

## South Korea's Elections: A Shift to the Right

### I. OVERVIEW

South Korea's electoral politics has made a turn to the right that is likely to lead to closer security ties with the U.S. and some other important adjustments in foreign policy and has already strained relations with the North. The shift toward the Grand National Party (GNP), evident in President Lee Myung-bak's victory in late 2007, was completed when it won a majority in the 18th National Assembly in the 9 April 2008 elections. Those elections were dominated by domestic concerns, especially the economy; foreign policy and inter-Korean relations were near the bottom of voters' interests. The GNP's legislative agenda will include deregulation and privatisation, intended to revitalise business. Although generally supportive of Lee on foreign policy, the new assembly may cause him problems, particularly over unpopular economic liberalisation and deregulation proposals. Opposition to these, which have already produced a major political crisis, may have an impact on wider security concerns.

Regionalism, a recurring theme in South Korean politics, was evident in this election as well. GNP factional infighting that began during the presidential campaign continued through the National Assembly elections, but the party now appears to be on track for reconciliation. The main opposition United Democratic Party (UDP) failed to win the one third of seats that would have guaranteed its ability to block constitutional revisions.

The government, however, has been paralysed by street protests and the opposition boycott of the new assembly, which officially convened on 30 May 2008. Street demonstrations began shortly after President Lee's decision to reopen the domestic market to U.S. beef during a summit with President George W. Bush only days after the April elections. U.S. beef imports were the catalyst for the protests, but they grew as citizens opposed to numerous other policies joined, with the result that Lee increasingly became their target.

The president has wide powers over foreign policy, national security and inter-Korean policy, but some initiatives require legislative approval. The GNP seeks to strengthen the alliance with the U.S. and conclude

free trade agreements with it, as well as the European Union (EU), Japan, China and just about any other willing country. However, the first step in the free trade agenda – the resumption of U.S. beef imports – has already encountered difficulty and galvanised a fractured opposition. Lee's approval rating has plummeted to around 20 per cent, and he has announced a cabinet shake-up after only 100 days in office.

The GNP's new dominance, however, makes it likely that Seoul will seek to expand South Korea's role in international peacekeeping operations and official development assistance (ODA). The party envisions greater consultation with the UN and non-governmental organisations (NGOs) to achieve these objectives. South Korea will also try to increase international collaboration on the North Korean nuclear issue. The Lee government has maintained that Pyongyang must ask for help before any food or fertiliser will be delivered, and its bilateral policy toward the North could be described fairly as one of "benign neglect". This has brought strong criticism from Pyongyang but no request for aid, despite an apparently growing food crisis, and so far has had no negative impact on the six-party talks aimed at denuclearising the North.

### II. THE ELECTIONS

#### A. RESULTS

South Korea held elections on 9 April 2008 for the 299 seats in its unicameral legislature.<sup>1</sup> The Grand National Party (GNP) gained a slight majority, with 153 seats, as the electorate swung decisively to the right.<sup>2</sup> With the liberal and leftist parties in disarray and no key issues galvanising the electorate, turnout was a record low 46 per cent. The United Democratic Party (UDP), which held a plurality of seats in the

<sup>1</sup> For background on the December 2007 presidential election, see Crisis Group Asia Briefing N°73, *South Korea's Election: What to Expect from President Lee*, 21 December 2007.

<sup>2</sup> This majority grew when the GNP readmitted eleven defectors who had been elected as independents (see below).

outgoing assembly but is now the main opposition,<sup>3</sup> won but 81 seats in an election in which domestic issues were more prominent than foreign policy, national security and inter-Korean relations.

While the GNP's absolute majority is slight, about two thirds of the legislature generally shares President Lee Myung-bak's conservative views, which should make it easy for him to implement his policy agenda. However, factional infighting within the conservative camp, which emerged in 2007 during the nomination process for the GNP's presidential candidate, remains intense. Furthermore, regionalism, which was a major factor in a campaign where policy differences between the major parties and major candidates were mostly small, continues to be important.

The liberal UDP failed to win the 100 seats that it sought in order to be able to block constitutional changes. Sohn Hak-kyu, its chairman, and Chung Dong-young, former chairman of the Uri Party (predecessor of the UDP), lost to GNP candidates in high-profile Seoul districts. In general, the UDP was unable to dissociate itself from Roh Moo-hyun, the deeply unpopular president who left office in February 2008.

The 18th National Assembly officially opened on 30 May 2008, a day after the 17th National Assembly finished a special session. It includes 134 new members (87 in district seats and 47 in national proportional seats), and the largest number of women members ever – 41, two more than the previous legislature. Of the 299 legislators, 211 had served in the military.<sup>4</sup> The average worth of a member is about \$2.6 million, a sensitive issue given the common perception that many officials have accumulated riches illicitly.<sup>5</sup>

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<sup>3</sup> At the close of the 17th National Assembly, the UDP had 136 seats, the GNP had 112, and the Liberty Forward Party (LFP) had nine.

<sup>4</sup> South Korea has compulsory military service for all males over eighteen. Those attending colleges and graduate schools can obtain a deferment, and there are exemptions for those with physical or mental disqualifications or extraordinary circumstances. The minimum period of service is 24 months in the army or marine corps, 26 months in the navy and 28 months in the air force. Some citizens unqualified to serve in the military are required to perform service in other public institutions. For information on the conscription system, see the Military Manpower Administration website at [www.mma.go.kr](http://www.mma.go.kr). The Military Service Law (병역법) is available in Korean at: [www.lawnb.com/lawinfo/law/info\\_law\\_search\\_view.asp?ljo=l&lawid=00148000](http://www.lawnb.com/lawinfo/law/info_law_search_view.asp?ljo=l&lawid=00148000).

<sup>5</sup> “134 명이 첫 금배지... 의원 1인 평균 재산 26 억원” [“134 people get their first gold badge ... the average wealth is 2.6 billion won (about \$2.6 million) per member”], *Donga Ilbo*,

### III. DOMESTIC ISSUES

#### A. THE ECONOMY

The April election was dominated by domestic issues, particularly the economy. In December 2007, President Lee was elected on a platform that included his “747 vision”, a promise that 7 per cent economic growth rates would produce a per capita income of \$40,000 and the world's seventh largest economy within ten years.<sup>6</sup> Lee pledged to achieve these goals through deregulation, competitive market forces, adoption of global standards and rule of law. He has proposed to reduce regulations and taxes for corporations to create a friendlier business environment, as well as to establish fiscal and tax incentives to raise research and development investment to 5 per cent of GDP. He also promised to reduce the bureaucracy and deregulate education.<sup>7</sup>

Lee's “747 vision” further included a plan to build a “Great Korea Canal” across the country, financed by billions from the private sector.<sup>8</sup> Rising public opposition, however, caused him to scrap a scheme that opinion polls indicate 60-70 per cent of Koreans oppose.<sup>9</sup> In March 2008, aides reportedly recommended the project be scaled back, and on 21 May he announced that he favoured postponement because it “makes people nervous”.<sup>10</sup> On 19 June, in a televised address, Lee said he would cancel the project unless

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11 April 2008, at [www.donga.com/fbin/output?n=200804110095](http://www.donga.com/fbin/output?n=200804110095).

<sup>6</sup> Lee Myung Bak, “The Korea 747 Vision: Let's Open a New Economic Era of 7 Percent Economic Growth, \$40,000 per capita Income, and 7th Largest Global Economy”, 2007.

<sup>7</sup> *Ibid.*

<sup>8</sup> *Ibid.*

<sup>9</sup> Kim Yon-se, “President Lee Softens Stance on Canal Project”, *The Korea Times*, 25 March 2008, at [http://koreatimes.co.kr/www/news/nation/2008/03/228\\_21343.html](http://koreatimes.co.kr/www/news/nation/2008/03/228_21343.html); “Growing Objections from General Public Put Canal Project on Hold”, *The Hankyoreh*, 24 April 2008, at [http://english.hani.co.kr/arti/english\\_edition/e\\_national/283845.html](http://english.hani.co.kr/arti/english_edition/e_national/283845.html); and Kim Yon-se, “Presidential Office Remains Undecided over Waterway”, *The Korea Times*, 24 April 2008, at [www.koreatimes.co.kr/www/news/nation/2008/05/113\\_23118.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/113_23118.html).

