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**DEMOCRATIC CONSOLIDATION  
IN THE REPUBLIC OF KOREA:  
PROGRESS AND CHALLENGES**

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## PROCEEDINGS

BRUCE KLINGNER: Good morning, ladies and gentlemen. I'm Bruce Klingner. I'm a senior research fellow for Northeast Asia at the Heritage Foundation, and I'd like to welcome you for this full-day conference on South Korean democratization.

I'm serving in a bookends role today, because I'm the first scheduled speaker and then I'm also the last schedule speaker. So, I could say pretentiously I'm the alpha and omega of this conference. But, more realistically, the next time I'm up on stage you'll know that you're much closer to happy hour than you are now.

But in my first role I'd like to welcome you here to what I think will be a wide-ranging and intense discussion of South Korean democratization, and I think it's not only important but interesting to cover this topic, because I think too often we allow either North Korea or the bilateral crisis of the day between the U.S. and South Korea to divert attention from what I think is an equally important and fascinating topic of South Korea's political landscape. And clearly the many factors that have and continue to influence the path of South Korean democratization have a major role in determining South Korean domestic as well as foreign policies. For me it's a particular pleasure to be here at Brookings, because probably very few of you know this is where I started. My first year out of college I had a position here as a research intern and then a research assistant. So, I was here for about 15 months when I first got out of school.

And I'm perhaps unique in Washington, as I'm one of few, perhaps only, who's played on both the Brookings and Heritage softball teams. Within the ideological think-tank softball league, that rivalry is similar to, in college football, the Ohio State University and the University of Michigan. So, it's quite a well-watched game.

Before we get to these topics on our first panel, what I'd like to do is acknowledge some help for people who have helped establish this conference today -- so, first of all, of course, Brookings for organizing and hosting this, particularly Kevin Scott who's done a yeoman's work of organization; Seoul National University, especially its Political Science BK21 project, and the Institute for Korean Political Studies and particularly Park Chan-Wook, who is presenting on Panel 2, who is the Director of the BK21 project; Lim Haeran at SNU and former CNAPS Fellow here at Brookings, who provided a lot of assistance in conceptualizing this event and also in identifying and lining up the delegation from the Republic of Korea; the Korea Foundation for helping us support the conference; and our American scholars, some of whom have traveled from West Virginia and New York, including Evans Revere, the president of the Korea Society, who I think is, even now, wending his way to Washington as I speak; and, finally, the many

Korean scholars who've traveled all the way from Seoul to participate in this event, and we appreciate your travel at great distance, and we'll make sure we have plenty of coffee for the afternoon sessions because that, of course, is when jet lag really kicks in.

So, without further ado, let me turn it over to Richard Bush, here at Brookings. Thank you.

RICHARD BUSH: Thank you, Bruce. Thank you all for coming today. I think that this is going to be a really interesting conference.

I'd like to begin by reaffirming Bruce's thanks to a number of people. First I'd like to thank him and the Heritage Foundation -- it's not that common that Brookings and Heritage cooperate on something, so I think that's very significant. Then Seoul National University and all the people who have come a long way to be with us today -- we really appreciate that -- Korea Foundation, Evans Revere; and particularly my former colleague, Lim Haeran, who has done outstanding work in helping us organize this conference, and we really appreciate that.

Now, some of you may be asking why the conference is necessary in the first place. Korea's transition to democracy began about 22 years ago, and there have since been five popular presidential elections. The National Assembly is a lively institution. The press is free and aggressive. Prosecutors pursue corruption wherever they find it. Civil society is active. So, you might ask, what's the problem? Why should we care about the health of Korea's democracy?

I can think of a couple of reasons. On the one hand, Korea's political transition was a significant event in third-wave democratization. Here's an example of an authoritarian political system in an Asian society that made a gradual shift to full democracy while preserving relative stability. So, the Korean example offers hope regarding democratization everywhere, including, for example, China.

On the other hand and more important, I think that Korea faces daunting choices on issues such as how best to cope with the challenge of North Korea and bring about unification; how to preserve the economy's competitiveness in a globalized world; how to strike the right balance in the U.S.-R.O.K. alliance; and how to address the revival of China as a great power. None of these are easy issues, and we all hope that the choices are made well since the Korean people will have to live with those choices for a long time. But if the political system, which is the mechanism by which choices are made, is defective, then the people's interests will not be well-served. So, we have the prospect of a people who were denied the right to choose for generations and now they may have difficulties making good choices if the political system is dysfunctional.

Now, no democratic system accurately reflects the will of the people. Established democracies in Europe and North America don't do that, nor do recent

East Asian democracies like Korea or Taiwan. Political scientists would say that Korea made a democratic transition in the late 1980s and early 1990s, and as a result it has elections, political parties, civil and political rights, and independent judiciary and so on. But they might suggest that Korea has not necessarily gone through democratic consolidation. By this I mean that the institutions -- the formal institutions of democracy exist, but they may be relatively weak and have not worked well to serve the people. So, this is an appropriate time to assess the effectiveness of Korea's democracy and the institutions that constitute Korea's democratic system. It's a good time to judge how well they do their job of serving the people and reflecting the people's will. It's a good time to consider what reforms might improve the democratic system's performance. So, that's the purpose of our conference today.

We have an outstanding array of specialists to help us do that assessment. Korea has a lot of very talented political scientists, and we're very happy to have some of them with us today. So, I think I should stop so that we can begin, and to begin I'd like to ask Dr. Lee Jung Bock to come to the microphone.

JUNG BOCK LEE: It is my great pleasure to talk about Korean politics, although very briefly. Before I talk, I would like to express my thanks to Mr. Bush, Mr. Klingner, and Professor Lim Haeran, who organized this conference.

The timing of the conference cannot be better. The new administration will reassess its relationship with South Korea, including the North Korean nuclear issue, and I hope this conference will contribute to better understanding of Korean politics by the American people.

My talk consists of very brief comments on three subjects. First, I will talk about how Korean politics have progressed in the last 60 years. Second, I'll speak about what challenges remain for the further progress of Korean politics. Third, I'll spend a few minutes talking about how this progress has affected the policy making of South Korea.

First, Korean politics has changed from what the Argentine political scientist Guillermo O'Donnell called "low-quality" democracy ruled by military regimes to an actual democracy since 1987.

Many people say that Korea began to democratize in 1987, but that is incorrect. It was a "re-democratization" of Korea. We had the initial experience of a democracy from 1948 until 1972. Of course, this initial democracy was very imperfect, compared with the present state of democracy in Korea.

Then what are the factors that contributed to the re-democratization of Korean politics from 1987? There are two factors. Many people talk about the tradition of economic development to democratization of Korea. The per capita

income in South Korea during the 1950s was \$50. In 2007 it rose to \$20,000. Every cultural population was about 80 percent in the 1950s, and in 2007 it was 7 or 8 percent. So, Korea changed from a primitive cultural society, to a highly industrialized or high-tech society. Many political scientists point out the necessity of economic development as a precondition for democratization. I would like to talk about some of those theories.

It's apparent that economic development contributed to the democratization of Korea, but many people do not talk about the initial experience with democracy by the Korean people. It was very imperfect. There were many election irregularities, questions, or coalitions. However, we did hold elections for presidents and members of the National Assembly for 25 years for a quarter century. These experiences have socialized the Korean people and politicians to the politics of a democracy. Without these experiences, I don't think there could have been such an intense and extensive democratic movement in the 1970s and 1980s.

Singapore is economically much more developed than Korea. Singaporeans enjoy very good living conditions and the quality of living is higher. But they still are ruled under a "dictatorship." So, economic development is not a necessary and sufficient condition for a successful democracy. We need some prior democratic experiences, and we have it in Korea.

How did Koreans have prior democratic experience in 1948 when our per capita income was just \$50? It was through the United States. The United States wanted Korea to have democratic system of politics for both democratic and economic development and so it played a decisive role. I hope that the U.S. continues to play a role in the consolidation of Korean democracy and further economic development of Korea. The American democracy has a lot of problems, too, but from my perspective, the American democracy is a material democracy and Korean democracy is not yet such a material democracy.

Among the many features of a material democracy, as exemplified by American democracy, there are three components: political parties, mass media, and the political level of the general public. A material democracy has stable parties and party system which have a long history of existence. Both Democratic and Republican parties have a history of 200 years. In Korea, there's no political party which has existed more than 20 years.

Former President Kim Dae-jung is perhaps the most prominent Korean political leader to the American public. He founded the party, dissolved it, re-founded it several times, in a matter of several years. Former President Roh Moo-hyun -- he, too established his own party, dissolved it, re-established it in a matter of five years during his presidential term. So, now we have two major parties, but we do not know whether these two parties will exist in the next presidential election. All of them can be dissolved into pieces; we have a very fluid party system, which is a very big problem for Korean democracy.

A material democracy has newspapers and TV networks which play the role of “fair umpire” in the competition between the opposing political forces. Both mediums are not overly biased in favor of one political party over the other, and even if they are the free market of competitive reports and commentaries secures the role of a fair umpire for them as a whole. Korea does not have such a free market of the mass media. Korea has only three major newspapers and three TV networks. The three newspapers attract more than 60 percent of the readers, and the three major networks attract almost all of the viewers. The conservatives may think that the TV coverage and newspapers favor the leftists and the progressives might think they favor the conservatives. So, their role as fair umpire might cause problems. In the last presidential election, it is said that newspapers supported Lee Myung-bak while TV networks favored the candidate of the party in power.

