



THE ACCESSION TO POWER OF LEE MYUNG-BAK HERALDS A RENEWAL OF THE AMERICAN-KOREAN ALLIANCE

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On February 25, President Elect Lee Myung-bak will be officially inaugurated as South Korea's head of state, taking over from President Roh Moo-hyun.

Aged 66 and the father of three children, the former president of *Hyundai Engineering & Construction* and mayor of Seoul was elected on December 19, 2007 with 48.7% of the votes cast.¹ He was more than 20 points ahead of his rival from the United Democratic Party, Chung Dong-young. As evidence of the shift to the right by South Korean voters following the successive presidencies of Kim Dae-Jung and Roh Moo-hyun, a dissident from Lee Myung-bak's Grand National Party (GNP), the ultra-conservative Lee Hoi-chang, came in third, with 15% of the votes. In total, candidates from the GNP thus rallied more than 60% of the voters around their promises of change, and it is one of them who will be moving into the Blue House (Cheong Wa Dae, the official residence of the South Korean President) after an absence of eight years.

The election of December 20, 2007 focused on economic questions. With a reputation for dynamism and initiative acquired during his time as mayor of Seoul, Lee Myung-bak promised to 'rebuild' the South Korean economy on the basis of his '747 plan,' which sets the goals as achieving 7% annual growth, average per capita income of \$40,000 and the rank of seventh largest economy in the world for Korea by the year 2017.²

This platform is mainly based on public infrastructure projects such as the construction of a canal running more than 300 km between Seoul and Pusan, the great port in the South of the country, and making the Korean economy more attractive for foreign capital. He also promised to fight against corruption, to reinvent the social policies, to appreciably reduce the number of state officials, to authorise the building of 100 private schools and to encourage intensive study of English.³

Lee Myung-bak built his victory on his image as an effective manager during his entire career. Even a scandal over financial fraud in which one of his former associates was found

¹ 'Lee wins South Korea's election,' *BBC News*, 19/12/2007

² Yoo Jong-il, 'The color of Lee Myung-bak's economic policies,' *The Hankyoreh*, 24/08/2007

³ Kim Yon-se, 'President-Elect vow Creative Diplomacy,' *The Korea Times*, 19/12/2007

guilty did not halt his progress towards the presidency.⁴ Though he presented a much more pragmatic and less ideological face than his predecessor, the President Elect nonetheless developed a very clear doctrine with respect to foreign policy. He came out for much greater firmness vis-à-vis North Korea and for strengthening the alliance with the United States. During his campaign, Lee Myung-bak in fact accused the present government 'of having weakened the American-Korean alliance.'⁵

We will try to see if this new presidency will indeed bring renewal of this relationship both from the point of view of diplomacy and military policy as well as in economics compared to the way they were actually affected by the presidency of Roh Moo-hyun.

1. Did South Korea become anti-American?

Ever since 2002, a feeling of uneasiness established itself at the heart of the American-South Korean alliance, which was unshakable since the end of the Korean War in 1953.

The considerable economic progress made by the country in 40 years produced a growing need for independence which translated into anti-American line by a part of the political class. However, the first concrete manifestations of this phenomenon only appeared after the acquittal of two American soldiers responsible for the deaths of two female students in an automobile accident in June 2002⁶. This state of mind played an important role in the election of President Roh. Never having traveled to the United States before his election, this advocate of human rights who represented a political generation that was only slightly marked by the weight of history, publicly declared at the time 'that there was nothing wrong with being anti-American.'⁷

For a long time, the United States was perceived as the saviour from the Communist invasion and from the extreme poverty of the 1950s. Furthermore, many South Koreans remembered the role played by Washington in the fall of the dictator Syngman Rhee in April 1960. Nonetheless, in the 1980s, the ambiguities in American policy on the regime of General Chun Doo-hwan were criticised in student protest movements.⁸ This feeling was attenuated thanks to the encouragement given by the United States to the process of democratisation and the protection provided to the life of the opposition figure Kim Dae-Jung, who was elected President in 1998.⁹

Nonetheless, relations between the two countries underwent new turbulence over the issue of North Korea. The emergence of nationalist sentiment and the desire for rapprochement with the brother in the North indeed produced a split with the American position, which became still harder with respect to Pyongyang after the accession to power of President George W. Bush in January 2001.