<sup>10</sup> Kim Yon-se, “Downscaling Canal Project Proposed”, *The Korea Times*, 28 March 2008, at [www.koreatimes.co.kr/www/news/nation/2008/03/116\\_21588.html](http://www.koreatimes.co.kr/www/news/nation/2008/03/116_21588.html); “Lee Hints at Phased Construction of Inland Canal”, *The Korea Herald*, 21 May 2008, at [www.koreaherald.co.kr/](http://www.koreaherald.co.kr/); and “Grand Canal on Hold for Smaller Waterway Improvements”, *The Chosun Ilbo*, 22 May 2008, at <http://english.chosun.com/w21data/html/news/200805/200805220013.html>.

the people supported it.<sup>11</sup> The land, transport and maritime affairs ministry closed down the project the next morning.<sup>12</sup>

Building upon Lee's election, the GNP drafted a policy platform for the April polls with "Twelve grand visions, 44 targets, and 250 detailed objectives". These promised a sweeping program of deregulation and tax cuts, as well as recruitment of native English speakers to teach in rural areas and reduce educational imbalances with cities.<sup>13</sup>

In contrast, the UDP ran on a populist platform, promising it would represent the common people and the middle class. It has accused Lee and the GNP of favouring the rich and seeking to implement "authoritarian" industrial policies reminiscent of the 1970s. GNP plans for deregulation, it argued, will hurt the middle class and disproportionately benefit large corporations. The UDP platform had three broad objectives: economic growth for the common people, middle class and farmers; practical democracy through change and reform; and peace and prosperity, including peaceful coexistence on the Korean peninsula.

## B. CONSERVATIVE FACTIONALISM

With the electorate's desertion of liberal candidates as the Roh administration was winding down, competition for power intensified within the GNP. The party's former chairwoman (2004-2006) and legislator, Park Geun-hye, daughter of ex-President Park Chung-hee, narrowly lost the presidential nomination to Lee in August 2007. She had established a strong base within the party, as well as in her home region of Taegu. Lee, a former Seoul mayor, was more of a party outsider. The factional dispute began in spring 2007, when they clashed over party nominating rules.<sup>14</sup>

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<sup>11</sup> KBS 1 Television, "ROK President Remarks on US Beef, Economy during 19 June News Conference," 19 June 2008, in Open Source Center Document ID: KPP20080619051001; and Hwang Jang-jin, "Lee Scraps Canal Plan, Delays Reforms," *The Korea Herald*, 20 June 2008, at [www.koreaherald.co.kr](http://www.koreaherald.co.kr).

<sup>12</sup> "Gov't Stops Canal Project," *The Chosun Ilbo*, 20 June 2008, at <http://english.chosun.com/w21data/html/news/200806/200806200018.html>.

<sup>13</sup> 한 나라 당 정책 위원회 [Grand National Party Policy Committee], "우리나라, 좋은 나라, 행복한 나라: 12대 비전, 44대 목표, 250개 과제" ["Our country Korea, a good country, a happy country: 12 grand visions, 44 big targets, and 250 tasks"], 26 March 2008, at [www.hannara.or.kr](http://www.hannara.or.kr).

<sup>14</sup> The GNP used an "electoral college" consisting of party delegates, ordinary members, non-member citizens and a

The feud continued throughout the summer, as Park ran a campaign that Lee's camp viewed as very negative. For months, nationwide polls consistently showed Lee with a twenty percentage point lead, but the gap steadily narrowed as her supporters accused him of illicit land speculation, stock manipulation and having established a "trust fund" of about \$850 million in relatives' bank accounts.<sup>15</sup> Park and her supporters were also very critical of the canal proposal.<sup>16</sup> The

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public opinion poll, with weights or ratios of 20 per cent, 30 per cent, 30 per cent and 20 per cent respectively. Lee's faction wished to maximise the opinion poll portion since he had been holding about a twenty-point lead in nationwide polls. Park's camp viewed this as unjust and wished to increase the influence of party members. On the dispute over the party's nomination rules, see Kang Hyun-kyung, "Park Geun-hye Calls for Fairer Opinion Polls," *The Korea Times*, 25 April 2007, at [www.koreatimes.co.kr/www/news/nation/2008/05/113\\_1808.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/113_1808.html); "Reform Proposals Fail to Mend GNP Rift," *The Chosun Ilbo*, 1 May 2007, <http://english.chosun.com/w21data/html/news/200705/200705010028.html>; Kang Hyun-kyung, "GNP Feud Rekindles over Primary Rules," *The Korea Times*, 6 May 2007, at [www.koreatimes.co.kr/www/news/nation/2008/05/113\\_2409.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/113_2409.html); Kang Hyun-kyung, "Big Bang Looming Larger Ahead of Showdown," *The Korea Times*, 8 May 2007, at [www.koreatimes.co.kr/www/news/nation/2008/05/113\\_2513.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/113_2513.html); "Park Says GNP Primary Rules Not Negotiable," *The Chosun Ilbo*, 9 May 2007, at <http://english.chosun.com/w21data/html/news/200705/200705090022.html>; "Row over GNP Primary Escalates," *The Korea Herald*, 12 May 2007, in KINDS, <http://www.kinds.or.kr>; and Jin Hyun-joo, "GNP's Lee Concedes on Primary Rules," *The Korea Herald*, 15 May 2007, in KINDS, <http://www.kinds.or.kr>.

<sup>15</sup> Jung Sung-ki, "Lee Myung-bak Under Suspicion over Wealth," *The Korea Times*, 5 June 2007, at [www.koreatimes.co.kr/www/news/nation/2008/05/113\\_4233.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/113_4233.html); Jin Hyun-joo, "GNP's Park Aides Sling Accusations at Lee," *The Korea Herald*, 6 June 2007, in KINDS, [www.kinds.or.kr](http://www.kinds.or.kr); "GNP Contenders Resume Mudslinging," *The Chosun Ilbo*, 7 June 2007, at <http://english.chosun.com/w21data/html/news/200706/200706070014.html>; Jung Sung-ki, "GNP Feud Deepens Over Contender's Wealth," *The Korea Times*, 7 June 2007, at [www.koreatimes.co.kr/www/news/nation/2008/05/113\\_4329.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/113_4329.html); and Shin Hae-in, "Lee Refutes Allegations, Fires Back at Park Camp," *The Korea Herald*, 8 June 2007, in KINDS, <http://www.kinds.or.kr>.

<sup>16</sup> "Opposition Presidential Hopefuls Ignite Debate with Attacks on Front-runner," *The Hankyoreh*, 29 May 2007, at [http://english.hani.co.kr/arti/english\\_edition/e\\_national/212676.html](http://english.hani.co.kr/arti/english_edition/e_national/212676.html); Kang Hyun-kyung, "GNP Hopefuls Hold Heated Debate Over Canal Project," *The Korea Times*, 29 May 2007, at [www.koreatimes.co.kr/www/news/nation/2008/05/113\\_3765.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/113_3765.html); Kang Hyun-kyung, "Contenders Trade Refutations over Canal Project," *The Korea Times*, 31 May 2007, at [www.koreatimes.co.kr/www/news/nation/2008/05/113\\_3921.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/113_3921.html); and "Rival GNP Camps Trade Jibes on Canal Pledge",

tactics almost paid off. Lee's lead in opinion polls virtually disappeared by the summer,<sup>17</sup> and he narrowly won the nomination in August.<sup>18</sup>

Though Lee was cleared of all charges by a special prosecutor in February 2008,<sup>19</sup> the animosity between the two factions carried over to the process of determining the party's candidates for the April legislative elections. In 2004, some GNP candidates had been selected through primaries in local districts. The Park camp preferred this method but the two factions were unable to agree.<sup>20</sup> The party's candidate selection committee ultimately chose the nominees and snubbed many Park allies, causing them to run as independents or as part of the Pro-Park Alliance, a new splinter party. Park did not discourage the defectors but did not join them and suggested they run as independents and return to the GNP after winning their seats. South Korea has weak party discipline, and most of the Pro-Park and independent lawmakers had strong support

from their constituencies, which made them confident of winning.

Park demanded that all the defectors be allowed to return to the party by the end of May, but Lee's faction stonewalled. Chairman Kang, who had said there would be no reinstatement of defectors until after the GNP convention in July, relented on 2 June (except for any who are indicted for violating election laws). On 10 June, the GNP accepted fifteen deserters, including eleven who had won National Assembly elections, giving the party 164 seats and a comfortable majority.<sup>21</sup> This coincided with a cabinet reshuffle and an announcement to suspend plans for the canal project.<sup>22</sup>

A series of perceived blunders by the Blue House and Lee's management style, however, contributed to an unprecedented decline in the president's public approval rating – from 57.3 per cent to 25.4 per cent in his first two months in office,<sup>23</sup> and to 21 per cent a month later.<sup>24</sup> Many Koreans are sensitive to revela-

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*The Chosun Ilbo*, 1 June 2007, at <http://english.chosun.com/w21data/html/news/200706/200706010018.html>.