A material democracy consists of those with a high level political consciousness and judgment. And because they have a high level of political consciousness and judgment, politicians cannot easily manipulate their political preferences to promote their private desire for power. I would like to emphasize, that all politicians want to satisfy their own private desire for power.

American voters displayed a high level of political consciousness and judgment by electing an African-American as their new president. This is a result of more than 200 years of democratic experience of the American people. Koreans do not have such a high level of political consciousness and judgment. They have their regional preferences and Korean politicians take advantage of these regional prejudices to win elections. As a consequence, regional prejudices have not been mitigated, but reinforced election after election. In all five presidential elections in Korea since 1987, the respective winners are those who have succeeded in making right regional coalitions and allies.

Kim Dae-jung was elected because he allied with Kim Jong-pil, who represented the central provinces. So, together they covered some of the southern and central provinces, and united into one block. In terms of policy, Kim Jong-pil could not be more different from Kim Dae-jung. Kim Jong-pil has a staunch approach to North Korea whereas Kim Dae-jung is pro-North Korean policy and although they are different in terms of policy, they still made a coalition.

Korean democracy has many challenges to overcome for its consolidation. I have pointed out only three of them, because without overcoming these three problems, democratic procedure cannot guarantee democratic results, which represent the majority will of the Korean people.

The last subject I'd like to talk about is the very subject of today's day-long conference: how democratization of Korean politics affects policy-making. It has resulted in policy polarization between the contending



political forces.

There was policy polarization between the righteous and Communists in the three years after Korean liberation in 1945, and the policy polarization again in 1960 between the establishment and the small minority leftists who wanted the withdrawal of U.S. forces from Korea and unification with North Korea. Except for these two periods, which lasted only a short time, there had been no such policy polarization in Korea, even during a long time of authoritarian rule under military generals. Democracy fighters did not take issue with their substantive policy lines under U.S., North Korea, and the economy. They took issue with the procedure of electing the president. However, after democratization, policy polarization took place for the third time in Korean history after 1945. There was policy polarization between those who were against the Stalinist regime of North Korea and its nuclear weapons and those who are tolerant or very tolerant of the Stalinist regime of Kim Jong-Il. This is a serious polarization and continues to have a grave effect on the character of the Korean polity and economy in the long run. And why is there policy polarization between the major contending political forces in Korea? This is because political preferences of political leaders, like Kim Dae-jung, Roh Moo-hyun, or Lee Myung-bak matter much, much more than the political preferences of the ordinary Korean people in policy making.

I hope I have sensitized you to some of the problems South Korean democracy has now faced and also hope you have more discussions about them in the sessions following this one. Thank you very much.

BRUCE KLINGNER: Thank you very much, Professor Lee, for framing the issues for us. I think it gets us off to a good start, and for now we'll move directly to Panel 1, which will be chaired by Scott Snyder. Thank you very much.

SCOTT SNYDER: Good morning, everyone. I was appointed as the moderator for the first panel, and I'm also a presenter, so I think the most difficult job that I'm going to have is being able to discipline myself in terms of giving a presentation.

I just wanted to say by way of introduction to this particular panel that I very much appreciated our keynote address by Professor Lee. He touched, I think, on all of the issues that are going to be covered in this panel. And I also wanted to add that in my view one of the valuable points about looking at democratic consolidation in South Korea is that I think that we're now at a stage where the issue and challenge of being able to manage politics in a democratic system is really a shared challenge, and so although this session and this day is devoted to focusing on South Korea, I also think that it's an opportunity for us to reflect on and perhaps even learn from some of the things that are going on in South Korea as we consider our own experience with managing the democratic process.

With that, we have three presentations. The bios are there, and I don't want to take too much extra time to go over the details, but we're going to start with Gordon Flake, Executive Director of the Maureen and Mike Mansfield Foundation -- he'll be talking about regionalism -- and then Professor Lee Sang-shin at the Institute of Peace and Unification Studies at Seoul National University will address the role of media and technology. I'll say something about the role of money in politics, and then hopefully we'll be able to open it up and have a lively discussion. So, let me first turn to Gordon.

GORDON FLAKE: Thanks, Scott, and my particular thanks to the organizers for inviting me today. This is a wonderful opportunity to look in-depth at an issue that gives a short shrift here in town. We have countless conferences on North Korea and the six-party talks and the nuclear crisis and occasionally the KORUS FTA, but it's nice to be able to look a little bit more reflectively at kind of the broader and underlined trends that happen in society.

The problem is I could speak, you know, ad nauseam on the North Korea nuclear crisis and six-party talks or even more on North Korea, because nobody really knows and so my opinion counts as much as anybody else's right? But today I feel conspicuously like a grad student who's been asked to give a presentation on a professor's book or his area of special expertise, because there's a lot of people in this room whom I go to when I want to find out the answers on these questions.

I have been asked to focus not just on regionalism but very briefly on civil society as well, and my hope is that maybe in the course of my presentation I can at least identify some of the core questions, perhaps say something provocative, not that I will spark responses from those who are the real experts on this issue.

But let me start off on regionalism. I have kind of a unique perspective on regionalism, because I lived in Korea in the southwest part of the country in Chungcheong-do, Jeolla-do in 1986, '87, and '88, and for many people those are regarded as kind of the peak years at least of the overt manifestation of regionalism. So, let me, if you will indulge me, give you a couple of anecdotes in that regard.

I remember vividly, immediately before the 1987 elections, moving from Jecheon in Chungcheong-do down to Kwangju in Jeolla-do, and immediately being able to feel -- again, you can't quantify it -- but the difference in attitude. We're still just seven years after the Kwangju incident. Every May -- and May was when I arrived -- there were still very active demonstrations in memory of the Kwangju incident. So, just as an American, the reception from the people, the environment, the feel I got in Kwangju was very different than what I got in a different province. So, I began to get an insight in terms of provincial differences,

attitudes towards Americans, attitudes towards the government, etc.

But living in Jeolla-do I immediately got the full Jeolla-do perspective or the Honam perspective on regionalism. On the horrors of the TK division, how the Taegu-Kyongsang kind of acts as a political power, had ruled politics in modern Korea, how all the resources had been pumped into the Kyongsang region, and Jeolla had been left to fester and rot. And so this was my introduction to questions of regionalism.

And if you'll forgive me one further anecdote, I remember vividly in '89 when I was back living in Seoul, I had a roommate who was a college student from Pusan, who had a very heavy Kyongsang-do dialect or accent, and he described a visit he took with a friend down to the city of Kwangju in the Honam area, in the Jeolla area, and he described eating at a truck driver's restaurant -- and there's a bunch of big, burley Jeolla taxi drivers and truck drivers there, and he's a young college kid and terrified to order because if he spoke, immediately they would know that he was from Kyongsang-do, and so he ordered very simply. He just said "give me two standard meals" and didn't speak the rest of the meal because he was frightened. Again, that's kind of insights in terms of the region itself.

For those of you who haven't followed this closely, regionalism is one of these issues that doesn't get a lot of coverage here in the United States, so again I applaud the organizers for putting this on the agenda.

The most clear and recent manifestation is primarily that, you know, division between the Kyongsang region and the Jeolla region. And of course there was the Chungcheong regions and the other regions as well. But the primary divide when you say the region was perceived to be the competition between these two regions -- and that was primarily in the political discourse, whether it's political power, whether it's resources, whether it was industrialization, etc. -- but the reality is that divide goes back far longer. You can have plenty of scholars who will take it all the way back to the three kingdoms period and the divide between the Jeolla and Baekje. You can pull out historical quotes from the regent Taewon-gun in the late 1800s saying don't trust people from the Honam region. There's a lot of this kind of stuff going on there.

But 1987, in the year I was there in the election, provided a very interesting case point -- for two reasons. One, for the first time because of the democratization of Korea, those regional tendencies were able to be expressed openly at the ballot box where it mattered. And for those of you who followed it, you may remember that in the elections, by all means, had the opposition parties united, they would have been able to take over the government rather than the anointed successor of President Chun Doo-hwan, Roh Tae-woo. But the three parties or the "Three Kims" as they were known then in the 1980s -- Kim Jong-pil from the Chungcheong region, Kim Young-sam from the Kyongsang region, and Kim Dae-jung from the Jeolla region -- weren't able to form a united party, divided

the vote, and Roh Tae-woo won the presidency. And they divided it strictly on regional lines. In fact, in the city Kwangju where I was living during the elections, Kim Dae-jung got 98.25 percent of the vote, which is Saddam Hussein kind of levels -- Kim Jong-Il kind of levels -- in terms of the vote. Kyongsang-do wasn't quite so divided. But, again, it was a very clear manifestation of how regionalism manifests itself in the political arena.

Now, it is tempting to say much has changed. And much has changed. If you look at it, first the election of Kim Young-sam as one of the three Kims to be elected, and then later on the election of Kim Dae-jung as the first opposition leader to be elected coming from the Honam area, the Jeolla area, kind of began to mark the beginnings of these changes.

Again, if you'll forgive me an anecdote -- and my apologies to the very smart professors here -- I learned most of what I know about Korean politics from cab drivers in Seoul, so maybe it's not the most reliable source, but the cabbies in Seoul told me the day that Kim Dae-jung was elected, all of a sudden the Jeolla accent was everywhere. All the radio hosts who previously spoke only in the Seoul dialect were all of a sudden speaking in the Jeolla accent. The cab drivers themselves, a great percentage of them which came from Jeolla, all of a sudden felt free to kind of sing forth in their native accent and their flowery tongue in that regard. You begin to address those senses of grievances, because you had the people from the aggrieved regions' president in power, and although, you know, the president that succeeded Kim Dae-jung, Roh Tae-woo, wasn't from the Jeolla region -- in fact, he was some Gyeongsang -- because he was under the wings of President Kim Dae-jung and from that faction, he also attracted, to a large degree, the support of the people who supported Kim Dae-jung's party and Kim Dae-jung's line, representing that line.