In 2004, President Roh categorically refused to consider the possibility of military action against the North Korean nuclear programme, as President Bush wanted. This attitude and the Presidential statements stirred up the emotions of New York State Senator and Presidential candidate Hilary Clinton. She criticised what she called 'the historical amnesia' the country was suffering from on the occasion of confirmation hearings for General Burwell

⁴ Loc. cit. *BBC News*

⁵ Loc. cit., *The Korea Times*.

⁶ Kim Sunyuk & Lim Wonhyuk, 'How to deal with South Korea?' *The Washington Quarterly*, Spring 2007

⁷ Yoo Michael, 'New President of Korea between Anti and Pro Americanism,' *Policy Update 2006*, Research Institute of Economy, Trade and Industry, 20/01/2003

⁸ Loc. cit. *The Washington Quarterly*

⁹ 'S Korean spies admit 1973 snatch,' *BBC News*, 24/10/2007

B. Bell as head of the joint command in South Korea.¹⁰ However, neither the speeches of President Roh nor American concerns should allow us to forget that Seoul deployed one of the largest contingents within the multilateral force in Iraq, an engagement that was hailed by the American President.¹¹ Similarly, the United States and South Korea together prepared for the transfer of military command in time of war to the South Korean chiefs of staff in 2012. This measure will give a more balanced character to the alliance between the two countries and will permit the United States to redeploy some troops to new fields of operations.

2. Perception of Lee Myung-bak's victory in the United States

As we have seen, the anti-Americanism displayed by President Roh and some important members of his government and his URI Party¹² only had a few concrete effects on relations with the United States. Even the major differences over North Korea which appeared did not prevent the six-party talks from reaching an accord on de-nuclearisation of the peninsula at Beijing in February 2007.

Still, the election of a candidate openly favourable to the American alliance gave some comfort to Washington. His political and economic proposals were in fact greeted favourably in the United States, in particular his commitment to rarify the agreement on free trade signed in June 2007. Immediately after announcing his victory of December 20, Lee Myung-bak phoned President Bush to reconfirm that an improvement in relations with the United States would be at the top of his political objectives.¹³

He also promised to hold in-depth consultations with American negotiators in the context of the six-party talks. He is expected to adopt a policy closer to the views of Washington with respect to North Korea. He proposed an ambitious plan of economic aid to the 'paradise of socialism', but one dependent on the efforts agreed by Pyongyang towards de-nuclearisation and opening up economically. Although the Sunshine Policy¹⁴ launched by President Kim Dae-Jung represented the first proactive initiative in this matter, a large part of the money spent was granted to the North without any results. The industrial park of Kaesong, only 60 kilometres North of Seoul, thus remains a capitalist island isolated from the rest of the country.¹⁵ Furthermore, it has been proven that part of the food aid sent by Seoul to combat famine was siphoned off to serve the Army.¹⁶

Lee Mung-bak is expected to be more firm than his predecessors. He promised much more aid if certain conditions are met. This policy may consist more of investment than of unilateral aid. His government will set up a consultative body charged with the task of designing an 'inter-Korean economic community.' He has also committed himself to launching a real Marshal Plan, financed by an international cooperation fund of 40 billion dollars, with the objective of raising the average per capita income in North Korea to \$3,000 by the end of his tenure. Finally, he proposed to open a permanent bureau in Pyongyang to provide food and medical aid. This very ambitious plan still has to be accepted by the North Korean leaders, who generally do not appreciate either changes or orders from the South. The success of the project would be met by the greatest satisfaction on the part of the United

¹⁰ Loc. cit. *The Washington Quarterly*

¹¹ 'Bush Says Korea is Role Model for Iraq,' *The Chosun Ilbo*, 25/01/2008

¹² 'Roh defends Minister's right to Slam US,' *The Chosun Ilbo*, 25/06/2006

¹³ Klingner Bruce, 'Conservative landslide marks new era in South Korea' in *The Heritage Foundation WebMemo*, N°1758, Washington, 20/12/2007

¹⁴ Akaha Tsuneo, *The future of North Korea*, Routledge 2002

¹⁵ Nanto, Dick K. & Manyin, Mark. E, *The Kaesong North-South Korean Industrial Complex*, CRS Report for Congress, 19/07/2007

¹⁶ 'S.Korea Knew its Rice Feeds N.Korean Military,' *The Chosun Ilbo*, 14/02/2008

States, which hopes for a stabilisation of the peninsula in order to devote itself to other fields of operation.

