

South Korea in 2025

Democratic Comeback and the Challenges of Institutional Resilience

ABSTRACT

In 2025, South Korea experienced a historic transition, moving from the turmoil of martial law to a new administration under President Lee Jae-myung. This article examines this “democratic comeback” following the presidential impeachment and early election, while highlighting persistent challenges to institutional resilience. Domestically, the expansion of special prosecutors and the debates over prosecutorial reform deepened concerns about the judicialization of politics. Internationally, Seoul navigated a transactional alliance with the second Trump administration while leveraging the Gyeongju APEC summit for diplomatic recalibration. Economically, the government faced slowing growth and US trade uncertainties while advancing an AI-driven development strategy. In contrast, the cultural sector thrived, with the popular movie *KPop Demon Hunters* demonstrating the nation’s robust soft power.

KEYWORDS: democratic comeback, institutional resilience, judicialization of politics, artificial intelligence

SOUTH KOREA ENTERED 2025 dealing with the aftermath of unprecedented political turmoil, specifically the brief declaration of martial law that concluded the previous year (Jin 2025). This episode exposed the vulnerabilities of the presidential system and tested the resilience of its democratic institutions (Jin and Yang 2025). If 2024 was a year of reckoning, revealing the limits of executive authority and the extent of political polarization, 2025 became

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a year of institutional response and democratic recovery. The crisis was resolved through constitutional procedures, most notably through the Constitutional Court's decision on April 4, 2025, which upheld President Yoon Suk-yeol's impeachment. This was a critical moment in reaffirming the authority of constitutional checks and balances.

Following the president's removal, South Korea held an early presidential election, in June 2025. The victory of opposition leader Lee Jae-myung and the peaceful transfer of power reassured domestic and international observers that electoral competition and constitutional succession remained robust even after severe political stress. At the same time, the transition did not signal an end to political conflict. The new administration inherited a deeply polarized society, unresolved debates over accountability for the martial-law crisis, and intense disputes over the future of powerful state institutions, most notably the prosecution service.

Beyond domestic politics, South Korea faced a challenging external environment in 2025. The return of Donald Trump to the US presidency reintroduced a more transactional approach to alliances, complicating alliance management amid persistent North Korean military threats. Economically and socially, the country also faced structural challenges, including slowing growth, demographic decline, and rapid technological change. In response, the Lee administration sought to shift South Korea toward a development strategy centered on artificial intelligence (AI) while continuing to leverage its expanding cultural influence on the global stage.

This article examines South Korea's experience in 2025 from the perspective of democratic comeback and institutional resilience. It explores how political conflict became increasingly judicialized through the expanded use of special prosecutors, how foreign policy was recalibrated under shifting great-power dynamics, and how economic and social debates were reshaped by the accelerating AI transition. Together, these developments illuminate both the strength of South Korea's democratic recovery and the continuing challenges of sustaining institutional stability in the aftermath of crisis.

THE POST-IMPEACHMENT ELECTION AND A NEW ADMINISTRATION

The early presidential election of June 2025 was a turning point in South Korean politics. Conducted in the wake of impeachment proceedings

triggered by the December 2024 martial-law crisis, the election served less as a contest over competing policy agendas than as a referendum on the legitimacy of the existing political order. Public sentiment overwhelmingly favored accountability and institutional renewal, making a transfer of power increasingly inevitable (Hong and You 2024). The new election recorded the highest voter turnout in recent presidential contests (79%), reflecting strong political participation following the impeachment crisis. Lee Jae-myung secured the presidency with a plurality of the popular vote (49.4%), defeating the ruling party's candidate, Kim Moon-soo (41.2%). In contrast to the closely contested 2022 election, the 2025 result delivered a clear mandate for transition, signaling widespread support for restoring democratic norms through institutional means.

President Lee Jae-myung inaugurated his administration amid high expectations that it would restore democratic norms and address the institutional failures exposed by the crisis. From the outset, however, the Lee government faced a fundamental dilemma between reform and integration. While Lee's electoral victory rested on demands for sweeping institutional change, particularly in the governance of law enforcement, effective governance required mitigating social polarization and rebuilding trust among voters alienated by the impeachment process. Navigating the delicate balance between pursuing ambitious reform and fostering political reconciliation became the defining challenge of Lee's first year in office.

THE POLITICS OF SPECIAL PROSECUTORS IN THE NATIONAL ASSEMBLY

A defining feature of the political landscape in 2025 was the escalation of the politics of special prosecutors. Investigations targeting former president Yoon Suk-yeol and his family focused public attention, strengthening the view that legal rather than political processes would be used to address the martial-law crisis. While proponents framed these investigations as essential to restoring the rule of law, critics warned that their proliferation might deepen political divides and extend cycles of retaliation.

