there is a high chance for the negotiations to be held in October, which would in turn help launch the North Korea-US summit.

- However, the problem lies in whether North Korea and the US will both be satisfied by the agenda produced during the negotiation.
- As was confirmed at last year's North Korea-US Hanoi summit, there is a large gap between North Korea's claim regarding phased denuclearization and the US' claim on a comprehensive package deal.

○ Recently, President Trump fired a hard-line national security adviser, John Bolton, and strongly criticized the 'Libyan Model,' opting for a 'denuclearization first, compensation later' approach, hinting at a change in denuclearization negotiations.

- In contrast, at the North Korea-US summit, President Trump stated that "working-level negotiations should be fruitful" by demonstrating a sincere attitude towards the talks between North Korea and the

US, even reaffirming the main principles of the North Korea in his speech at the UN General Assembly.

- In addition, the political factors in the US that had a significant impact on the previous talks at Hanoi would be a negative influence on the working-level negotiations.

- During the time the Hanoi talks were held, President Trump remained under the political spotlight due to the 'Russia Scandal,' making it difficult to receive a 'small deal.'
 - The leaders of the US and North Korea failing to agree on specifying the 'final and fully verified nuclearization (FFVD)' can impose a serious political crisis on South Korea.

- President Trump's involvement in the 'Ukraine Scandal' once again detained in him under the political spotlight, sparking impeachment inquiry by the House of Representatives.
 - Due to this event, it is expected that President Trump will adopt a more cautious attitude, making the agreement process more difficult even with the launch of the working-level negotiations in October.