Now let me, if I might, take a step back and look more broadly at what I see are some trends in Korean society that are likely to affect and have been affecting regionalism in Korea, and, again, those who are more expert than me can comment on these perhaps in the question-and-answer period.

But, first, the transportation sector -- expressways linking the country. To a degree that those of you who follow Korean economic development will remember that when Seoul first proposed a bill -- the Pusan-Seoul Expressway -- all the American economic advisors were against it. They said it was a horrible idea, they didn't need it, why did a backward country like this need an expressway. And it served to kind of knit that part of the country together in terms of economy. If you look at it, you know, now Korea has an extremely well-developed expressway -- a freeway system throughout the country, which has permitted a remarkable amount of movement in a relatively short period of time throughout the country in addition to rail, etc. That seems to me to be a factor that ought to be discussed in terms of impacting on regionalism.

Obviously, things that are not unique to Korea, but TV – television's homogenizing effect; internet -- and Korea has one of the highest rates of broadband penetration. When you're all accessing the same internet and the same sights, do you not begin to lose some of the regional flavor? And, again, these things impact not just Korea but the United States and everywhere else. Cell phone usage -- 90 percent of the Korean public have cell phones and use that to access news information, etc.

Another factor I think is interesting is the growing predominance of Seoul and national civic and cultural life. When Seoul becomes the key political area to win when you have a quarter-plus of the population in Metropolitan Seoul – it becomes the political target area, the relative importance of regions, that begins to fade. And I think that probably applies in a kind of broad range of issues that are worth putting out there.

Also, the mobility of the populace. As you might understand, the people in the Jeolla region, because it was traditionally an agrarian region as opposed to the more industrialized Kyongsang region, have had the highest rates of mobility among regions in Korea, and so they're most likely to move to the new cities, to Seoul, to the suburbs of Seoul, to other large metropolises. And as they have economic opportunities or have invested somewhere else, the question is how that impacts on the questions of regionalism.

Let me just very briefly address a couple of recent studies on the issue, throw out a few more questions, then I'll move over to a brief synopsis on civil society.

SCOTT SNYDER: You have five minutes or less.

GORDON FLAKE: There was a 2003 University of Wisconsin study that looked at voting components analysis in an attempt to try to identify whether regionalism still exists, and like four or five other studies I read they all concluded it did exist but that it wasn't as severe as before, it wasn't as pronounced as before. And in fact the question becomes what is the definition of regionalism? Is it regionalism being anti-Kyongsang or anti-Yeongnam versus anti-Honam? Or is it just promoting your own favorite son, which is the type of regionalism that isn't any different than you might find in the United States or any other country around the world in terms of that regard.

Another question again which I won't have time to address in great detail is the question of the rising age cohort. In the 2007 elections, there were some studies that said age was a greater factor in terms of voting patterns than region. So, while regionalism in terms of biases still exist, the age cohort and that change might have a fundamental different impact on that.

In spring of 2008, there was a study by Professor Choi Jun-young

at Inha University that very interestingly applied the work of Professor James Kuklinski on race in America in terms of polling saying basically if you come up and ask straightforward questions about race, you're going to get preprogrammed answers, so you have to kind of go around the question to ask -- rather than ask "Are you biased against people from Honam," you ask the question "Would you mind if someone from Honam moved in next to you?" Similar questions like that. The conclusion of these studies was that regionalism again existed to a remarkable degree in terms of biases, but at the same time that it wasn't directly a region-against-region thing, it was a preference for one's own region.

Let me very briefly now move on to civil society, and there are other issues that we could cover up there. Civil society is an issue that's been far better covered in the American press. Again, Korea has arguably the most vibrant civil society in Asia. Now, rather than comparing it to the think-tank community in Washington, D.C., it's useful to compare it to civil society in Japan, in China, even Taiwan, Singapore, elsewhere in terms of the relative number of civil society organizations, the relative number of issues that they're able to deal on, their relative freedom and independence from the government. And I think you can make a very strong case on every one of those standards that Korea has the most vibrant, active civil society in Asia.

I'll just give you a couple of brief examples in the remaining one minute and 30 seconds that I've got left. Obviously, in the elections in 2000 the Citizens Alliance for the general elections of 2000 putting together black lists of candidates that had a direct impact on the elections themselves as a way political will was expressed. The PSPD -- the People's Solidarity for Participatory Democracy -- had a remarkable impact during the Roh Moo-hyun era, and even during the Lee Myung-bak administration, with the help of Professor Kang Won-Taek and others, as I wrote a book chapter on the 386 generation in Korea last year, I was really looking at how the 386 generation's experience would impact on incoming government, and in February of last year in my conclusions I wrote that, like it or not, the Lee Myung-bak administration was going to be held to the same standards of openness and transparency that the previous government had and that no government had. I felt kind of prophetic when two months later -- less than two months later -- you had these massive demonstrations surrounding the beef issue where you had basically central Seoul shut down, junior high students and housewives mobilized by cell phone to come out in a form of hyper-civil society, almost hyper-democracy in that regard. I would like to say I foresaw that. When I said that I thought he would have trouble, I thought it was a year or two down the road. I never imagined that the honeymoon would be so short and that the role of society would be that pronounced. In fact, that experience, I think, has caused a bit of a backlash and a cause for something we might want to discuss today. You get to a point where civil society is so vibrant and so hyperactive that they are circumventing the democratic process, when have an elective government that's in place and they've been in place for less than a hundred days and yet all of a sudden you're having these massive civil society demonstrations which are going around

the democratic process.

So, I've obviously run out of time, so I'll wrap up my initial comments there. I look forward to a more vibrant discussion in the question-and-answer period. Thank you.

SCOTT SNYDER: Thank you very much, Gordon. I knew that you were going to be able to fill the time allotted. Now we'll turn to Professor Lee, who will talk about the media and technology.

SANG-SHIN LEE: First of all, thank you for inviting me to this great symposium. My topics are the candlelight demonstrations, internet, and Korean democracy.

Last year there were massive demonstrations in South Korea, and it paints a very good picture of what is happening in South Korea and the role of the internet in South Korean politics. Let me give you some background on the candlelight demonstrations. President Lee Myung-bak was elected in November 2007, his inauguration was February 25, 2008, and April 18<sup>th</sup> was one day before President Lee met with President Bush. The Korean government announced that it would allow the import of American beef, which was banned one year and four months earlier by the Roh Moo-hyun government for the possibility of mad cow disease. The next day President Lee met with President Bush, and the message was very clear to South Korean people. President Lee needed something to give to President Bush – at least that's how Koreans interpreted it. Very soon they started online protests against the U.S. beef trade policy. By April 27 there were more than 90,000 hits on President Lee's web page and left very uncomfortable and nasty messages.

It is South Korean culture in that we are not known to be very nice people in terms of the internet culture. One Korean high school student started an online petition for Lee's impeachment. It was less than two months after his inauguration, and in less than two weeks more than 470,000 people signed the petition. Korean police investigated the high school student. He was only known by his internet ID. He was just a normal high school student and not very interested in politics, and yet he started this petition and everybody signed it. Very soon the first wave of candlelight demonstrations started in Seoul. It was May 2, about two months after Lee Myung-bak's inauguration. Demonstrations lasted about three months and by August there were 1,707 candlelight demonstrations all over the country.

There were more than 3 million people that participated in the candlelight demonstrations. I think that's a very conservative estimation. Though the candlelight demonstrations started out as a protest against Lee Myung-bak's trade policy, it quickly turned into demands for a more liberal educational policy and more liberal media policy, economy, and labor policy and so on.

President Lee apologized several times on TV and in the aftermath, his approval rating plummeted. He was never that popular to begin with. The South Korean presidents before Lee Myung-bak -- Kim Dae-jung, Kim Young-sam, Roh Moo-hyun -- all enjoyed high approval ratings, at least for the first three months after their inauguration. Kim Dae-jung and Kim Young-sam about 80 percent; Roh Moo-hyun about 70 percent. Lee Myung-bak's initial approval rating was about 50 percent, so he was not that popular, but three days after the first candlelight demonstration, he lost 14 percent and was operating on 36.4 percent. Within five days he lost another 10 -- 26 percent; another five days another 3 percent lost. Lee Myung-bak never recovered from such low approval ratings. On January 7 of this year, Lee Myung-bak's approval rating was at 22.5 percent and is currently now at 29.6 percent. In Korea, we use a 4-point scale to measure approval ratings, and some polls use a 5-point scale with an "undecided" pool, and in those pools. Lee Myung-bak's approval rating was as low as 7 percent. It was only three months after his inauguration, so it seriously undermined Lee Myung-bak's authority and his legitimacy. The candlelight demonstrations had effectively ended Lee Myung-bak's honeymoon period, which he never got to enjoy in the first place.

The candlelight demonstrations were a strange phenomenon to many Koreans. Many of us are still at a loss about what really happened with the candlelight demonstrations. We still don't understand what it was; only that it had something to do with the internet.