3. The future of the joint command

In October 2006, the American and South Korean Presidents agreed on the need to give South Korea responsibility to assume its own defence. Ever since 1953, military wartime command has in fact been provided by the commander of American forces in Korea (USFK), who is today General Burwell B. Bell. At the start of 2007, the Secretaries of Defense of the two countries decided that the South Korean military headquarters would take operational control (OPCON) of these forces in time of war on April 12, 2007.¹⁷ This decision satisfies both the South Korean desire for independence and the American wish to redeploy part of its troops elsewhere in the world as part of its 'Global Posture Review' launched in 2000 with the arrival of Donald Rumsfeld at the Pentagon. On February 5, the headquarters of USFK confirmed that it would reduce its staff by 28,500 to 25,000 men by the end of the year following an agreement concluded in 2004 with the North Korean government.¹⁸

However, the transfer of command remains conditional on the capability of the South Korean Army to accomplish its new missions on its own. For this purpose, the national Ministry of Defense proposed in December 2005 a vast plan of reform that was called the 'Defense Reform 2020.' Presented as an 'absolute necessity to allow the country to improve its security in the age of Information Technologies and globalisation,' the draft law enjoyed the support of the entire political class. The transformation of the Korean Army is aimed at solving problems encountered over the past 50 years and sets five priorities up to the year 2020:

- Reduce the size of the Army from 680,000 to 500,000 men
- Increase the civilian employees of the Ministry of Defense
- Secure a long term budget for technological development
- Strengthen the role of the military headquarters
- Strengthen the alliance with the United States

According to the authorities, the reduction of troop size should be offset by acquiring advanced equipment. The South Korean Army has made known its intention to purchase new systems of armaments to modernise its fleet of F-15 K fighter planes.¹⁹ Similarly, the State created the Agency for Development of Defense to coordinate research in the area of military technologies. Finally, the plan for reform should enable the Army to honour the C4I concept (Command, Control, Communications, Computer and Intelligence), which prevails in modern armed forces.

Although he is in favour of this reform plan, the President Elect has nonetheless requested that the date of the transfer of command be reexamined. The conservatives fear that an excessively rapid disengagement by the Americans might weaken South Korea in the face of a surprise attack by the troops of Kim Jong-Il. For Lee Myung-bak, the transfer of command must be conditional on improvements in the South Korean military capabilities and on reduction in the threat represented by Pyongyang. Moreover, the new government may join the missile defence shield proposed by the United States. The Director of Asian Affairs in the National Security Council, Victor D. Cha, publicly expressed the wish that the new administration join the project.²⁰

¹⁷ Bell, B.B. & Finley Sonia L., 'South Korea leads the warfight,' *Joint Force Quarterly*, N°47, Winter 2007

¹⁸ 'USFK confirms troop level by 25,000 by year end,' *JoongAngDaily*, 06/02/2008

¹⁹ 'South Korea seeks improved stand-off weapon for F-15Ks,' *Jane's information group*, 11/02/2008

²⁰ Cheong Wook Sik, 'Will Lee join US Missile Defense Program,' *Omhynews*, 29/01/2008

Lee Myun-bak is firmly committed to strengthening the American-Korean alliance. It is nonetheless likely that he will await the results of the American elections in November 2008 before taking such a decision, which is fraught with major political risks both domestically and regionally.

4. To render the South Korean economy attractive

In November 2006, the Korean Chamber of Commerce and Industry (KCCI) published an alarming report on the stagnation of foreign direct investment (FDI) in South Korea. FDI has noticeably diminished since 2005 and now represents less than 1% of total foreign investment in the world, far behind China and corresponding only slightly to the scale of the South Korean economy, which is the 11th largest in the world. Indeed, Hong Kong and Singapore are both much more competitive in this area despite the smaller size of their economies²¹. In a very disturbing manner, large multinational companies have also chosen to develop their projects elsewhere in Asia after having long considered doing so in South Korea.²² The CCCI also states that nearly a billion dollars in direct investment has been lost in many recent cases. The causes of this low attractiveness are mainly complicated and constantly changing regulations, a frequently difficult social climate, punishing taxes, poor knowledge of English²³ in business circles and a general mood that is unfavourable to foreign investors.