Historically, South Korea's special-prosecutor system was conceived as an exceptional mechanism to be used to investigate politically sensitive cases in which the regular prosecution service was perceived to lack independence or credibility. But over time it became a routine feature of partisan competition.

In 2025, the frequent resort to special prosecutors illustrated the deepening *judicialization of politics*, in which unresolved political conflicts are increasingly transferred from representative institutions to courts and investigative bodies. Special prosecutors came to serve as strategic instruments through which political actors sought advantage in ongoing struggles over power and legitimacy.

This trend was closely linked to shifting power balances within institutions. With the Democratic Party assuming power after the presidential election and commanding a dominant position in the National Assembly, South Korea entered a period of unified government. Under these conditions, the legislature played a central role in initiating and shaping judicial processes. By exercising its authority to authorize special prosecutors, the National Assembly effectively guided the trajectory of legal accountability, blurring the boundary between political oversight and judicial independence. While this legislative assertiveness strengthened mechanisms of horizontal accountability, it also raised concerns that judicial processes were becoming extensions of partisan conflict rather than neutral arbiters of wrongdoing.

PROSECUTORIAL REFORM AND INSTITUTIONAL BACKLASH

The controversy surrounding special prosecutors was inseparable from broader efforts to reform the prosecution service. Moving beyond earlier initiatives that sought to limit prosecutorial investigative authority, the Lee administration pursued a far-reaching restructuring of prosecutorial institutions. Legislative reforms dismantled the traditional centralized structure of the prosecution. They formally separated investigative and indictment functions, transferring investigative authority over major crimes to a newly created agency while confining prosecutors to indictment and trial responsibilities.

These reforms represented the culmination of a long-standing political project aimed at dismantling what critics described as a prosecutor-centric form of governance. For reform advocates, the reorganization was a necessary safeguard against the concentration of unelected power and a response to the perceived abuses of the previous administration. Opponents argued that the rapid, unilateral nature of the reform threatened judicial independence and risked weakening the coherence and effectiveness of law enforcement institutions.

Taken together, the expansion of special prosecutors and the restructuring of the prosecution service underscored a central paradox in South Korean

democracy in 2025. While institutional mechanisms were used to enforce accountability and rebalance state power, their implementation through majority legislative authority revealed the limits of political compromise in a highly polarized setting. Yet, whether this rebalancing will produce durable institutional stability or further entrench patterns of legalistic political conflict remains an open question.

TRUMP 2.0 AND THE TRANSACTIONAL ALLIANCE

The geopolitical environment confronting South Korea in 2025 was fundamentally altered by the return of “America first” policies under Donald Trump’s second administration. Trump 2.0 increasingly framed the bilateral relationship in transactional terms, raising questions about the reliability of US commitments underpinning the alliance, including security guarantees and the stability of the bilateral economic framework. This shift was characterized by intense US pressure on Seoul to increase burden-sharing and defense outlays, at times accompanied by implicit threats that US troop levels could be revisited if these demands were not met. Such perceptions of a weakening US security commitment reignited domestic debates over strategic autonomy and, at the margins of elite discourse, support for independent nuclear armament efforts (Ha and Lee 2025).

Economically, renewed protectionist rhetoric and tariff threats posed challenges to the Korea–US Free Trade Agreement, with the prospect of reciprocal tariffs raising concerns about South Korea’s export exposure to the US market. In the aftermath of President Yoon Suk-yeol’s impeachment, the new government entered these negotiations under constrained political conditions. Given that the alliance remains central to South Korea’s security and economic interests, the Lee administration appeared inclined toward compromise rather than confrontation. At the same time, the government sought to re-anchor the alliance by emphasizing South Korea’s indispensable role in US-led supply chains, particularly in semiconductors and shipbuilding, to shield the relationship from narrow transactional pressures.

THE NORTH KOREAN DILEMMA AND REGIONAL DYNAMICS

Deteriorating regional security dynamics further compounded South Korea’s concerns about its alliance with the US. North Korea deepened its strategic

alignment with Russia, securing expanded military and economic support that emboldened Pyongyang to accelerate its nuclear and missile programs. With Seoul's calls for renewed dialogue repeatedly rebuffed, diplomatic options remained severely constrained. Intensifying these challenges was the prospect of renewed direct engagement between President Trump and Kim Jong-un, which revived fears of "Korea passing"—that is, South Korea being sidelined from the international community.

The anticipated return of personalized, top-down diplomacy raised concerns in Seoul that critical decisions regarding the Korean Peninsula could be made with little use of institutionalized consultation mechanisms among allies. Against this backdrop, South Korea sought to sustain the momentum of trilateral security cooperation with the US and Japan. While this framework remained central to deterrence, domestic political constraints, particularly unresolved historical disputes with Japan, continued to introduce friction into trilateral coordination.