The participants of the candlelight demonstrations were very unique and seemed the least likeliest to participate in such demonstrations. The major foot soldiers of the demonstrations were middle school and high school students, especially those in middle school. Women, middle school girls, and young moms, young mothers carrying their children in strollers - we called them "stroller armies." They were leading the demonstrations. This had never happened before in Korea. These demonstrations were mobilized and organized through the internet, and in Korea, we have a very well-developed internet community and online groups, which were never politically motivated in the past. There are many online groups that focus on fashion, cooking, child rearing techniques and celebrity fan clubs. There was one middle school girl who was a fan of some Korean pop star, who joined the demonstrations. When asked why she was demonstrating, she said that she didn't want her pop star to be impacted by mad cow disease. That was her reason -- it was the most peculiar thing. Back in the 1980s and 90s, demonstrations in Korea were very violent. Gasoline bombs were used and rocks were thrown at police officers. But middle school girls were certainly not involved.

Usually, in South Korea, college students take part in political demonstrations, but in the case of the candlelight demonstrations, there were some college students who actively participated, but their role was relatively minor. Rather, teenagers and those in their 30s and 40s -- they were the active members of the demonstration. Some surveys say they were politically liberal and



post-materialistic. Lee Myung-bak is as materialistic as one can get, and it was a kind of battle between values – between the post-materialistic values of the “candlelight demonstration generation” and Lee Myung-bak. The demonstrators were mostly middle class and well educated; eighty percent were college-educated and internet users.

Another puzzle: these three groups -- they only mobilized after the demonstration started. The anti Lee-Myung-bak café -- they have 150,000 members and twenty-five percent were teenagers. People's Coalition -- 40 percent of the members were teenagers; madcow.net -- 50 percent. So, teenagers played a major role in the candlelight demonstrations.

The most peculiar aspect of the demonstrations is that there was no leader, no leading group, no center. Nobody planned them, nobody mobilized them and it was a voluntary movement. Traditionally, demonstrations in Korea are organized and led by political parties, labor unions, NGOs, and student organizations, however these demonstrations had no one clear leader or group.

I will now discuss the role of the internet in the candlelight demonstrations. Many surveys in Korea say that Koreans are depend more on the internet for information than newspapers. Another peculiar aspect to the demonstrations was that not only were they aimed at the Lee Myung-bak administration but they also attacked conservative newspapers.

The Korean newspaper market is dominated by three major newspapers – The *Chosun Ilbo*, *Joon-ang Ilbo*, and *Dong-a Ilbo*. They are all conservative. (They are as bad as Fox News and the *Wall Street Journal*). These conservative Korean newspapers attacked the candlelight demonstrations. So, there was a divide between the old, traditional media and the new media. The newspapers attacked internet forums. They demanded more responsibility on the internet and in turn internet users attacked the old media for being too conservative and biased.

The scale and magnitude of the demonstrations were huge, but the demonstrations were never violent, with the exception of a few incidents. During one demonstration on June 4th, I think, there were 400,000 demonstrators in the heart of the Seoul, but it never turned violent. Politics can turn very bizarre in Korea, with images of congressmen using chainsaws but to have 400,000 Koreans gathered for a not violent demonstration – that’s exceptional. They didn’t fight against police officers, they had political discussions with each other instead. They just sit down, sang a couple of songs, and started political discussions online and offline.

Why? What has changed in Korea? We don't know the answer yet, however there are some suggestions. Some people think it was the generation itself. The post-materialism in teenagers, as in Inglehart’s theory, was surveyed and

scored rather high on the scale. Koreans in their 20s are very conservative. My guess is that they watched their parents lose their jobs back in 1997 during the financial crisis, which caused them to be more conservative and realistic. The 386 generation -- in their 40s now -- are the ones who fought against dictators and authoritarian regimes and the Korean teenagers today are children of the 386 generation. Their parents could have conveyed liberal ideas to their children. Maybe that's the reason.

From offline to online, the internet played a major role in mobilizing and organizing the demonstrations. Clearly, Koreans are frustrated with their political parties. They felt that the political parties couldn't do anything in mediating people's voices to the political arena. So, it shows the failure of the political party system in Korea. And Lee Myung-bak's unilateral and very demanding policies provoked these demonstrations. Many people are expecting a second wave of candlelight demonstrations, but not at the moment since it's too cold to hold candles in the streets. But very soon, in the spring, with the economic crisis and millions of people losing their job, we're anticipating another wave of candlelight demonstrations in Korea.

That completes my presentation. Thank you.

SCOTT SNYDER: Well, thank you very much, Professor Lee. His presentation reminds me that my favorite reality TV show is Korean Politics, not Lost, and at the risk of sidetracking us, I'm going to begin my presentation with a joke that is not directly related to the role of money in politics but it's related to what I was watching yesterday on the plane coming back to Washington, and that was an episode of Thirty Rock in which they were joking about the troubles that GE was having, the parent company of NBC, the sponsor of the show, and they said that GE was going to have to sell their E, that they had sold it to Samsung and that Samsung is now Same-song. So, probably I've ensured that nobody will remember my presentation, but hopefully somebody will remember my joke.

The role of money in politics has been fascinating to watch, how things have changed since the democratic transition in Korea and the election in 1988. And in many respects, I think it's possible to look at this issue of the role of money in politics as a barometer of progress in South Korea's own democratic consolidation.

I happened to be in Seoul during that 1988 election, and one of the things that I remember is the fact that it was easy to tell what time it was, because so many candidates were giving out watches, and so I had a nice collection of watches that were built up, but they all had the names of candidates that are now in the past, and there was also a lot of money floating around in the context of trying to mobilize people to attend rallies. These days politics in South Korea has changed from a mass mobilization-driven process to something that really focuses much more on the mass media and mass media communication.

But we also have some data over the course of time that shows the past role of money in politics in terms of illegal fundraising, and it also shows quantitatively that South Korea is moving in the right direction.

The legal sources of funding for political parties in South Korea are private contributions. There's also a public subsidy, and there are membership dues. The challenge traditionally has been the role of illegal contributions, primarily from large-scale corporations. And I, like Gordon, have to credit my many South Korean colleagues who really do in-depth research on this. I'm not necessarily a specialist on this by any means, but if you know the right people you can get the right figures, and if we go back and look at the information that came out of the 1996 trials of Chun Doo-hwan and Roh Moo-hyun, we know that they raised hundreds of billions of Won -- that's hundreds of millions of dollars -- and directed it towards the 1988 and 1993 campaigns. There is evidence that suggests that in 1998, probably both the DJ camp and the GNP mobilized around a hundred billion Won, or about a hundred million dollars each, in terms of funding to run their campaign from sources that were considered to be off limits.

In 2003 the numbers were -- Lee Hoi-chang was discovered to have raised 82 billion Won, or about 80 million dollars. It depends on the exchange rates, but Roh Moo-hyun had about 11.9 billion won. The 2003 information is interesting, because that really is what catalyzed some significant reforms in South Korea's Political Funds Act that are now in force and that are being applied, and it looks like they're pretty effective in terms of the application. I'll go into that a little bit more in just a moment. But the numbers that I just cited from the 2003 campaign -- one thing that was interesting about those numbers is that we got them in almost real time, and the significance of that was that under Roh Moo-hyun the prosecutors were allowed to do their job. The information about what had happened in the 2002 campaign period came out during 2003 and early 2004, and actually I think that the unleashing of the prosecutors to uncover this sort of illegal campaign financing was an important catalyst in terms of reform of the Political Funds Act. And the 2004 revision of the Political Funds Act really has two, I think, critical components. One is that it restricts political party fundraising, and it also essentially bans contributions by corporations, which had really been the source and problem in terms of political -- illegal political funds that were making their way into Korean politics.

There are some other evidence that Korea has moved in the right direction in the context of this 2004 reform that my colleague, Juang Hoon, has highlighted, and so I just want to point that out. One piece of evidence is very interesting. The earlier elections up to 2000 -- the money supply figures in Korea during the month of the election jumped by about 10 percent, but in 2004 the money supply figures only jumped by about 2 percent, so you can see just the effect of the illegal campaign financing on the Korean economy itself was really significant but that apparently the new law has helped to reign that in. Also there

is an improvement in terms of the public perception of elections after 2004 as being corruption free, and also in the 2007 and 2008 elections, we see a dramatic drop in terms of numbers of violations reported to the National Election Commission, which may suggest hopefully that more campaigns are abiding by the rules.

I want to be a little bit cautious about that. Certainly the numbers might suggest it, but we also don't necessarily know yet. I would say that being a cautious watcher of Korean politics, the verdict is still out. But there certainly is a suggestion that the role of illegal financing has dropped considerably and that the Political Funds Act revision from 2004 seems to be relatively effective. I can't help but stop and reflect on the fact that what this means is that the Korean political campaign process under the regulations that they have adopted now costs considerably less than our own political campaign process.

A third area that I think is interesting to look at that is not specifically related to the role of money in politics but I think is also a barometer of progress that may come up in later panels, so I apologize if I'm treading on someone else's territory, but the issue of candidate selection within the parties to be able to run for the National Assembly also had traditionally a financial aspect to it. And maybe the easiest way for me to explain that financial aspect is that traditionally, in terms of national assembly candidacy, you could say that it was basically pay to play back in the old days, and the party leader was the key guy, so he was the one who really to whom contributions might be directed. I think there's evidence that if you wanted to run in the old days for the National Assembly, and you could contribute the right amount of funding and had the right connections, then you could easily enter as a candidate. And so I just want to point out I think the significance of the reform in terms of the selection process among the political parties essentially to take that power away from the party leader and to establish committees within each of the parties, that really occurred initially in the 2004 National Assembly election, but I consider that to be another significant reform that has helped to mitigate the role of money as a key variable in determining whether or not you qualify to be a candidate in the Korean National Assembly. And so that, I think, is another area where we can see some significant progress in terms of a changed role of money in politics.