<sup>17</sup> "Opposition GNP Kicks off Presidential Primary Race with Registration of Main Hopefuls", *The Hankyoreh*, 11 June 2007, at [http://english.hani.co.kr/arti/english\\_edition/e\\_national/215266.html](http://english.hani.co.kr/arti/english_edition/e_national/215266.html); "Approval Gap between Lee and Park Narrows", *The Chosun Ilbo*, 11 June 2007, at <http://english.chosun.com/w21data/html/news/200706/200706110013.html>; "Gap Narrows between Two Top Presidential Candidates", *The Hankyoreh*, 18 June 2007, at [http://english.hani.co.kr/arti/english\\_edition/e\\_national/216638.html](http://english.hani.co.kr/arti/english_edition/e_national/216638.html); "GNP Front-runners Approval Ratings Narrow", *The Hankyoreh*, 25 June 2007, at [http://english.hani.co.kr/arti/english\\_edition/e\\_national/218151.html](http://english.hani.co.kr/arti/english_edition/e_national/218151.html); Kang Hyun-kyung, "GNP Debate Helps Park Boost Popularity", *The Korea Times*, 28 June 2007, at [www.koreatimes.co.kr/www/news/nation/2008/05/113\\_5584.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/113_5584.html); Kang Hyun-kyung, "Park Wins More Support Than Lee From GNP Supporters", *The Korea Times*, 25 July 2007, at [www.koreatimes.co.kr/www/news/nation/2008/05/113\\_7145.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/113_7145.html); and Kim Sue-young, "Lee-Park Popularity Gap Narrowing", *The Korea Times*, 15 August 2007, at [www.koreatimes.co.kr/www/news/nation/2008/05/113\\_8409.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/113_8409.html).

<sup>18</sup> The final GNP nomination results gave Lee 81,084 votes (49.56 per cent) to Park's 78,632 (48.06 per cent). Park captured more total votes from party delegates, party members, and non-party members, but Lee's lead in the public opinion poll enabled him to capture the nomination. Shin Hae in (sic), "Lee Wins GNP Presidential Candidacy", *The Korea Herald*, 12 August 2007, in KINDS, [www.kinds.or.kr](http://www.kinds.or.kr).

<sup>19</sup> Kim Rahn, "Lee Cleared of Fraud Allegations", *The Korea Times*, 21 February 2008, at [www.koreatimes.co.kr/www/news/nation/2008/05/113\\_19361.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/113_19361.html); and "Lee Cleared by 2nd Inquiry", *The Chosun Ilbo*, 22 February 2008, at <http://english.chosun.com/w21data/html/news/200802/200802220011.html>.

<sup>20</sup> Crisis Group interview, GNP lawmaker, Seoul, 17 April 2008.

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<sup>21</sup> Kang Hyun-kyung, "Ruling Party to Have Comfortable Majority in Assembly", *The Korea Times*, 10 June 2008, at [www.koreatimes.co.kr/www/news/nation/2008/06/113\\_25627.html](http://www.koreatimes.co.kr/www/news/nation/2008/06/113_25627.html); 이상현 [Yi Sang-hŏng], "한, 김무성 등 탈당 15명 복당 허용" ["GNP allows Kim Mu-sŏng and a total of 15 deserters back into the party"], Yonhap News Agency, 10 June 2008, at [www.yonhapnews.co.kr/politics/2008/06/10/0502000000AKR20080610113200001.HTML](http://www.yonhapnews.co.kr/politics/2008/06/10/0502000000AKR20080610113200001.HTML).

<sup>22</sup> Kim Yon-se, "Lee Mulls Steps to Calm Public Outrage", *The Korea Times*, 2 June 2008, at [www.koreatimes.co.kr/www/news/nation/2008/06/116\\_25182.html](http://www.koreatimes.co.kr/www/news/nation/2008/06/116_25182.html); Hwang Kang-jin, "Lee Aide Suggests Shelving Canal Plan", *The Korea Herald*, 3 June 2008, at [www.koreaherald.co.kr](http://www.koreaherald.co.kr); "Lee to Announce Gov't Reshuffle", *The Chosun Ilbo*, 2 June 2008, at [english.chosun.com/w21data/html/news/200806/200806020020.html](http://english.chosun.com/w21data/html/news/200806/200806020020.html); and 안용수 [An Yong-su], "친박 복당 향후 절차는" ["Procedures henceforth for Pro-Park to rejoin the party"], Yonhap News Agency, 2 June 2008, at [www.yonhapnews.co.kr/politics/2008/06/02/0502000000AKR20080602170100001.HTML](http://www.yonhapnews.co.kr/politics/2008/06/02/0502000000AKR20080602170100001.HTML).

<sup>23</sup> Yoo Cheong-mo, "Lee, Park Agree to Settle Ruling Party's Internal Strife", Yonhap News Agency, 10 May 2008, at <http://english.yonhapnews.co.kr/national/2008/05/10/60/0301000000AEN20080510002000315F.HTML>. According to a GNP survey, Lee's approval rating had dropped to 28.5 per cent in early May. See "Lee Should Learn from Bill Clinton, Insiders Say", *The Chosun Ilbo*, 9 May 2008, at <http://english.chosun.com/w21data/html/news/200805/200805090018.html>; and Namkoong Wook, "Lee's Approval Rate Plummetts", *The JoongAng Ilbo*, 8 May 2008, at <http://joongangdaily.joins.com/article/view.asp?aid=2889518>.

<sup>24</sup> Shin Chang-woon, "100 Days in, Lee Faces 78% Disapproval Rate", *The JoongAng Ilbo*, 2 June 2008, at <http://joongangdaily.joins.com/article/view.asp?aid=2890593>; "Lee's Approval Rating Plummetts to 21 Per Cent", *The Chosun*

tions that Lee's inner circle are mostly millionaires, and some of his initial nominees for cabinet and presidential adviser positions had to withdraw over charges of questionable ethics regarding taxes and real estate speculation.<sup>25</sup> In general, the public's initial impression has been that the government is incompetent, and opposition coalesced around Lee's decision to reopen the country to U.S. beef. Part of Lee's decline in popularity, however, is due to the original high expectations and the fact that much of his agenda requires legislative action and was on hold until the new National Assembly convened.<sup>26</sup>

Another conservative splinter party was formed in the wake of Lee Hoi-chang's failed presidential campaign.<sup>27</sup> The GNP's losing presidential candidate in 1997 and 2002, he tried for a third time because he viewed Lee Myung-bak as insufficiently conservative. In February 2008 he joined with the minor People First Party, led by Sim Dae-pyŏng, to form the Liberty Forward Party (LFP).<sup>28</sup> Its influence is limited to North and South Ch'ungch'ŏng Provinces in the centre of the country, and it won only eighteen seats. That was two short of what is needed under the legislature's rules to form a negotiating bloc, a status which carries with it research staff and an institutional voice in the legislative process.<sup>29</sup>

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*Ilbo*, 2 June 2008, at <http://english.chosun.com/w21data/html/news/200806/200806020010.html>; and "Lee Myung-bak's first 100 days: President's ratings drop to 22%", *The Hankyoreh*, 2 June 2008, at [http://english.hani.co.kr/arti/english\\_edition/e\\_national/291045.html](http://english.hani.co.kr/arti/english_edition/e_national/291045.html).

<sup>25</sup> Michael Ha, "Lee's Secretaries Are Millionaires", *The Korea Times*, 7 May 2008, at [www.koreatimes.co.kr/www/news/nation/2008/05/113\\_23803.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/113_23803.html).

<sup>26</sup> In particular, Lee's reform agenda will require revision of tax laws, the zoning law restricting industrial development around Seoul and anti-trust law. "'MB 노믹스' 실천...4월 총선결과에 달렸다" ["Execution of 'MB nomics' depends on the April elections"], *The Chosun Ilbo*, 10 March 2008, at [http://news.chosun.com/site/data/html\\_dir/2008/03/10/2008031001057.html](http://news.chosun.com/site/data/html_dir/2008/03/10/2008031001057.html).

<sup>27</sup> Yoon Won-sup, "Lee Hoi-chang to Create Political Party", *The Korea Times*, 9 December 2007, at [www.koreatimes.co.kr/www/news/nation/2007/12/116\\_15233.html](http://www.koreatimes.co.kr/www/news/nation/2007/12/116_15233.html); "Independent Candidate Lee Hoi-chang Launches New Party", *The Hankryoreh*, 10 December 2007, [http://english.hani.co.kr/arti/english\\_edition/e\\_national/255914.html](http://english.hani.co.kr/arti/english_edition/e_national/255914.html); and "Lee Hoi-chang to Found New Conservative Party", *The Chosun Ilbo*, 10 December 2007, at <http://english.chosun.com/w21data/html/news/200712/200712100010.html>.