Moreover, the growth in anti-American sentiment over the last few years undermined good economic relations between South Korea and the United States. Many observers attributed the court findings against the Texan investment fund *Lone Star* in the affair surrounding the purchase of the *Korea Exchange Bank* to an upsurge of economic nationalism.²⁴ Whether justified or not, this conviction was able to shake the confidence of foreign investors in the trustworthiness of the South Korean economy for a long time to come. Furthermore, the two countries had great difficulty negotiating a free trade accord which had been long compromised by opposition from South Korean farmers and by an embargo on beef that is taken very badly in the United States. This accord, finally signed on June 30, 2007²⁵, still has to be ratified by the legislatures of the two countries. The President Elect and the GNP want to obtain this ratification before the inauguration on February 25. The United New Democratic Party, which holds a majority in the Parliament, has nonetheless stated that it would oppose this vote at the risk of damaging relations with the United States somewhat more.²⁶

The economy is at the heart of Lee Myun-bak's programme and he is expected to determine the orientations of the country himself. The past few years have been marked by a growth of the inequality of income²⁷ and by inflation, chiefly in the sector of housing in Seoul. In order to confront these problems, the president of the Committee on National Competitiveness of the transition team, Sakong Il, will take over a new position as 'Super Minister of Finances,' reporting directly to the President.²⁸ A former Minister of Finance and president of the

²¹ *World Investment Report 2007. Transnational Corporations, Extractive Industries and development*, United Nations Conference on Trade and Development, Geneva, 2007, p. 42.

²² *Id.*

²³ Jeon Hyo-Chan, *The Economics of English*, Samsung Economic Research Institute, 2006.

²⁴ Choe Sang-Hun, 'Lone Star convicted of stock fraud in South Korea,' *The International Herald Tribune*, 01/02/2008

²⁵ 'United States and the Republic of Korea Sign Landmark Free Trade Agreement,' Office of the United States Trade Representative, 30/06/2007.

²⁶ Shim Sun-ah, 'Failure of Korea-U.S. FTA to hamper ties: U.S. expert,' *Yonhap News Agency*, 13/02/2008

²⁷ 'Country's income disparity worsens,' *The Korea Herald*,

²⁸ Han Jane, 'Sakong Il to Play 'Super Minister' Role on Economy,' *The Korea Times*, 15/02/2008

Institute for Global Economics, Sakong Il has known Lee Myung-bak for more than thirty years. The two men share the same vision of the economy and are thus expected to combine their efforts to reach the goals of competitiveness set out in the 747 plan.

The electoral victory of Lee Myung-bak was clear, but the expectations of the population are enormous. He should thus take quick measures in order not to disappoint both with respect to the economic situation of the South Koreans and relations with the United States.

5. Conclusion: a necessary action in a difficult political climate

Elected by a wide margin, Lee Myung-bak has strong legitimacy to apply his programme. However, his ability to govern will depend on the outcome of the legislative elections coming on April 9. According to a poll, the GNP will win handsomely,²⁹ but the judicial troubles of the President Elect or a campaign against the free trade agreement led by the United Democratic Party could still alter this result. If the GNP wins the election, it can successfully conduct its policy of rapprochement with the United States, both from the economic and the diplomatic points of view. Only the calendar of the transfer of operational command in times of war could still be a contentious subject. Although the President Elect has called for a reexamination of the timing, the Pentagon hopes to proceed with the redeployment of its troops as quickly as possible.

The election of Lee Myun-bak has thus opened a window of opportunity for reestablishing the American-South Korean alliance. Nevertheless, the future of this relationship will greatly depend on many different factors, including the ability to hold its economic promises and the attitude that Pyongyang adopts in the coming months. This year the Republic of Korea celebrates its 60th anniversary and the 55th anniversary of the armistice of Panmunjeom which put an end to the Korean War. The country has been living ever since facing a totalitarian state with the support of the United States. It must now assume its new status of economic and military power without rejecting the past and displaying the 'historical amnesia' criticised by Hilary Clinton.

That is the challenge that awaits President Elect Lee Myung-bak, who now has four years to successfully implement one of the most ambitious agenda ever presented to the South Korean people.

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²⁹ «GNP Could Get Legislative Win in South Korea », Angus Reid Global Monitor : Polls & Research, 09/02/2008