I just want to close by pointing out a couple of other aspects of this 2004 Political Funds Act. One, I mentioned it prohibits contributions by corporations, but it also is pretty strict in terms of reducing the ceilings for what legal contributions are possible, and I have the specific numbers on that that I can give you, but I'm going to skip that for the sake of time.

Another aspect of the rules is a real attempt to impose levels of transparency in terms of campaign contributions, and essentially the way that they did that was to require only registered bank accounts for donations and expenses and only credit cards and bank checks for expenditure and the prohibition of anonymous contributions to campaigns. So, the Korean law has focused on

transparency. One difference perhaps from the way the U.S. has approached it is that the U.S. really has focused much more on disclosure whereas the Korean law requires transparency and also has a strong enforcement mechanism, and really I see the National Election Commission now as almost standing apart from the rest of the Korean political process in terms of their ability to independently investigate, any issues related to campaigns. So, that I think is notable, especially when we consider that there had been a lot of problems in terms of the influence of political power on the prosecution in the past.

And so, I'm going to stop there with my presentation so we'll have plenty of time for questions. I also would like to suggest that if anybody wants to ask questions of Professor Lee, since he gave the keynote presentation and didn't have the opportunity to respond to questions, that they might also be willing to do that, and if you like you could join us back up here on the podium for that. Of course, if you want to dodge the questions, you can stay down there.

With that, let's open it up, and I see Chris, you're first.

QUESTION: If you don't mind the most ignorant person in the room asking the first question. Absolutely fascinating series of presentations. I got most of it even without an executive summary, so thanks.

When you listen especially to Sang-shin Lee's presentation, you find yourself really thinking about how in particular the Obama people used the internet but how many other sort of independent things were happening using the internet to mobilize groups of voters, etc., and I think one of the questions obviously that you're implicitly asking is -- have the candlelight demonstrations created a community of political interest that's going to carry over into the political process itself? You're warning us to stay tuned in May, you know, when the weather's better, because from the data you presented, there are all kinds of things at play. So, I just want to say thanks for that. We're all going to be watching.

And my question is not something that we can answer today, but maybe we should have a conference on it. As you were talking, I also found myself wondering what's going on in Japan in this way. They're equally literate, and internet-wise. They have two political parties and there's all kinds of ferment going on. So, I really wonder if there are things happening under the surface in Japan that might manifest themselves in the very interesting ways that you discussed. So, thanks for that.

SANG-SHIN LEE: Okay, thanks for the question. The limit to the 2008 candlelight demonstrations was that there was no leader, and because there was no leader, it didn't have a chance to evolve into something political. I believe it certainly inspired people who weren't necessarily political the past to have discussions on political matters, but I did not find any evidence that the demonstrations created political communities, internet communities, and

influenced political parties. But it did influence the Lee Myung-bak administration's internet policies. About a month ago, a person was arrested who predicted the collapse of Lehman Brothers and the failure of Korean economics. He was very popular. He was known as the "Economic President of South Korea" on the internet, and the Lee administration was afraid that his "prophecies" would influence the Korean economy. He was arrested him for distributing false information on internet. So, the Korean government tightened its grip on the internet and on information available online.

As for Japan, in my experience, every country has a different internet culture and the Japanese internet culture is very individualistic, not politically motivated but -- I don't know for sure. I'm not an expert on Japan.

SCOTT SNYDER: We'll go right back here.

QUESTION: My name is Shih-chung Liu and I'm a CNAPS Visiting Fellow. I have a question for Professor Lee.

Your presentation suggests there's a transformation of how Koreans express their public opinion, and I was very, very impressed by that. My question is, before Lee Myung-bak became President, during the campaign, he successfully portrayed this image of leadership as a CEO, and won a lot of support. But what happened after his three months in power, as you suggested, was that there was a miscalculation or maybe to some extent, an oversight on the "transformation of public opinion" that you describe. So, what exactly went wrong? He could have focused more on his domestic agenda, as he mentioned during his campaign, but I understand there were other pressures from Washington in terms of the reopening of the beef markets. What went wrong with the decision-making process? Did he underestimate public backlash? What went wrong? Thank you.

SANG-SHIN LEE: Lee Myung-bak presented himself as a very pragmatic person, who didn't care about politics. That's his trademark. He promised he would not be stopped by congressional politics, and he was known to hate politicians. He didn't want to be part of politics, and yet he turns out to be this kind of ideologue. He is quite political and yet he doesn't want to be political -- that was his discrepancy. He presents himself as pragmatic, but his policies are not pragmatic at all. That's my opinion, but his internal policies and his and even his economic policies are motivated by political ideologists, not pragmatic purposes. We are confused with Lee Myung-bak's image and what he is really doing, and I think that's the kind of problem that initiated the candlelight demonstrations in the first place.

QUESTION: Thank you. Mike Billington from Executive Intelligence Review. In terms of not knowing where this all came from, the rainbow revolutions, the rose revolution and orange revolution in Eastern Europe and Central Asia, were heavily financed and, to a great extent, organized by George

Soros and the Open Society and his friend Lord Malloch-Brown and others. This is well known, and they're very proud of it actually. So, I'm wondering, in that light, if you've seen or looked into how this was being treated from outside from the global NGOs, whether you saw any direct input or support and so forth.

GORDON FLAKE: One thing I might disagree with Professor Lee on is that I think there was a leader in the candlelight demonstrations, and it was President Lee Myung-bak. I mean, it was him and his statements and his responses that kind of fed it and moved it along, but it really -- to me, again, I understand that there is still a lot of studying to be done on an academic level, but it isn't quite that complex. You had a society that after 10 years of progressive government really had become used to a much greater level of public accountability, of transparency. The transition website for the Obama campaign and now administration used the term "participatory government," and I thought maybe that President Roh Moo-hyun might want to -- had a copyright on that, because that was their five year, you know, *chamyeo chungchi* -- their participatory government was their kind of slogan for the thing -- and to have that reversed so suddenly during a transition period that didn't focus on personnel, that focused on policies in a very partisan way, kind of set it up for a situation where you don't get many more sensitive issues than food/kitchen-table issues, an awful lot of media reporting, and with money not coming from Soros but from a 386 generation who are now out of power, wanting to demonstrate that they still had tremendous influence in the media, they had tremendous influence in civil society with these issues. So while it was not orchestrated by one single person, to say that this just arose from nowhere, nobody knows -- there was a lot of people for a lot of different reasons who were pushing this and stoking this fire.

SCOTT SNYDER: Let me come over here, Richard.

RICHARD BUSH: I have a question for Scott. Give Professor Lee a rest. In the American system of campaign financing, we have a series of reforms, but every time you have a reform, those who have reason to give large amounts of money find new ways to package it so it's apparently legal, and even if you have a very good legal system for campaign financing, it may not necessarily affect the corrupting influence of money on politics but biasing who has influence. Coming at it from a completely different direction, I wonder if you think that the campaign finance reforms are strengthening political parties or weakening political parties. If they're weakening political parties, then it only exacerbates or it only means that those millions of people in Korean society who are unhappy with political parties as conduits will be -- have even more incentive to engage in -- what did you call it, hyper-civil society actions. Thanks.

SCOTT SNYDER: That's a very interesting question. I thought that what you were going to ask me is where's the loophole, and I think it will be interesting to see if there is going to be some sort of loophole, and my guess is that instead what there will be is continuing challenges that may come up in the future

in terms of illegal financing where you've even seen that. There's always a new way. But in terms of strengthening or weakening of political parties, you could make the argument that on the one hand the legal environment in terms of the funding has weakened political parties but at the same time there's a Political Parties Act that has kind of institutionalized the process by which parties get recognized, and so I think that in combination really remains to be seen. We'll have to see how it develops.

I'll just note one incident that occurred last spring that may be evidence related to that particular challenge, and that is that there is a group of legislators that decided to bolt the GNP, because they weren't selected to run, and many of them were supporters of Park Geun-hye, and so they had left their party. Technically it looked like they were kind of out in the wilderness, and it didn't seem like there was really a structure that would be available to them to be able to run in the National Assembly election. But it turns out that what happened is that they basically just borrowed the party structure and registration of another party that had run and failed spectacularly in the election, and so in a way I sort of see that as going around the rules and kind of subverting it. I'm sure that our Korean colleagues on other panels may have a more insightful view on some of that, but it's an excellent question.

QUESTION: Thank you. I think I'd better stand up. My name is Chong Moon-lee . I'm from California. I'm a Silicon Valley boy. I've been in this country 50 years, at Silicon Valley alone 38 years. I was an entrepreneur now a venture capitalist. One year ago when President Lee was elected, we all liked him so much. The first thing he wanted to do was reduce his administration department from 18 to 13. He wanted to reduce five departments of a couple of agencies. He said five, ended up with diminishing three and reviving two. One is the Ministry of Unification. The other one is the Ministry of Women's Affairs. I don't know if it's the right translation for that. So, these two ministries revived out of negotiation with the opposition party, its politics. What disappeared was the Ministry of Science Technology, Ministry of Communication and Information, and the Ministry of Oceanology. Yet, he is claiming and talking about the Korean economy prospering, but in order to make the Korean economy prosper we need science technology, information and communication and oceanology. Recently, I heard and I read in the Korean newspapers that President Lee said investing and promoting softer industries would reduce employment size, however without the other industries, how can we expect Korea's economy to prosper? How much can we support?