<sup>28</sup> Kim Sue-young, "Conservatives to Launch Liberty New Party Feb. 1", *The Korea Times*, 10 January 2008, at [www.koreatimes.co.kr/www/news/nation/2008/03/116\\_17038.html](http://www.koreatimes.co.kr/www/news/nation/2008/03/116_17038.html).

<sup>29</sup> "The National Assembly Act", National Assembly website, <http://korea.assembly.go.kr>.

The policy positions of the three conservative groups converge on most issues. Their intense battle over power and influence is unlikely to have much effect on foreign policy. Pro-Park lawmakers and the LFP are hesitant to offer blanket support for free trade agreements, since liberalisation of the agricultural and livestock sectors would significantly affect their constituencies, which include many rural districts. But the president controls foreign policy and the inter-Korea policy agenda, and his conservative rivals tend to agree with his views in these areas, so he can expect support unless he completely alienates the National Assembly and the public. He has acknowledged mistakes and has vowed to learn from them.<sup>30</sup> He has probably realised that his management style was unnecessarily creating enemies within his party, with potentially serious impact on his policy agenda.<sup>31</sup>

### C. REGIONALISM

Regionalism, which has persisted for decades, was again an important theme in the election. With little party discipline and few major policy differences, many politicians and parties have established regional bases. Although the GNP won 153 seats, not one of these was in Kwangju, North Chŏlla Province, South Chŏlla Province or South Ch'ungch'ŏng Province (the south-western region). The UDP picked up nineteen seats in the south west but only one in the conservative stronghold of the south east (Taegu, North Kyŏngsang Province, and South Kyŏngsang Province), where the GNP won 29 seats. Pro-Park Alliance victories were concentrated in the south east, while the LFP won seats in the Taejon area and South Ch'ungch'ŏng Province.

Regionalism and the proportional seat system have been criticised as obstacles to democratisation and better public policy, since they thrive on money politics and patron-client relationships.<sup>32</sup> A number of lawmakers are under investigation for violation of election laws, suspected of having falsified their creden-

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<sup>30</sup> Kim Yon-se, "President Lee Pledges to Change Himself First", *The Korea Times*, 15 May 2008, at [www.koreatimes.co.kr/www/news/nation/2008/05/113\\_24276.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/113_24276.html).

<sup>31</sup> "President and GNP's Top-down Relationship Causes Anxiety in Party Ranks", *The Hankryoreh*, 14 May 2008, at [http://english.hani.co.kr/arti/english\\_edition/e\\_national/287513.html](http://english.hani.co.kr/arti/english_edition/e_national/287513.html). President Lee acquired the nickname "bulldozer" while CEO of Hyundai Construction Company, since he refused to let obstacles impede the achievement of his objectives.

<sup>32</sup> Shin Hae-in, "Proportional Representative System under Fire over 'Fishy' Candidates", Yonhap News Agency, 16 April 2008, at <http://english.yonhapnews.co.kr/national/2008/04/16/24/0301000000AEN20080416004800315F.HTML>.

tials or paid “special membership fees” for their place on their party’s proportional list – essentially buying a National Assembly seat. For example, the candidate first on the Pro-Park Alliance proportional list and thus virtually certain of a seat was Yang Jōng-nye, an unknown and inexperienced 31-year-old. The Korean press alleged that she received the slot after her mother, Kim Sun-ae, president of Kunpoong Construction, paid a party leader about \$1.7 million.<sup>33</sup> Although investigations are incomplete, some electoral victories will be invalidated, and by-elections will be held later in 2008 to fill the vacant seats.

## IV. FOREIGN POLICY

### A. THE UNITED STATES

Foreign policy was low on the campaign agenda, but the GNP’s platform promised to repair the security alliance with the U.S., which conservatives claim was damaged by the Roh Moo-hyun government, and to improve relations with neighbours, particularly Japan, while trying to consult with the UN and international NGOs to develop plans for international peacekeeping operations and official development assistance (ODA). The GNP and Lee are also promoting “resource diplomacy” to secure energy and natural resources from foreign suppliers. Furthermore, the administration hopes to achieve greater policy coordination with allies in confronting North Korea’s nuclear program.

Some of the GNP foreign policy initiatives will not be difficult to implement, but others will be very controversial. The president took immediate steps to shore up relations with Washington and Tokyo, but many Koreans perceived him to be neglecting domestic concerns while accommodating foreign leaders. The Blue House tried to avoid controversial issues prior to the legislative elections, but Lee travelled to Washington and Tokyo for summits immediately afterwards.

Both sides sought to avoid the problems experienced in summits between George W. Bush and the two previous Korean leaders. Bush and Lee reportedly developed a good personal relationship at the first Camp

David visit for a South Korean president, on 19 April 2008. They agreed the bilateral security alliance should be transformed into a “strategic alliance” to address new global challenges in the 21st century, in other words, that there should be cooperation to address emerging traditional and non-traditional security problems beyond the Korean peninsula. This will require more negotiation and policy coordination, however.<sup>34</sup> The GNP’s immediate objective is to prepare for termination of the Combined Forces Command, scheduled for April 2012.<sup>35</sup> In particular, it seeks an arrangement that guarantees U.S. military intervention in case of war on the Korean peninsula.<sup>36</sup>

The presidents agreed to improve the Special Measures Agreement (SMA) system,<sup>37</sup> a biennial negotiation process over Seoul’s contribution to support U.S. forces in Korea, and to raise South Korea’s foreign military sales (FMS) status to the same level as NATO allies, Japan and Australia.<sup>38</sup> Bush and Lee also signed a memorandum of understanding on the U.S. Visa Waiver Program and agreed to push for ratification of the Korea-U.S. Free Trade Agreement (FTA), which has languished in both the National Assembly and the U.S. Congress. In an effort to encourage Congressional ratification, President Lee announced during the

<sup>33</sup> “Pro-Park Head Quizzed over Bribe Allegations”, *The JoongAng Ilbo*, 8 May 2008, at <http://joongangdaily.joins.com/article/view.asp?aid=2889523>; Kim Rahn, “Pro-Park Alliance Leader Questioned”, *The Korea Times*, 7 May 2008, at [www.koreatimes.co.kr/www/news/nation/2008/05/113\\_23802.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/113_23802.html); and Song Sang-ho, “Head of Pro-Park Alliance Questioned”, *The Korea Herald*, 8 May 2008, at [www.koreaherald.co.kr](http://www.koreaherald.co.kr).

<sup>34</sup> The GNP National Assembly election platform promised that the party would draft an “action plan” for a “comprehensive U.S.-ROK alliance” aimed at “future strategies”. The party must still identify those future strategies, and devise “the actions,” which will be subject to political pressures and coordination with Washington. 한나라당 정책위원회 [The Grand National Party Policy Committee], “우리나라, 좋은 나라, 행복한 나라: 12 대 비전, 44 대 목표, 250 개 과제” [“Our country Korea, a good country, a happy country: 12 grand visions, 44 grand targets and 250 tasks”], op. cit.

<sup>35</sup> “South Korea to Reclaim Wartime OPCON in April 2012”, *The Hankyoreh*, 24 February 2007, at [http://english.hani.co.kr/arti/english\\_edition/e\\_international/192605.html](http://english.hani.co.kr/arti/english_edition/e_international/192605.html).

<sup>36</sup> Crisis Group interview, GNP staff, Seoul, 29 May 2008.

<sup>37</sup> The SMA system is a burden-sharing arrangement in effect since 1991. Washington has continually asked Seoul to increase its contribution, and the two sides have disagreed over data and methods to assess South Korea’s share. Jung Sung-ki, “Defense Cost-Sharing Talks to Test Korea-US Alliance”, *The Korea Times*, 29 April 2008, at [www.koreatimes.co.kr/www/news/special/2008/05/242\\_23366.html](http://www.koreatimes.co.kr/www/news/special/2008/05/242_23366.html).