APEC 2025: DIPLOMACY DURING A CRISIS

In October 2025, South Korea hosted the Asia-Pacific Economic Cooperation (APEC) Summit in Gyeongju, leveraging the event to project political stability after a period of profound domestic upheaval. While APEC offered limited leverage over the Korean Peninsula's persistent security challenges, it served as an essential signal to regional partners of diplomatic continuity and institutional resilience. Beyond its symbolic value, the summit functioned as a diplomatic platform for a series of bilateral engagements that linked economic coordination with broader security and strategic concerns.

On the sidelines of APEC, Seoul pursued calibrated engagement with the US amid ongoing trade and alliance negotiations. High-level exchanges focused on stabilizing expectations surrounding tariffs, investment cooperation, and defense cost-sharing, reinforcing South Korea's preference for managed compromise under the transactional logic of the second Trump administration. These discussions did not yield major breakthroughs but helped reduce uncertainty at a critical juncture in bilateral relations. APEC also provided an opportunity to cautiously advance dialogue with China, reflecting Seoul's effort to restore working-level trust following a period of strained relations. Economic cooperation and supply-chain stability featured prominently in these exchanges, alongside discussions of regional security

dynamics. From Seoul's perspective, improved communication with Beijing was not only an economic necessity but also a pragmatic component of managing the broader strategic environment, including conditions surrounding the North Korean issue.

Relations with Japan were similarly addressed within the APEC framework. The summit reaffirmed the importance of shuttle diplomacy and coordination on economic security and regional stability, even as unresolved historical and territorial disputes continued to constrain the depth of bilateral rapprochement. By situating these discussions within a multilateral setting, the Lee administration sought to sustain cooperation while avoiding escalation of sensitive domestic political issues.

APEC 2025 thus functioned less as a venue for formal agreements than as a form of "package diplomacy," allowing South Korea to manage relations with the US, China, and Japan in parallel. The summit thus linked domestic political recovery with external economic and strategic adjustment, reflecting a broader strategy to avoid overreliance on any single great power and to expand Seoul's room for maneuver in an increasingly polarized international system.

ECONOMY: THE AI PIVOT AMID MACROECONOMIC HEADWINDS

In 2025, South Korea's economy was operating under what policymakers called "triple distress": high interest rates, persistent inflation, and, most critically, increased volatility in the won-dollar exchange rate. As the won weakened beyond key psychological thresholds amid external uncertainties, including renewed concerns over US policy direction under the second Trump administration, anxieties grew over rising import costs and capital outflows. With real GDP growth stagnating at around 1% (Bank of Korea 2025), the Lee administration faced mounting pressure to articulate a credible economic breakthrough.

In response, the government adopted a two-track strategy of industrial restructuring plus capital market reform. To revive a long-stagnant equity market, President Lee advanced an ambitious initiative called the KOSPI Level-Up to address the so-called "Korea discount." (KOSPI is the Korea Composite Stock Price Index.) Centered on corporate governance reform and stronger protections for minority shareholders, the initiative sought to restore investor confidence and attract foreign capital despite unfavorable currency conditions. At the same time, the administration doubled down

on an AI-centered development strategy, aiming to shift South Korea's export-led growth model away from mature manufacturing sectors toward higher-value-added segments of the global AI supply chain.

A symbolic episode capturing this industrial pivot occurred in October, when Jensen Huang, CEO of NVIDIA, visited Seoul. His widely circulated *chimaek* (chicken and beer) meeting in Gangnam with the heads of South Korea's major conglomerates was more than a media spectacle. It highlighted South Korea's structural indispensability in the global AI semiconductor ecosystem, particularly in the production of high-bandwidth memory, a critical input for advanced AI computing. This episode offered a rare moment of optimism amid macroeconomic turbulence, underscoring that despite currency volatility and slowing growth, South Korea's industrial base remained resilient and deeply embedded in the future trajectory of global technological competition.

STALLED MOBILITY AND THE LIMITS OF POLICY INTERVENTION

In 2025, social discourse in South Korea increasingly converged on the perception that upward mobility had become structurally constrained, if not outright stalled. While inequality had long featured in public debate, what distinguished this period was the widespread belief that key determinants of life chances, most notably housing, were no longer meaningfully responsive to policy interventions. Despite successive rounds of regulation, housing prices in metropolitan areas stayed high, reinforcing the sense that asset accumulation through homeownership lay beyond reach for large segments of the population. The Lee administration announced plans to propose a comprehensive housing policy package in early 2026. Whether this initiative can meaningfully address metropolitan housing affordability and broader goals of balanced regional development remains a focal point of public attention. As mobility ceased to function as a credible promise, economic frustration began to spill over into broader social and cultural domains.