SCOTT SNYDER: That question actually transcends the topic of our panel, and so I think I'm going to ask Professor Lee Jung Bock if you want to try to respond.

JUNG BOCK LEE: There were many questions to Dr. Lee's presentation about the candlelight demonstrations. I mentioned there's a



polarization of policy lines. There's a polarization of opinions, interpretations about the incidents. I would like to point out that there's an interpretation which is exactly opposite to his interpretation. I will not say which one is right. Mr. Bush raised a good question. Our election laws and party laws are not contributing to the institutionalization of the political parties. They are deinstitutionalizing them. Actually, political parties are decaying in the United States and in European countries because of the development of television, the internet, and other forms of information technology. We don't need the parties. If you have popularity, charisma, and eloquence, you can run for president and be elected. That's possible these days. So, political parties used to be mainly campaign organization in the party. We do not need such campaign organization; we have information technology.

QUESTION: Chia Chen, free-lance correspondent. This question is for Dr. Sang-shin Lee. After the candlelight demonstrations, has President Lee learned from the lesson and utilized the internet for his advantage for the communicating to the public? Thank you.

SANG-SHIN LEE: One of the most frequent terms Lee Myung-bak used in his presidency so far is "misunderstanding." Every time he appears in public or on TV, he has said that "people misunderstood me." I think that symbolizes a failure communicating between the people and the Lee administration. Does he try to use the internet as a means to convey his opinion? They are working on that. Lee Myung-bak and the Grand National Party are mobilizing people who voluntarily convey the GNP's polity into the internet, but I don't see any successful results from those trials.

GORDON FLAKE: Would you let me have one minute after him?

SCOTT SNYDER: Okay, you get one minute and you get one minute, okay, and then we'll close.

GORDON FLAKE: I'll just take about a 30-second conclusion from this panel. If we step back and look at the broader question of how popular will is conveyed to the system, one thing that's really clear to me is that compared to the past, Koreans have a much broader variety of channels in which they're able to communicate or convey their popular vote, whether it is through modern means like the internet, so the old style demonstrations have changed -- things we didn't get into even beyond regionalization or the decentralization of power,. One of the things that might impact on things like regionalization is the ability to have local governance and local governance in that process, and whether there is transparency in it in terms of the finance or not, one conclusion I think you can easily draw is that as Korea has become democratized and its press has become increasingly free and its civil society has become increasingly vibrant, as a society there is no longer one singular root for conveying political will. In fact, it's very much open. In fact, it's probably one of the most vibrant and interesting societies in the world in that

regard.

JUNG BOCK LEE: Lee Myung-bak took advantage of running an internet campaign, more than any other candidate in the history of South Korean presidential elections. So why did his popularity decline? In the past five presidential elections, all the presidents received less than 50 percent of support. Former four presidents received about 40 percent of support. Sixty-six percent of the population opposed the president. Sixty percent opposed Kim Dae-jung, opposed Roh Moo-hyun, opposed Kim Young-sam. So, they are all minority presidents, not majority presidents. Lee Myung-bak won the election by 48 percent or 49 percent – it's close to 50 percent. And he had an approval rating of 80 percent just after the election. So how did his approval rating drop so sharply? There's 52 percent opposition to Lee Myung-bak during the election, and after the election there was a split between the Lee Myung-bak camp and the Park Geun-hye camp. They are from the same province, and the borders of this province split, so supporters of Park Geun-hye oppose Lee Myung-bak. That's why his popularity declined sharply. That's the base. Of course there are other issues and opinions

SCOTT SNYDER: Well, I think that what we have done here in the first panel is raise enough questions to keep us going, and we've left a lot for the next panel to clean up. But please join me in thanking this panel for its contribution. We'll have, I guess, a 15-minute break and come back at 10:45.

(Applause)

CHAN WOOK PARK: Ladies and gentlemen, we are moving to Panel 2 or the second quarter in the parlance of American football -- you know, you'll get excited as time goes on. My name is Chan Wook Park, and I teach political science at Seoul National University. I'm currently Director of the BK21 Political Science Project on my campus. Some may wonder what the BK21 is. The BK21 is an interesting abbreviation for "Bring Korea for the 21st century." This is just a government-funded program for upgrading graduate studies and promoting research, and my department was selected for the funding. So I happen to be a director of that project, and also the Ministry of Education requires the Director to serve as the chair of the department, too. So basically, I'm the servant of the Political Science Department at SNU.

All right, I'm very pleased to moderate this panel and present, too. This Panel is entitled "How Does The Political System Operate." We have four speakers for four topics related to this title. Let me introduce the speakers. To my immediate right is Professor Jong O. Ra. He is Professor of Political Science at Hollins University and Virginia Tech. Professor Ra will speak on the identities and roles of political parties. Professor Won-Taek Kang at Soongsil University, and he will talk about elections and campaigning. Professor Jeong-Ho Roh is Director of the Center for Korean Legal Studies at Columbia University and he will talk about the judiciary. Finally, I will speak on the legislature.

JONG O. RA: Thank you. Let me first thank the organizers for this opportunity to participate in this conference. If you would allow me the temerity of saying so, I came with an assumption that all of us here are reasonably well-informed on the general and even region-specific literature on democratization and democratic consolidation, which is to say that I will spend, only minimally, a couple of minutes to clarify certain conceptual issues also with regard to the notion of democratic consolidation and the role of political parties as they concretely apply to what I am going to say here today, with a bit of a comparative note.

Conceptual framework. Some literature on democratic consolidation matters identifies approximately three stages of a developmental process that a nation undergoes: No. 1, democratic transition of either replacement or transplacement, to use the terms of Huntington; No. 2, democratic consolidation; No. 3, institutional transformation; and finally, an overall deep acculturation internalization of democratic practices, rules, and precepts.

The role or function of political parties is thought of, to borrow what has become a conventional setup of terms ala Almond and Verba as that of an interest mobilization, interest aggregation, and interest articulation. A political party in V. O. Key's terms may be conceived as an entity that consists of the party in the electorate, the party organization, and the party in the government.

That said, keeping in mind the stages of democratization, the functions of political parties in the tripartite composition of a political party that I have outlined, let me, if I may, at this time make a few broad generalizations about Korean political parties that I hope will occasion for the discussions among us here.

One, it was clearly a case of a transplacement at the time of the Roh Tae-woo administration on a negotiation between the party in power and Kim Young-sam's party successfully paved the way for the drafting and ultimate adoption of a new constitution for the Sixth Republic. And here I use the words "Kim Young-sam's party" advisedly, in general sense of party organization.

Two, speaking of Kim Young-sam, he and other party leaders before and after him who led the parties in building tasks in a way stood not because but in spite of the parties thus formed. Korean political parties have thus far scarcely escaped what Max Weber referred to as a charismatic entity. Some may draw here its analog in the first party system of the United States, but the latter was much more visibly identified with an ideological sense, i.e. Federalist, to emphasize the initially establishment of a national bank and the anti-Federalist, who wanted to slow the process of federalization of the Union.

The personal labels of the then two parties were often linked with Hamiltonians and Jeffersonians, and these terms did not do justice to the basic

ideological chasm between the two.

Number three. Korean parties as less than impersonally established organizations of enduring nature naturally leads to the paucity of the party and the electorate. To be sure, it is a truism to say that the Western Central Party identification on the part of the mass did not materialize overnight. From the nascent stage of a party development in the United States, for example, however, the two-party system consistently succeeded in absorbing the third-party movements: the early 19th century Know-Nothings, Barn Burners through Grangers of the mid-19th century, and in to 20th century William La Follette's Progressive Movement, sporadic and diffuse movements by Eugene Debses and Norman Thomases, Strom Thurmond's Dixiecrats, and more recently the sundry entrance such as George Wallace and the so-called Independent Party; the third party organized by the little man from Texas, Ross Perot, and even John Anderson in the '80s, perennial Ralph Nader, and in the last election the Libertarian campaigns by Bob Barr and Ron Paul, or the Martyrs.

The disappearance of the third parties, or more correctly their absorption by either of the two major parties was so consistent and ubiquitous that even in insouciant observers were surprised by what was in reality a measly gain by Wallace of a 12.7 percent, or slightly over 18 percent by Perot for scholars -- notably Frank Sorauf and E.E. Schattschneider -- all for various independent variables, explanatory for the enduring nature of the duopoly of the American party system, factors including the political temperament of the American electorate, the political topography of North, South, and East, West bifurcation at different historical times; the single-member district, and the plurality to win electoral system.

The corresponding Korean political scene is pretty much similar to those factors that explain the partisan duopoly, especially the election rules, perhaps with a slight exception to the temperament factor. However, 60 years of the Korean political parties in existence beginning with a Korean democratic party, Hanmindang. By the way, my father was one of the founders of Hanmindang. He was the *samu cheongjang*, the Executive Secretary of the Hanmindang and the Liberal party, Jayudang, have not yet spawned the robust and enduring party identification in the sense of a voter-subjective psychological self-identification that as we know the University of Michigan's National Election Studies Data said repeatedly confirms in the United States much less two or three party system that can thwart peripheral entrance into the arena of a party competition.