<sup>38</sup> “Full Text of S. Korea-U.S. Summit Statement”, *The Korea Times*, 20 April 2008, at [www.koreatimes.co.kr/www/news/nation/2008/04/116\\_22786.html](http://www.koreatimes.co.kr/www/news/nation/2008/04/116_22786.html); “President Bush Participates in Joint Press Availability with President Lee Myung-Bak of the Republic of Korea”, The White House, Presidential News and Speeches, 19 April 2008, at [www.whitehouse.gov/news/releases/2008/04/20080419-1.html](http://www.whitehouse.gov/news/releases/2008/04/20080419-1.html).

summit that Seoul would lift its ban on U.S. beef imports, a move that has caused a political firestorm.<sup>39</sup>

The beef issue has become a focal point for opponents of Lee and the GNP. There is widespread fear in South Korea, driven by extensive media coverage, that Bovine Spongiform Encephalitis (BSE) ("mad cow disease") can be transferred to humans and become Variant Creutzfeldt-Jakob disease (CJD). A television program claimed Koreans have a genetic trait that makes them more vulnerable to CJD, and the Korean blogosphere is full of warnings that Variant CJD will be introduced through U.S. beef, including cosmetics, diapers, medicines or other products or commercial establishments having some connection with that product.<sup>40</sup>

The outgoing National Assembly held hearings on the issue in May 2008, and opposition lawmakers have vowed they will overturn Lee's decision. They boycotted the opening of the new National Assembly on 30 May, and many have supported the public protests against U.S. beef imports. Frequent demonstrations and Lee's declining popularity caused his presidential secretaries to offer their resignations on 6 June; the entire cabinet followed suit on 10 June.<sup>41</sup> Lee replaced his chief of staff and all secretaries on 20 June to coincide with the announcement of a revised U.S.-ROK beef agreement the following day.<sup>42</sup>

While still refusing to attend regular legislative sessions, the opposition parties held a public hearing on 13 June. GNP lawmakers took part but disagreed over

how to resolve the controversy.<sup>43</sup> The opposition insisted upon renegotiation of President Lee's beef deal and a revised livestock law as a condition for returning to the legislature; the GNP argued for putting the National Assembly to work on the problem without preconditions. Public opinion appears to be turning against the opposition on this point, in the wake of worsening economic problems,<sup>44</sup> leaving it with few options but to return to the National Assembly.

Anti-American groups have rallied around the effort to block U.S. beef imports, however, and several candlelight protest vigils attended by thousands have been held in Seoul. By 6 May, over 1.2 million Koreans had signed online petitions calling for the resignation or impeachment of the president.<sup>45</sup> On 31 May, tens of thousands protested in front of Seoul City Hall, and clashes with riot police continued to the next morning.<sup>46</sup> The largest demonstration was on 10 June – the 21st anniversary of pro-democracy protests that pushed the government to accept democratic reforms.<sup>47</sup> It is uncertain whether the public opposition will be sustained, and, once it gets to work, the new National Assembly should be more sympathetic to the

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<sup>39</sup> South Korea banned the import of U.S. beef in late 2003 after Bovine Spongiform Encephalitis (BSE, "mad cow disease") was discovered in the State of Washington. Imports resumed in April 2007 but were halted in October, after bone fragments were discovered in a shipment. Seo Ji-eun, "Seoul Announces Extra Measures to Inspect Beef", *The JoongAng Ilbo*, 6 May 2008, at <http://joongangdaily.joins.com/article/view.asp?aid=2889437>.

<sup>40</sup> Sam Kim, "Fears of Mad Cow Disease Spread Fast on Web", Yonhap News Agency, 6 May 2008, at <http://english.yonhapnews.co.kr/business/2008/05/06/55/0502000000AEN20080506003500315F.HTML>; and Jung Sung-ki, "Vendors Hesitate to Sell US Beef", *The Korea Times*, 11 May 2008, at [www.koreatimes.co.kr/www/news/nation/2008/05/116\\_23977.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/116_23977.html).

<sup>41</sup> Kim Yon-se, "All Presidential Aides Tender Resignations", *The Korea Times*, 6 June 2008, at [www.koreatimes.co.kr/www/news/nation/2008/06/113\\_25469.html](http://www.koreatimes.co.kr/www/news/nation/2008/06/113_25469.html); and Kim Yon-se, "All Ministers Offer to Resign", *The Korea Times*, 10 June 2008, at [www.koreatimes.co.kr/www/news/nation/2008/06/113\\_25666.html](http://www.koreatimes.co.kr/www/news/nation/2008/06/113_25666.html).

<sup>42</sup> Kim Yon-se, "Lee Replaces Key Secretaries", *The Korea Times*, 20 June 2008, at [www.koreatimes.co.kr/www/news/nation/2008/06/113\\_26250.html](http://www.koreatimes.co.kr/www/news/nation/2008/06/113_26250.html).

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<sup>43</sup> 류지복 이광빈 [Ryu Ji-bok and Yi Gwang-bin], "최고기 공청회' 정당별 입장차 재확인" ["Public hearing on beef re-confirms party differences"], Yonhap News Agency, 13 June 2008, at [www.yonhapnews.co.kr](http://www.yonhapnews.co.kr); and Jin Dae-woong, "Parties Remain Split over Beef", *The Korea Herald*, 14 June 2008, at [www.koreaherald.co.kr/](http://www.koreaherald.co.kr/).

<sup>44</sup> One poll indicated that 65.4 per cent of the public disapproved of the boycott and only 20.6 per cent supported it. Jin Dae-woong, "UDP in Strife over Return to Parliament", *The Korea Herald*, 17 June 2008, at [www.koreaherald.co.kr/](http://www.koreaherald.co.kr/).

<sup>45</sup> Sam Kim, "Fears of Mad Cow Disease Spread Fast on Web", Yonhap News Agency, 6 May 2008, at <http://english.yonhapnews.co.kr/business/2008/05/06/55/0502000000AEN20080506003500315F.HTML>.

<sup>46</sup> Police arrested 228 protestors; about 100 demonstrators and 41 riot police were injured. "Violent Protests Paralyze Downtown Seoul", *The Chosun Ilbo*, 2 June 2008, at <http://english.chosun.com/w21data/html/news/200806/200806020012.html>.

<sup>47</sup> Police estimated 70,000-80,000 demonstrators; protest organizers claimed there were 500,000-700,000. Korean media reported 400,000-600,000. Stella Kim and Blaine Harden, "Fury at South Korean President Grows", *The Washington Post*, 11 June 2008, at [www.washingtonpost.com/wp-dyn/content/article/2008/06/10/AR2008061001463.html](http://www.washingtonpost.com/wp-dyn/content/article/2008/06/10/AR2008061001463.html); Kim Rahn, Kim Tae-jong, "Candlelit Vigil Draws Record Numbers", *The Korea Times*, 10 June 2008, [www.koreatimes.co.kr/www/news/nation/2008/06/113\\_25630.html](http://www.koreatimes.co.kr/www/news/nation/2008/06/113_25630.html); and "Biggest Beef Protests Yet Mark Democratic Anniversary", *The Chosun Ilbo*, 11 June 2008, <http://english.chosun.com/w21data/html/news/200806/200806110014.html>.



beef imports than its predecessor, but the issue has been a major cause of Lee's plummeting popularity.

On 21 June, Seoul announced a new agreement had been reached that includes a voluntary age verification program restricting beef imports to cattle younger than 30 months and an import ban for "specified risk materials" – brains, eyes, skulls, and spinal cords, which are believed to more likely to transmit BSE.<sup>48</sup> On 26 June, the government issued the legal notice lifting the ban on U.S. beef imports.<sup>49</sup>

The beef issue has also caused a swift drop in public support for ratification of the FTA with the U.S. In January 2008, a poll indicated that 53.5 per cent of Koreans supported ratification and 25.9 per cent were opposed. By mid-May these figures were virtually reversed: 55.4 per cent opposed and 28.3 per cent in favour.<sup>50</sup> Failure to ratify would seriously undermine Lee's efforts to strengthen the U.S.-ROK relationship.

Some of the Korean efforts to work with the U.S. bilaterally and multilaterally on global issues such as non-proliferation, peacekeeping, energy security and pandemic disease, as promised by the two presidents at Camp David,<sup>51</sup> will need budgetary approval from the National Assembly. Furthermore, the National Assembly must approve the dispatch of South Korean troops abroad, and lawmakers are not inclined to give a blank cheque to peacekeeping operations under the umbrella of the U.S. alliance. Korean forces are still in Iraq, but Seoul agreed to withdraw its 200 non-combat troops from Afghanistan by the end of 2007 in exchange for the release of 21 South Koreans kid-

napped by the Taliban.<sup>52</sup> In general, the public is very unlikely to support the dispatch of Korean troops without UN authorisation, and support for even such deployments would probably decline precipitously in the event of significant casualties.