One visible consequence of this structural stagnation was the breakdown of shared expectations between generations. As hopes for upward mobility diminished, attitudes between generations became increasingly hostile. This shift was most clearly reflected in the evolution of the "young forty" discourse. The term was initially coined to describe a progressive, culturally adaptive group within Generation X. However, by 2025, it had become

a meme used to mock middle-aged individuals for “trying too hard” to adopt youth culture in terms of fashion, technology, and lifestyle. The ridicule directed at the “young forty” thus signaled more than cultural satire: it revealed a lack of intergenerational tolerance, with a frustrated younger generation blaming an older cohort perceived as holding on to limited economic and social resources for their blocked opportunities.

These cultural tensions unfolded alongside more concrete indicators of systemic strain. The demographic crisis is the most stark manifestation of disillusionment with stalled life trajectories, with fertility rates remaining exceptionally low, despite modest improvements in recent years. At the same time, the limits of state capacity were exposed by the prolonged conflict over medical-school quotas. Although the administration ultimately finalized an admissions increase, ongoing emergency room overcrowding throughout 2025 revealed persistent structural constraints in the health care system. These developments reinforced the pervasive belief that neither the market nor the public sector could reliably restore social stability. This belief cemented the idea that mobility stagnation was not a temporary setback but a defining condition of everyday life.

Looking ahead, these social transformations are placing increasing pressure on political elites who have already lost public trust amid deepening polarization. Whether political institutions can respond credibly to stalled mobility rather than relying on short-term crisis management or symbolic reform will be a key test for South Korea’s democracy. The ability of political actors to translate diffuse social grievances into sustainable policy responses will therefore remain a critical benchmark to watch in the years ahead.

EXPANDING HORIZONS IN THE KOREAN WAVE

Despite these economic and social challenges, South Korean popular culture in 2025 remained highly vibrant on the international stage. Building on Han Kang’s Nobel Prize in Literature and the global success of Rosé’s song “APT.” in late 2024, the defining cultural moment of 2025 was the unexpected worldwide breakout of the movie *KPop Demon Hunters*. By blending K-pop fandom culture with supernatural action in an animated format, the film resonated strongly with global Gen Z audiences, reportedly surpassing viewership benchmarks previously set by the *Squid Game* series. This success was not simply the product of established conventions but reflected the

industry's growing capacity for cross-genre innovation. In particular, its alignment with the digital-native consumption patterns of global youth signaled a sophisticated evolution in South Korea's media strategy.

The success of *KPop Demon Hunters* signaled a further broadening of the Korean Wave (or *hallyu*) beyond its traditional pillars of live-action dramas and pop music into animation and niche subcultural domains (Song 2020). More broadly, it marked a strategic shift toward the development of original, globally viable intellectual property capable of multiplatform leverage. Despite mounting domestic political and economic constraints, the cultural sector proved robust, reinforcing South Korea's soft power. In this context, cultural production remained one of the areas where the country effectively turned its domestic creativity into lasting global influence, yielding diplomatic and economic benefits that helped partially counteract internal political and economic instability.

DEMOCRATIC RECOVERY AND CONTINUING CHALLENGES

South Korea's experience in 2025 highlighted both the resilience and the limits of its democratic institutions. The constitutional resolution of the martial-law crisis and the peaceful transfer of power following the presidential election reaffirmed the durability of procedural democracy. At the same time, the intensification of the politics of special prosecutors and the deepening judicialization of political conflict revealed persistent vulnerabilities, underscoring how fragile mutual toleration remains in a polarized landscape.

Internationally, South Korea navigated heightened uncertainty under the second Trump administration's transactional alliance strategy. South Korea prioritized diplomatic risk management over strategic transformation. The Gyeongju APEC summit exemplified this approach, functioning as a platform for diplomatic continuity and calibrated "package diplomacy" among major powers.

Economic and social pressures further constrained public confidence. Slowing growth, housing unaffordability, and perceptions of stalled social mobility reinforced skepticism about the state's capacity to deliver long-term stability. While the Lee administration's AI-centered development strategy highlighted South Korea's enduring industrial strengths, translating technological competitiveness into broadly shared social gains remains a central challenge.

Despite these constraints, South Korea's cultural sector continued to project resilience. The global success of *KPop Demon Hunters* reinforced the country's soft power at a moment of domestic and international uncertainty.

Yet South Korea's experience in 2025 also suggests that the intensity of political conflict cannot be addressed solely through institutional redesign. Despite repeated cycles of institutional reform, levels of social polarization have shown little sign of sustained moderation. This underscores the significance of political culture and socialization, especially the impact of social media on perceptions of conflict, identity, and approaches to political engagement. Everyday political-cultural dynamics in contemporary South Korea are a critical yet less visible dimension of democratic resilience.

Strengthening institutional resilience will require rebuilding public trust and sustaining adaptability in an increasingly volatile international environment. The significance of 2025, therefore, extends beyond South Korea itself, as the country's ability to translate crisis management into visible improvement will shape how its experience is interpreted globally.

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