Five. The superficial reasons for this fragile grass root foundation of Korean political parties may be obvious. For example, the multiplicity of ephemeral opportunistic parties and again their primarily charismatic nature, or could be more illustrative, dramatic than Shin Bok Yun Dae for example. What kind of a name is that?

But I believe they may explain but not excuse the Korean political parties for their effete attempted interest mobilization often compelling them to resort exclusively to alliance politics rather than enduring coalitional party-base building.

Six. The parties in coalition-building in earnest through its interest mobilization failed spectacularly, as previous speakers have pointed out, even when the seeds of imminently mobilizable interest were conspicuously present, as evidenced by their voting 2004 presidential impeachment, and the raucous 2008 anti-USE import protest.

Seven. Largely because of the relatively fleeting life of Korean political parties, their organizational weaknesses feed back into their transitory nature. It is in short of recursive relationship that stands resistant to an attempt at a revision. Until something jells, I believe this weakness of the party and the electorate would seriously mar not only the meaningful party organizations but frequently most a daunting challenge to the stability and continuity of a democratizing process itself as its chief victim.

Another factor that's structurally weakness -- that's my eighth point -- seriously weakens the party organization, maybe Korea's quasi-unitary system of governance oddly coupled with a persistent and informal regionalism, as has been amply been pointed out by a couple of the speakers before me.

It is said that American political party organization is at best biennial and quadrennial phenomenon. However, when it happens, its resurgence is truly impressive. Witness, for example, the extensive grass root organization that the Obama campaign forged in the last election so that the more or less traditional red states of Virginia, North Carolina, and even Indiana among others that had not elected a democratic president for over 40 years were rendered vulnerable, by the Democratic party's extraordinary state and local organizations in electing its candidate.

On the eve of the November election, there were almost 30 small and large democratic organizations throughout the Commonwealth of Virginia as opposed to the Republican party, who could only claim a few within a thousand. This is, in my opinion, not an accident.

Eight. A way of restating both theses is simply to point out the fact that a reemergence of a Korean party remaining dormant for a lengthy period of time out of power is not a realistic possibility any time soon.

The Democratic party in the United States was effectively, as you recall, out of power for some 36 years from 1896 to 1932. This, if we can view the eight-year long Wilson administration from 1912 to 1920 simply as a serendipity, owing to the Bull Moose Movement, similarly the Republican party repeatedly lost

elections for 20 years from 1932 to 1952; yet thriving on the secular trend of a sturdy mass support expressed for the electoral process, the GOP captured nine out of 14 presidential terms since 1952.

Nine. The helter-skelter style of a Korean political party system that feeds into governmental discontinuity of policymaking and, ultimately, for long-term failures is well illustrated by the conclusion by Professor Kim Byung-Kook in his APSA paper that he delivered a couple of years ago, quote:

"The democratic breakthrough of June 1987 put the ruling coalition of the developmental era on the defensive, haunted by its authoritarian past challenged by a flood of new ideas, new actors, and new issues pressuring a search for new ways of doing politics, and caught in a severe crisis of succession without a politically marketable next generational leader of its own.

"The ruling coalition adopted a triple survival strategy of regionalist to party mergers, moralistic reformist image-making and network-building with a *chaeya* dissidents, which, ironically, its rivals' coalition-building, hurt even more its image, and undermined its bureaucratically-organized and driven electoral machine leading to its defeat in South Korea's presidential election of '97 and 2002."

Ten. In my opinion, the period of party development under the two pins as well as normal young has not brought about a fundamental change to the above generalization, nor have the GNP and Lee Myung-bak's so-called CEO presidency and the doings of the opposition parties today presented countervailing evidence to Professor Hoon Juang's conclusion that, quote, "The political parties in democratic Korea have not developed impressively," end quote, a diagnosis shared widely by such scholars as Larry Diamond, Shin Do Chul and Kim Byung-Kook among others.

Eleven. To be sure, it is an oversimplification to say that the lack to absence of deep and lasting sense of attachment to and identification with a given party that accounts for pervasive interest mobilization is the root of the dearth of a durable party organization that must perform the interest aggregation function and the poverty of the party in the government charged with interest articulation by implementing the campaign platform into accountable governmental policymaking, for the three tiers of given political party are intrinsically and inexorably interrelated with each other.

As one scholar put it, quote, "The formal framework of electoral democracy became consolidated in Korea, but its political parties were utterly unable to develop new, viable software for running the hardware instituted since 1987. The political parties were formed around regionalism which possessed neither ideological legitimacy nor policy substitute."

At this time, let me end by saying simply that in terms of comparison, if not in terms of in the name of fairness, Korean democracy has been barely 50 years in its making. H.L. Mencken once was asked if he loved his wife, and he said, "As compared to what?" Well, the corresponding period in the history of American political parties would be 1820s and 1830s. And we all know the kind of a partisan fluidity that existed then.

Finally, regionalism has existed in the United States, too. Even today we have red states and blue states, solid South previously, and solid South now wearing a different garment of a partisanship.

Let me end there.

CHAN WOOK PARK: Thank you. Thank you, Professor Ra, for your presentation. Professor Ra characterized Korean parties in their role of interest aggregation, especially against the backdrop of American party development. While he has suggested Korean parties are at the incipient stage of institutionalization, but still he's not that pessimistic about the future of Korean parties. We now turn to Professor Kang about elections and campaigning.

WON-TAEK KANG: Thank you. I'll be speaking on electoral democracy in South Korea. There may be a lot of ways to define the degree and extent of democratic consolidation, and as far as the electoral democracy is concerned, South Korea has established, firmly established, its democratic consolidation.

No serious attempts to disrupt the political progress during the last two decades have been made, and no military coup has been attempted. It is simply inconceivable for the military to get involved again in politics. They have been forced back in to their barracks once and for all. And no serious violent mass protests, or riots occurred during that time.

As Professor Lee addressed in the previous session, we do have a lot of protests in South Korea, but these protests did not threaten or undermine the legitimacy of a young democratic regime.

And South Korea has also passed Huntington's so-called "two-turnover test." The first one occurred in 1997, and the second one in 2007, and some serious political crises and economic crises were also resolved in relation to electoral politics.

In 1997 when the financial crisis swept the Asian region, the South Korean economy was hit hard, and there was a widespread sense of crisis among the public. Amid the crisis, however, the voters elected an opposition candidate for the first time in her history, leading to the first peaceful transfer of power. And in my opinion, the most serious crisis was the impeachment of President Roh Moo-hyun in 2004. However, the public remained silent and calm and waited for

the final verdict of the constitutional court, and in the meantime they expressed their personal opinions and feelings in the 2004 National Assembly Election in which newly formed governing Uri Party won a majority of seats in that election.

So this kind of political crisis was resolved politically and electorally. But what made this happen? As a matter of fact, democratization in South Korea is not a revolutionary change. Our experience is different from the experiences in Eastern and Central European countries. This is the more about electoral reform. The pro-democracy movement demanded only the introduction of the direct election of the president, and when the authoritarian regime accepted that demand, many Koreans regarded that as the arrival of democracy. So democratization in South Korea didn't bring about a fundamental social, political, or economic transformation. It was about electoral reform.

So why did prominent political leaders demand only electoral reform rather than a more fundamental transformation? It is related to the political experiences during South Korea's era of authoritarian rule. As Professor Lee Jung Bock addressed in his keynote speech, an important characteristic in South Korean politics is that we had regular elections even in the authoritarian era. Even though there was no chance of replacing the government in elections, many voters took advantage of that to express their dissatisfaction and vented their anger toward the existing regime.

Pro-democracy leaders recognized the dynamic of electoral politics. I'll give you two examples: Kim Dae-Jung ran for the presidency in 1971 against Park Chung-hee, and he was defeated with a margin of probably 940,000 votes. However, given the rampant vote-rigging and the vote-buying practices at that time, the margin of less than one million votes was a very impressive result. Kim Dae-Jung firmly believed that free and fair elections could have won the presidency, and only a year later Park Chung-hee decided to revise the Constitution and repeal the direct election itself and pave the way for a virtually life-long dictatorship. So both Kim Dae-Jung and Park Chung-hee recognized the dynamics of electoral politics.

Kim Young-sam had a similar experience in 1978 when he was elected as a party leader of the opposition's New Democratic Party. Soon after he was elected as a party leader, a National Assembly election was held. It was held at the height of Park Chung-hee's dictatorship. In that election, his party, the New Democratic Party, garnered more votes than the ruling democratic Republican Party. This was a very surprising result. That election result caused such political turmoil and undermined the stability of the region that a year later, Park Chung-hee was assassinated and his regime collapsed totally.

So both Kims recognized the dynamics of electoral politics, and that's why they demanded electoral reform and not fundamental changes. When the democratization movement piqued in 1987, the authoritarian regime realized that



they could not stand without make a compromise with that demand. At the same time they reckoned how likely it was that they hold on to power if they make concessions to them. And they predicted that when it comes to elections, it was very unlikely for Kim Young-sam and Kim Dae-jung to form a united front against them. Their calculation proved to be correct later.

But it gives us very important glimpse into South Korean electoral democracy. All the major actors at the time of democratization saw the realistic chance of a winning power in the new electoral system, so all the major contenders were ready and willing to comply. And despite their electoral defeat in the founding election in 1987, Kim Young-sam and Kim Dae-Jung still saw a reasonable chance of winning the presidency in future elections. So they did not allow anyone to challenge or undermine the existing political system or rule of political competition. This helped to stabilize the young democratic regime at that time.