The Lee government could also face public opposition if it decides to pursue the development and deployment of robust missile defences (MD) in collaboration with Washington. Commanders of U.S. Forces Korea have urged South Korea to deploy layered missile defences to counter the North Korean threat.<sup>53</sup> President Lee's transition team expressed a desire to participate in such efforts, but the details are still under review, and for now at least GNP policy is to pursue an independent defence capability against North Korean missiles as part of a comprehensive deterrence strategy.<sup>54</sup>

Some lower-tier Patriot Advanced Capability-2 (PAC-2) PAC-3 systems have been deployed to U.S. bases, and Seoul is developing sea-based systems for its new Aegis destroyers.<sup>55</sup> It also plans to purchase and deploy 48 PAC-2 missiles from Germany later this year.<sup>56</sup> While MD advocates believe current systems are woefully inadequate, critics argue that MD is very expensive, vulnerable to countermeasures and offers no protection against massive North Korean artillery just

<sup>48</sup> Ser Myo-ja, "Lee, GNP Pledge Patience in Executing New Beef Deal: Accord Bans Beef from Older Cattle and Select SRMs," *The JoongAng Ilbo*, 23 June 2008, at <http://joongangdaily.joins.com/article/view.asp?aid=2891440>; and Hwang Doo-hyong, "U.S. to Verify Beef Age for S. Korea to Address Safety Concerns, USTR Says," Yonhap News Agency, 21 June 2008, at <http://english.yonhapnews.co.kr/national/2008/06/22/13/0301000000AEN20080622000100315F.HTML>.

<sup>49</sup> "S. Korea Issues Legal Notice on New U.S. Beef Import Deal", Yonhap News Agency, 26 June 2008, at <http://english.yonhapnews.co.kr/national/2008/06/26/12/0301000000AEN20080626002400315F.HTML>.

<sup>50</sup> The nationwide poll was conducted 13-14 May 2008 by telephone with 700 Koreans nineteen years old and above. "한미 FTA 비준 반대로 여론 역전" ["Opposition to the Korea-U.S. FTA reverses in public opinion poll"] *Segye Ilbo*, 16 May 2008, at [www.segye.com/Articles/NEWS/POLITICS/Article.asp?aid=20080516001122&subctg1=%&subctg2=](http://www.segye.com/Articles/NEWS/POLITICS/Article.asp?aid=20080516001122&subctg1=%&subctg2=).

<sup>51</sup> "Full Text of S. Korea-U.S. Summit Statement", op. cit.

<sup>52</sup> The Taliban captured 23 South Korean missionaries and killed two of them before releasing the remaining 21 hostages. Seoul also agreed to suspend and prohibit all religious missionary work in Afghanistan and is rumoured to have paid a ransom of \$20 million, though it denies this. "Korean Hostages Leave Afghanistan", Al Jazeera, 31 August 2007, at <http://english.aljazeera.net/NR/exeres/814A7593-A11F-44A2-BDB2-1B5AE1E3BEC3.htm>.

<sup>53</sup> Jung Sung-ki, "U.S. Urges Seoul to Bolster Missile Defence", *The Korea Times*, 4 April 2008, at [www.koreatimes.co.kr/www/news/nation/2008/04/205\\_21960.html](http://www.koreatimes.co.kr/www/news/nation/2008/04/205_21960.html).

<sup>54</sup> The GNP also hopes to reform the military and develop advanced weapons systems to deter North Korea. Crisis Group interview, GNP staff, Seoul, 29 May 2008.

<sup>55</sup> The Patriot systems have been deployed to help protect military assets and personnel from incoming missiles but would provide little protection for cities. Their effectiveness against a large-scale North Korean missile attack is extremely doubtful. According to the South Korean press, the U.S. has deployed 64 Patriot missiles at U.S. military bases. 유용원 [Yu Yong-wön], "한국은 2012년에야 '저(低)고도 MD' 가능" ["Low-altitude missile defence will be possible in Korea in 2012"], *The Chosun Ilbo*, 19 December 2007, at [http://news.chosun.com/site/data/html\\_dir/2007/12/19/2007121900067.html](http://news.chosun.com/site/data/html_dir/2007/12/19/2007121900067.html).

<sup>56</sup> 김병수 [Kim Byöng-su], "한국, 이르면 올해 패트리엇미사일 실전배치" ["At the earliest, Korea will deploy Patriot missiles this year"], *The Hankyoreh*, 4 March 2008, at [www.hani.co.kr/arti/politics/defense/273534.html](http://www.hani.co.kr/arti/politics/defense/273534.html).



across the Military Demarcation Line and capable of striking Seoul. Furthermore, deployment of interceptors, radars and early warning systems, communications networks and other systems with applications for regional or continental U.S. defences would unnerve China, and South Korea wishes to avoid a hostile relationship with Beijing when possible.

South Korea will continue to deploy limited missile defences but should not be expected to pour funds into joint research and development for MD when it is already contributing hundreds of millions of dollars per year as part of its burden-sharing commitment in the bilateral U.S. alliance. It likely will rely upon a combination of MD and counter-strike deterrent capability based on the development and deployment of advanced land-attack cruise missiles. It has deployed a 500km-range cruise missile and reportedly has begun mass production of a 1,000km-range version,<sup>57</sup> while the Agency for Defence Development is said to be working to extend the range to 1,500 km.<sup>58</sup>

To achieve the strategic alliance vision described by Presidents Bush and Lee, Washington expects Seoul to join its Proliferation Security Initiative (PSI). The GNP strongly supports PSI in principle, but party pragmatists recognise the political sensitivities with regard to Pyongyang and Beijing. Government officials often emphasise that South Korea can always intercept weapons-of-mass-destruction (WMD) shipments in its territorial or adjacent waters under domestic and international law. Seoul will probably wait for the right time to join PSI, either as a symbolic “stick” in the case of North Korean non-compliance with six-party denuclearisation efforts or after sufficient DPRK disarmament has been achieved and regional confidence established to avert negative reactions.<sup>59</sup>

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<sup>57</sup> “S.Korea’s Cruise Missile Program Revealed”, *The Chosun Ilbo*, 25 October 2006, <http://english.chosun.com/w21data/html/news/200610/200610250007.html>; 유용원 [Yu Yong-wön], “수년 전에 개발... ‘극비 중의 극비’” [“Developed years ago... ‘the most secret of secrets’”], *The Chosun Ilbo*, 25 October 2006, at [www.chosun.com/national/news/200610/200610250123.html](http://www.chosun.com/national/news/200610/200610250123.html); Jung Sung-ki, “S. Korea Develops 1,000-km Cruise Missile”, *The Korea Times*, 23 October 2007, at [www.koreatimes.co.kr/www/news/nation/2007/10/205\\_12400.html](http://www.koreatimes.co.kr/www/news/nation/2007/10/205_12400.html); and 김민석 [Kim Min-sök], “1500 km 의 순항미사일 개발 추진” [“1,500km cruise missile development promoted”], *The JoongAng Ilbo*, 11 October 2007, at [www.joins.com](http://www.joins.com).

<sup>58</sup> Ibid.

<sup>59</sup> U.S. and South Korean officials reportedly have held a number of discussions regarding South Korea’s PSI membership, but Seoul remains reluctant to become an active member. Na Jeong-ju, “Seoul Cautious on Joining US-led

## B. JAPAN

The GNP election platform in April included establishing a “cooperative system for new diplomacy in North East Asia”, echoing President Lee’s desire to improve ties with neighbours, particularly Japan. The GNP wants bilateral free trade agreements with China and Japan, as well as increased regional cooperation to resolve the North Korean nuclear issue.<sup>60</sup> The president and the GNP-led legislature also will pursue regional cooperation to improve environmental and energy security, but the details are sketchy.<sup>61</sup>

President Lee has promised to increase cooperation with Japan and steer toward a “future-oriented relationship”. Relations have often been rocky, given Korea’s unpleasant colonial history, but the two countries share a number of interests.<sup>62</sup> They are market-oriented democracies with an important bilateral economic relationship, but security cooperation has been difficult to achieve or sustain because of nationalistic flare-ups over historical or symbolic issues, in addition to concerns about Japan becoming a vigorous international security actor.<sup>63</sup>

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Anti-Proliferation”, *The Korea Times*, 29 May 2008, at [www.koreatimes.co.kr/www/news/nation/2008/05/113\\_24993.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/113_24993.html); “U.S. Urges S.Korea to Join PSI”, *The Chosun Ilbo*, 29 May 2008, at <http://english.chosun.com/w21data/html/news/200805/200805290017.html>; and “U.S. again Urges South to Join Anti-proliferation Accord”, *The JoongAng Ilbo*, 29 May 2008, at <http://joongAngdaily.joins.com/article/view.asp?aid=2890444>.

<sup>60</sup> The GNP would also like to conclude free trade agreements with the developed economies of the EU and the U.S., and with the emerging economic powers such as the “BRICs” (Brazil, Russia, India and China) and with resource-rich countries such as Australia, South Africa and the members of the Cooperation Council for the Arab States of the Gulf. The party is prepared to revise South Korea’s standards and regulations to achieve these trade liberalisation objectives. Crisis Group interview, GNP staff, Seoul, 29 May 2008.

<sup>61</sup> Ibid.

