

German lesson on economic democracy

New German envoy sees opportunity for cooperation on social market economy model

By Philip Iglauer

"Economic democracy," is a hot phrase in this cycle's presidential election, with politicians from every political persuasion jumping on the social welfare bandwagon — even the staunchly conservative Saenuri Party is promising to alleviate the yawning gulf between the nation's the haves and have-nots.

"There may be many opportunities for cooperation since the German model of social market economy seems to be fairly close to what is being discussed in politics here in Korea," said German Ambassador to Korea Rolf Mafael in an interview with The Korea Herald, his first with an English-language daily.

Mafael only arrived in Korea on July 12, and has yet to present his Letter of Credence, which makes his posting official. That takes place on Oct. 5 in a ceremony at Cheong Wa Dae.

With more talk here about introducing a serious social safety net, Mafael said he sees new opportunities for enhanced cooperation between Germany and Korea, adding Germany tries to promote small and medium-sized enterprises, and to have an equal economic weight to both the big players and the small players.

The renewed popularity of that awkward phrase, "economic democratization," Germany's social welfare capitalism has gained a lot of attention from Korean experts and policy makers. The election debate has focused on restraining the excesses of Korea's family-run conglomerates.

A slew of new bills are being discussed at the National Assembly.



German Ambassador to Korea Rolf Mafael gestures during an interview with The Korea Herald at his office in Seoul on Friday. Philip Iglauer/The Korea Herald

One bill proposes a ban on circular-shareholding; another revives an equity investment ceiling for the country's ultra-huge conglomerates; still another strengthens regulations on funneling extra projects to conglomerates.

Indeed, the excesses of these elite families and its scions have offended a society that extols traditional virtues of humility and understatement with wild stories of arrogant corporate CEOs acting with impunity.

One such story involved Kim Seung-Youn, chairman of the 71 billion-dollar Hanwha Group.

Kim was only recently tried for propping up a shell company and handing its stock over to his sister. He was sentenced to four years in jail and fined \$4.5 million.

Korean experts are keen to learn from the German experience with social welfare.

Mafael pointed out that German foundations in Seoul are already partnering with Korean experts in areas like pensions, health insurance and social security. They are holding seminars and conferences about social market economy, about the effect of economic democratization, the promotion of small and medium enterprises.

One example of this is Konrad Adenauer Foundation, which held a seminar on Wednesday called "Social Economic Justice and SME Promotion: The German Experience and Policy Tasks for Korea."

"Although we are developing from different angles, we can optimize our systems and learn from one another," Mafael said. "We are faced in some areas with similar challenges. If you take for example, demographic development; securing pensions for the elderly; the sustainability of health insurance, then, although we are cer-

tainly talking from different levels, yes, but the challenges are similar."

Positive first impressions

Mafael's positive personal connection with Korea will likely bolster Korea-German cooperation on "economic democratization" issues.

"It is good to know as a German you are welcome in this country and this is the matter that we get from all people here. In this country, one gets a positive emotional reaction, and that makes my job even more enjoyable," he said.

The new envoy said his first impression of Korea was really of Seoul, its capital city.

"Seoul is a very modern city, a dynamic city and it is also a very safe city. Seoul is unique because few mega-cities of its size have such an excellent infrastructure, where eve-

rything runs smoothly, and you feel safe."

Mafael was born and raised in the south western state of Baden, and studied law in Heidelberg, and worked as a public prosecutor on white collar crime cases before entering the Foreign Service. There, he worked a total of 12 years on European integration. Mafael has six years experience, however, on East Asian issues. He worked from 1995-1998 at the European Commission focused on the Asia-Europe Meeting, or ASEM process, and then as counselor overseeing the political section at the German Embassy in Japan from 2002 to 2005. He has a big family, five boys aged 16 through 24, the youngest will stay in Korea with he and his wife and attend classes at The German School.

About Korea broadly, Mafael had this to say: "The mixture of a 21st-

century modern dynamic on the one hand and, on the other, people here are very conscious of their culture, their historical background and their natural environment."

This is as true in Seoul as it is in other parts of the country.

"In Busan for example, if you walk in the Haeundae area, which I did three days ago, and in the middle of a typhoon — this is so 21st century," he said.

Busan reclaimed the inner harbor to construct a waterfront park and mixed-use ferry terminal.

"It is so ahead much of the rest of the world. This is really modern urban development. In this sense it is exciting to be here."

Envoy's next steps

Next year will be the 50th anniversary of Germany's guest worker program that saw thousands of Korean nurses and miners going there to work, most of whom stayed, raising children and becoming citizens.

West Germany's government invited Koreans workers from 1963 under its *gastarbeiter* labor recruitment program, motivated not only by economic necessity but also by a desire to demonstrate support for a country that, like Germany, had been divided by ideology.

"These families and the children of these families form an important network that has developed, and we will have a unique chance to maintain that network," Mafael said.

Today more than 30,000 Koreans reside in Germany, the highest number of Koreans residing in any country in Europe.

Mafael said he wants to focus on cooperation in the area of scientific research and development and university cooperation. A key to fulfill his goal is ADECO, a parent organization of 50 alumni groups has its annual conference on basic science and science in the 21st century on Oct. 10.

(ephilip2011@heraldcorp.com)