<sup>62</sup> For background on sources of friction between the two countries, see Crisis Group Asia Report N°108, *North East Asia’s Undercurrents of Conflict*, 15 December 2005.

<sup>63</sup> While Japan’s neighbours are concerned about a resurgent Japanese military, Tokyo faces constraints that limit its international security role. Article 9 of the constitution declares that Japan renounces the right to use force as a means to settle international disputes. Other constraints include laws and Diet resolutions restricting the use of force. In particular, Japan is limited to self-defence and is prohibited from participating in collective defence. See Christopher W. Hughes,

Prime Minister Yasuo Fukuda attended Lee's inauguration in February, and Lee met with him on 21 April in Tokyo on his return from Washington. The two leaders said they would resume high-level "shuttle diplomacy" that was suspended following former Prime Minister Junichiro Koizumi's visit to the Yasukuni Shrine in June 2005<sup>64</sup> and start working-level talks on an FTA in late June, the first such discussions since December 2005.<sup>65</sup>

Japan and South Korea held their only combined naval exercise in August 1999. In May 2001, the Korean Ministry of National Defence indefinitely suspended a second scheduled for the following month,<sup>66</sup> in response to a controversy over Japanese school textbooks, which Koreans feel distort history. The latter issue reappeared on 19 May 2008, when the Japanese press reported that a new middle school textbook will refer to the disputed Tōkto (Takeshima in Japanese) islets as Japanese territory. The following day, South Korean Minister of Foreign Affairs and Trade Yu Myōng-hwan summoned Tokyo's ambassador to deliver a strong protest.<sup>67</sup>

Japan offered to sign a bilateral military cooperation agreement in 2005, but Seoul balked, as relations were turning chilly. The two reportedly are now working on an agreement to cover search and rescue exercises and operations, and military exchange programs. Japanese Defence Minister Shigeru Ishiba is expected to visit Seoul later in 2008 to sign the agreement unless unforeseen obstacles emerge.<sup>68</sup> Closer military

cooperation will be welcome in Washington. Beijing will probably be ambivalent as long as the cooperation is limited and does not extend to force projection, which is extremely unlikely, or a regional missile defence system. Pyongyang views such cooperation as "frantic moves by the traitor Lee Myung-bak to establish a triangular alliance against the DPRK".<sup>69</sup>

### C. CHINA

President Lee and the GNP have been criticised for putting too much emphasis on the U.S. at the expense of the relationship with Beijing. South Korea and China have mostly amicable relations and growing economic ties. Both wish to avoid friction that would jeopardise a mutually beneficial economic relationship. China surpassed the U.S. as South Korea's largest trading partner in 2003<sup>70</sup> and is the biggest recipient of its foreign direct investment (FDI). The South is China's third-largest trading partner and is becoming an increasingly important destination for Chinese tourism, as well as educational and cultural exchanges.<sup>71</sup>

When President Lee met President Hu Jintao 27 May in Beijing, they agreed to establish a "strategic partnership". During Kim Dae-jung's presidency, the countries had defined their relationship as a "cooperative partnership"; after Roh Moo-hyun became president in 2003, this was upgraded to a "partnership of comprehensive cooperation".<sup>72</sup> Lee repeated his theme of establishing "future-oriented strategic partnerships" and asserted that Seoul and Beijing would cooperate in diplomacy and on regional security.<sup>73</sup> During the visit, however, the Chinese foreign ministry unhelpfully called the U.S.-South Korea alliance a "historical relic of the Cold War that cannot resolve

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*Japan's Security Agenda: Military, Economic & Environmental Dimensions* (London, 2004).

<sup>64</sup> For background on the Yasukuni Shrine and its significance for the region, see Crisis Group Report, *North East Asia's Undercurrents of Conflict*, op. cit.

<sup>65</sup> "S Korea, Japan to Resume Talks on FTA", Xinhua News Agency, 18 June 2008, at [http://news.xinhuanet.com/english/2008-06/18/content\\_8391244.htm](http://news.xinhuanet.com/english/2008-06/18/content_8391244.htm); Chisa Fujioka, "S.Korea, Japan Look to Future, Plan to Talk Trade", Reuters, 21 April 2008, at [www.reuters.com/article/worldNews/idUST29511720080421](http://www.reuters.com/article/worldNews/idUST29511720080421).

<sup>66</sup> 이철희 [Yi Ch'öl-hūi], "한일 해상합동훈련 무기한 연기" ["Korea-Japan naval exercise postponed indefinitely"], *Donga Ilbo*, 9 May 2001, in KINDS, <http://www.kinds.or.kr>.

<sup>67</sup> Jung Ha-won, "Seoul Challenges Japan's Claim for the Dokdo Islets", *The JoongAng Ilbo*, 20 May 2008, at <http://joongAngdaily.joins.com/article/view.asp?aid=2890023>; and "Japanese Textbooks to Repeat Dokdo Claim", *The Chosun Ilbo*, 19 May 2008, at <http://english.chosun.com/w21data/html/news/200805/200805190014.html>.

<sup>68</sup> Jung Sung-ki, "South Korea Seeks Closer Military Ties with Japan", *The Korea Times*, 28 April 2008, [www.koreatimes.co.kr/www/news/nation/2008/05/113\\_23280.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/113_23280.html); and "Korea, Japan Poised for First Military Cooperation Deal," *The*

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*Chosun Ilbo*, 29 April 2008, at <http://english.chosun.com/w21data/html/news/200804/200804290021.html>.

<sup>69</sup> "Lee Myung Bak Regime's Sycophancy towards U.S. and Anti-DPRK Confrontation Hysteria Blasted", Korean Central News Agency, 1 April 2008, at [www.kcna.co.jp/index-e.htm](http://www.kcna.co.jp/index-e.htm).

<sup>70</sup> Kim Ji-hyun, "Exports May Reach \$250 Bil. This Year", *The Korea Herald*, 24 October 2004, in KINDS, at [www.kinds.or.kr](http://www.kinds.or.kr).

<sup>71</sup> "US-China Trade Statistics and China's World Trade Statistics", U.S.-China Business Council, at [www.uschina.org/statistics/tradetable.html](http://www.uschina.org/statistics/tradetable.html).

<sup>72</sup> Kim Yon-se, "Seoul, Beijing Upgrade Partnership", *The Korea Times*, 27 May 2008, at [www.koreatimes.co.kr/www/news/nation/2008/05/116\\_24859.html](http://www.koreatimes.co.kr/www/news/nation/2008/05/116_24859.html).

<sup>73</sup> Ibid.

security issues of the contemporary world”.<sup>74</sup> While Beijing and Seoul certainly have a common interest in denuclearising North Korea, it is unclear how they will be able to cooperate on other regional security issues, particularly since Lee and the GNP intend to make the alliance with Washington the core of national security policy.

Increasing economic integration, however, is an important mutual incentive for cooperation. The GNP will focus on a bilateral FTA, along with ways to support ROK firms in China politically. It should not be difficult to make bilateral economic progress, though there will likely be obstacles along the way. Some South Korean firms and sectors would have difficulty adjusting to Chinese competition under an FTA regime, which could create political troubles for the GNP.

Nationalism could also hinder cooperation. For example, in recent years passionate debates over whether the Kingdom of Koguryō (37 BC-668 AD) was Chinese or Korean have been a source of bilateral friction.<sup>75</sup> The two sides could also clash over Chinese penetration of the North Korean economy. China has a huge market share for consumer goods in the DPRK, and Chinese FDI for large projects (by North Korean standards) has been a critical source of foreign exchange for financing Pyongyang's chronic balance of payments deficit. Nevertheless, both North and South Koreans are concerned about possible Chinese dominance of the DPRK economy.

China and South Korea could also fall out over human rights. The Lee government will respect China's practice of invoking sovereignty when the international community questions its record. However, Lee and the GNP are committed to working to improve the human rights of North Koreans, and activists have criticised Beijing for classifying all North Korean defectors as economic migrants and repatriating them to the DPRK where most face persecution.<sup>76</sup> The GNP

wants to work with the UN and international NGOs to develop and implement plans to improve North Korean human rights.<sup>77</sup> However, the South Korean government will find it difficult to influence Chinese policies, which have a tremendous impact on defectors attempting to flee the North.

#### D. NORTH KOREA

President Lee described a broad framework for his North Korean policy, which he called “denuclearisation, opening and a \$3,000 per capita GNP”, in his 2007 presidential campaign platform, but it lacked specifics on implementation. The GNP platform for the April 2008 National Assembly elections promised to draft the missing detailed action plans. The party intends to hold a comprehensive inter-agency consultation to form a consensus on policy toward the North and establish an inter-Korean council to promote Lee's framework.<sup>78</sup> However, South Korean officials say there will be no expansion of economic cooperation until North Korea denuclearises. Pyongyang rejected Lee's proposal with its usual harsh rhetoric, calling him “a shameless traitor” and his policies “unfathomable crimes against the Korean people with the aim of permanently dividing the Korean peninsula”.<sup>79</sup>

Lee and the GNP want to increase international cooperation on dealing with North Korea, but Pyongyang views this as “selling out to the imperialists and placing the interests of other countries ahead of the Korean people”. It cites the “concessions” Lee made during his summit with Bush.<sup>80</sup> There is some contradiction between Lee's principle of greater reciprocity in inter-Korean relations and his desire to coordinate North Korea policy with that of his allies.

The U.S. had announced it was prepared to provide 500,000 tons of food aid as soon as the North submitted a declaration of its nuclear programs.<sup>81</sup> Pyongyang delivered its nuclear declaration to China, host of the six-party talks, on 26 June – six months after the dead-

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<sup>74</sup> “China Insists Korea-U.S. Alliance ‘a Cold-War Hangover’”, *The Chosun Ilbo*, 30 May 2008, at <http://english.chosun.com/w21data/html/news/200805/200805300015.html>.

<sup>75</sup> The issue became particularly sensitive when China's foreign ministry published information on its website that claimed Koguryō was part of ancient China. For the South Korean government view, see “Issues in Focus: Goguryeo”, foreign affairs and trade ministry, undated, [www.mofat.go.kr/english/political/hotissues/goguryeo/index.jsp](http://www.mofat.go.kr/english/political/hotissues/goguryeo/index.jsp).

<sup>76</sup> For background on North Korean refugees and their experience in China, see Crisis Group Asia Report N°122, *Perilous Journeys: The Plight of North Koreans in China and Beyond*, 26 October 2006.

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<sup>77</sup> Crisis Group interview, GNP staff, Seoul, 29 May 2008.

<sup>78</sup> Ibid.

<sup>79</sup> “로동신문 《남조선당국의 반민족적인 <실용주의>를 단죄함》” [“*Rodong Sinmun*: condemnation of the South Korean authorities' anti-nationalistic ‘pragmatism’”], Korean Central News Agency, 30 May 2008, [www.kcna.co.jp](http://www.kcna.co.jp).

<sup>80</sup> Ibid.

<sup>81</sup> On 23 June 2008, a South Korean unification ministry official told Crisis Group the first shipment of U.S. food assistance was on route to North Korea, interview, Seoul.

line.<sup>82</sup> Seoul has insisted that no food or fertiliser be given unless Pyongyang requests it, which is unlikely given the leadership's view this would signal weakness to an adversary. Instead, the Korean Workers Party newspaper, *Rodong Sinmun*, declared the country "will be able to live as well as it wishes without any help from the South".<sup>83</sup> Making it further unlikely, is the GNP's intention to establish a monitoring system for distribution of food aid.<sup>84</sup> However, the Lee government appeared to be backtracking when it proposed in May to meet with the North and urged it to accept 50,000 tons of corn that had been promised by the Roh administration in 2007.<sup>85</sup>

The GNP wants to support family visits between the two Koreas and establish a facility at Panmunjŏm, on the ceasefire line, for separated family members to meet. Other proposals include establishment of a peace zone or peace city within the demilitarised zone (DMZ), or turning the DMZ into an ecological preserve.<sup>86</sup> However, such projects require building consensus in South Korea and working for cooperation from the North – not the "bulldozer" management style that earned President Lee his nickname while CEO of Hyundai Construction.

## V. CONCLUSION

South Koreans have elected a conservative legislature that will be largely supportive of President Lee's policy agenda. Domestic policies, particularly in the areas of regulations, taxes, education and housing, will be at the top of the agenda, but important shifts are underway in foreign policy and inter-Korean policy. An intense factional struggle has taken place in the conservative camp, but over power and influence, not

fundamental policy. The GNP has a solid majority in the new legislature (164 of 299 seats) following the return of some lawmakers who stood as independents or as part of the Pro-Park Alliance. Furthermore, the conservative LFP is likely to support most of its foreign policy agenda. Nevertheless, Lee and his allies have had to compromise on some issues, such as the canal project, in an effort to achieve conservative unity.

Regionalism continues to plague South Korean politics, and the proportional seat system is tailor-made for electoral corruption; every election leads to indictments for election law violations. With little party discipline and no significant issue cleavages, personal relationships and regional ties are paramount. The GNP nearly broke up over the Lee-Park factional feud, but the party now appears to be on the road to reconciliation. The opposition parties will retain their regional power bases as they try to regroup.

The GNP will push for ratification of free trade agreements with the U.S. and others, and the National Assembly can be expected to pass legislation to deregulate a significant portion of the economy. While these measures mostly will be welcomed abroad, there will be losers in South Korea who will be dissatisfied. They can expect to have little input to the policymaking process, but disgruntled elements could turn to alternative methods to voice their displeasure, as has happened following President Lee's decision to open the South Korean market to U.S. beef. Similar large protests could follow sweeping deregulation or market liberalisation in other sectors.

The Lee government has mostly neglected North Korea, as it focuses on other foreign policy issues. However, the North may be on the verge of a food crisis, even famine, in 2008.<sup>87</sup> Rising food prices around the world, North Korean flood damage in 2007, donor fatigue, and suboptimal economic policies have exacerbated the DPRK's chronic food supply problem. The South has insisted that the North must request food assistance before any will be provided, but it might be ready to retreat from that position, as the North moves closer to the brink of a humanitarian disaster.

Lee and his supporters in the GNP might have underestimated their constraints – both inside and outside the party – when they took the reigns of government. The Blue House unnecessarily created enemies out of people whose policy preferences mostly converged

<sup>82</sup> Blaine Harden and Robin Wright, "U.S. to Delist North Korea As Sponsor Of Terrorism", *The Washington Post*, 27 June 2008, p. A01; "Bush Moves on Terror List as N.Korea Files N-Declaration", *The Chosun Ilbo*, 27 June 2008, at <http://english.chosun.com/w21data/html/news/200806/200806270016.html>.

<sup>83</sup> "Lee Myung Bak Regime's Sycophancy towards U.S. and Anti-DPRK Confrontation Hysteria Blasted", Korean Central News Agency, 1 April 2008, at [www.kcna.co.jp/index-e.htm](http://www.kcna.co.jp/index-e.htm).

<sup>84</sup> Crisis Group interview, GNP staff, Seoul, 29 May 2008.

<sup>85</sup> Crisis Group interview, Ministry of Unification official, Seoul, 23 June 2008; Kim Sue-young, "Seoul May Provide Aid to NK via WFP", *The Korea Times*, 4 June 2008, at [www.koreatimes.co.kr/www/news/nation/2008/06/113\\_25303.html](http://www.koreatimes.co.kr/www/news/nation/2008/06/113_25303.html); and "Seoul Urges N.Korea to Accept Corn Shipment", *The Chosun Ilbo*, 5 June 2008, <http://english.chosun.com/w21data/html/news/200806/200806050010.html>.

<sup>86</sup> Crisis Group interview, GNP staff, Seoul, 29 May 2008.

<sup>87</sup> Stephan Haggard and Marcus Noland, "North Korea on the Precipice of Famine", Peterson Institute for International Economics Policy Brief 08-06, May 2008, at [www.iie.com/publications/pb/pb08-6.pdf](http://www.iie.com/publications/pb/pb08-6.pdf).

with their own. A bulldozer CEO can fire staff opposed to the firm's business plan, but in South Korean politics, a bulldozer president will likely experience opposition in the streets. No president or ruling party wants to deal with mass demonstrations regardless of its legislative majority. Lee and the GNP have pledged to improve the economy, and social unrest undermines investor and consumer confidence, especially

when the Korean and global economies are already sluggish. Nevertheless, President Lee and the 18th National Assembly are likely to begin implementing a more conservative policy agenda in the months ahead.

**Seoul/Brussels, 30 June 2008**

## APPENDIX A

### MAP OF KOREA



Courtesy of The General Libraries, The University of Texas at Austin.

## APPENDIX B

### ELECTION RESULTS BY POLITICAL PARTY

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Party	District Seats	Proportional Seats	Total Seats
Grand National Party	131	22	153
United Democratic Party	66	15	81
Liberty Forward Party	14	4	18
Pro-Park Alliance	6	8	14
Democratic Labour Party	2	3	5
Renewal of Korea Party	1	2	3
Independents	25	0	25
Total	245	54	299

Source: *Chosun Ilbo* (Note: On 10 June 2008, the GNP offered to reinstate eleven independents and two Pro-Park Alliance lawmakers).



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