What mattered most to them at that time was how to guarantee the fairness of the competition, and they of course, did not trust each other. There was the dilemma of “If you cooperate and I betray then I benefit, and if I cooperate and you betray then you benefit.” So the only solution to reach an optimal point is third party involvement. So as a consequence, a lot of electoral reforms and regulations were imposed since democratization.

We can divide these things into three categories. The most immediate concern at that time was how to stop vote-rigging or orchestrated government involvement. During the early stage of democratization, some state apparatuses such as the police or the national intelligence service, were covertly involved in electioneering.

However, during the process of democratization such problems were gradually resolved. The freedom of press was greatly enhanced and as Gordon address in the previous session, the civil society was vibrant and active and the National Assembly’s power to check the executive branch was greatly increased. And also the decentralization trend of power to local government and the active roles of the judiciary also played or contributed to reducing these types of problems. This is no longer a serious concern.

The second issue is vote-buying and money politics, which was prevalent among politicians and businessmen, including the *chaebol*. And because of this, it was important to enhance political accountability and the transparency of the political system. Various reform acts were enacted to curb money politics. Notable examples are unified electoral laws in 1994 and the Political Reforms Act in 2002. I believe the investigation of illegal fund-raising in 2002 provided a watershed moment in curbing money politics in South Korea. Remarkable progress has been made in the last 20 years, but Korea still has a long way to go.

The third and last issue is institutional reform for enhancing democratic principles. Regarding this reform, I think the constitutional court has big credit. A series of rulings over this issue contributed to enhancing the principles of fair representation and the Electoral District Reform Committee was created.

Nowadays Koreans regard elections as the only mode to securing power, while there are still problems with these elections. The main problem is the way the fairness of competition is guaranteed. I think it is, if I may say so, repressive to the extent that some civil liberties are limited, especially during election time. There are many rules that restrict various voluntary activities and political expression. The goal is to discourage people from participating in politics. I believe that's one of the reasons why, in recent elections, voter turnout declined sharply.

The remaining problem we have now is how to deepen our electoral democracy beyond the establishment of fair competition between political elites, and how to encourage people to take part in elections and politics more voluntarily and more actively. I need to stop here. Thank you.

(Applause)

CHAN WOOK PARK: In listening to Kang's presentation, it seems Korea has achieved a lot in upgrading its electoral process and fair competition. Next up in Dr. Jeong-Ho Roh.

JEONG-HO ROH: Thank you very much for inviting me. I'd also like to thank everybody for recognizing that the law has something to do with this, particularly today. In a way, as a lawyer, every time I come to these kinds of events sponsored by political scientists, I do somehow feel misplaced a little bit, in a sense that I'm talking about a topic that many political scientists choose to ignore; that in fact, the law has really nothing to do with it, it's political science, and the law follows what political scientists do.

I was very happy to accept this invitation because I actually once taught on this topic for three weeks, so when I was asked to do a presentation, I readily accepted. But then, to say everything I taught in three weeks in an eight to ten minute is almost impossible. So what I've done is essentially give you a synopsis of some of the problems that face Korea, and what I'll focus on in particular is the constitutional court.

"Democratic consolidation" is a term that is unfamiliar to lawyers. The only similar legal term I can think of is the establishment of "rule of law," and this is essentially what we're talking about, I think, when we say the "role of the judiciary" in the legal process. How did the rule of law actually establish itself?

Korea has not had a history of the rule of law. Professor Lee mentioned earlier that in 1948 democracy was forced upon Korea, and the way I look at it is that Korea was not ready for democracy. We had a constitution that was thrust upon us by the United States but without a real understanding of what a constitution in a democratic society does. And hence, throughout history what we have is a repetition of the notion of judicial consolidation. And it's really not only until very recently, and the time I'm referring to is post-1987, that we've had some sort of a semblance of the establishment of the rule of law, and I think we need to describe it as, what has the constitutional court done?

And this is really now the summary of my presentation is I'd like to briefly give to you a history of how constitutional law has actually consolidated the notion of rule of law in Korea and how it has not completed this task; in fact, it's still ongoing.

The topic that we're talking about here, you see a correlation is that the "level of democracy can equate with the amount of and the quality of the cases that come out of the constitutional court." And here you see a very, very remarkable kind of coalition in the sense that it's not important that we have a constitutional court. It's not important that it's consisting of nine justices. I think what's really important is how the constitutional court rules on controversial political cases. I'll be choosing three political cases at the very end to contrast how this consolidation has occurred.

Now, essentially, as a lawyer, there are many terms I don't understand that political scientists use including "consolidation of democracy," et cetera. So as a lawyer, we're compelled to really look at documents as the basis of our analysis and the document that we look at is the Constitution.

The history of the Korean Constitution, as I said, there have been nine constitutional amendments, and the significance of these nine constitutional amendments is not because it was furthering the civil rights or rights of great social importance, but it dealt with elections. That's all it was.

If you look at the Constitution and decide to borrow the words from Sam Byung Chun, is that since Korea really had no prior experience with democracy, and a Constitution was drafted in 1948, the Constitution did bestow legality upon the legitimate political scene. But the only problem here is that the Constitution said there will be elections every four years. So like it or not Rhee Syngman had to have an election every four years. This was something that the law required. And the law also required that you cannot serve for more than two terms.

The way the law and politics interacted in Korea in the '40s, '50s, '60s, and '70s was just that they just amended it. They said "The Constitution is of very little consequence. We don't care." This is what we call the politicization of the judiciary. There's nothing to do with the rule of law, it's what's politically

expedient. And we all know the story.

As a lawyer, we're obviously outraged at this because the way we look at the world and society is not a politicization of the judiciary but the judiciarization of politics, and in fact, a hallmark of a mature democracy is a country that actually uses the judiciary as the benchmark for determining the level of the democracy.

So with that, let me very quickly get into the establishment of the constitutional court and the significance of the constitutional court in consolidating Korean democracy. First, the constitutional court is an institution, so when we talk about institutions being established, they really did not exist until 1987. Prior to that, essentially all constitutional matters were dealt with by a constitutional committee of sorts.

You can say that, and actually there's a running joke in Korea among lawyers that the best job to have prior to 1987 was to be a constitutional court justice because during the Fifth Republic, there was only one case that was ever brought to court. During the prior republics, very little. So, essentially, it was an institution that existed but, in fact, really did not do anything. But only until 1987, which coincides with, I think, what political scientists say is the beginning democracy, did an institution that we know of as the constitutional court first come up and now begin its very, very rigorous "judicial review." This is very different from the United States. The United States Supreme Court handles matters of judicial review. In Korea, it follows a continental law system, meaning that all cases and controversies are dealt with by the Supreme Court, and only matters pertaining to the Constitution are reviewed by the constitutional court. So that is a very strict division between the two.

The three cases that I want to explain to you and illuminate as my expression of how the constitutional court changed is, No. 1, the special bill which, as many of you know, was a bill that was passed back in 1994 to punish Chun Doo-hwan and Roh Tae-woo, and I'll tell you a little history about that in a little bit, and why that's very significant, and how that has impacted the court. No. 2 is the impeachment case against Roh Moo-hyun. That's also a very, very important landmark case that changed the landscape of how we look at the judiciary. And finally, the case concerning moving the capital of Korea, Seoul, to another province.

The first case of the special bill was essentially one that I think Dr. Bush mentioned in his opening remarks, and asked the question of whether there is a reflection of the people's will in the institutions. Here is the perfect example of expression of the people's will. I think everybody knows the background to this case. On December 12, 1979, Chun Doo-hwan essentially took over the government after the assassination of Park Chung-hee, and he committed the crime of what we call mutiny. "Mutiny" is a legal term. And then in the subsequent year on May 18, 1980, in Kwangju there was a movement. I say this very carefully

because Gordon mentioned the Kwangju incident, but that's politically correct these days. There was a big movement, and Chun Doo-hwan basically quelled this movement through military means. And in legal terms we say it's an "insurrection."

In 1987, after democratization, Kim Young-sam comes to power and the people's will was to punish Chun Doo-hwan and Roh Tae-woo for their crimes of mutiny, insurrection, and killing people. There's only one problem with this. The reason why is that Chun Doo-hwan was arrested on December 3, 1995, and even though the people had a popular will to punish him, the law prevented such punishment. There's a law inconveniencing called "statute of limitations." The statute of limitations in Korea for capital crimes, crimes that are very severe, is 15 years. So on December 3, 1995, when he was arrested, he could only be tried for crimes which occurred after December 3, 1980, which is 15 years. So essentially he's scot-free. As lawyers we look at this case and we ask where now does the rule of law enter into a political debate? Does it trump the people's power, or the will of the people to punish these so-called dictators or tyrants? And here the National Assembly, in spite of this statute of limitations law, passed a special law, and the special law said, with representatives of the people, the special law said: For purposes of Chun Doo-hwan and Roh Tae-woo, the statute of limitations shall not apply.

Lawyers call this "ex post facto law." The hallmark of any civilized rule of law-abiding nation is that you have a set of rules that you give prior to this time, and all people subsequent to proclamation of the law is expected to abide by that. You can't change the law after the fact. It's like the Super Bowl, you change the goal posts because they kicked it the wrong way. This is essentially what happened.

Now, the constitutional court, therefore, for the very first time in its history was faced with a very, very important decision as to -- No. 1, basically the issue is very simple: Do you abide by a rule of law in Korea which recognizes a 15-year statute of limitations? Or does the Constitution, or constitutional court, make an exception to this and allow that special bill to be ruled constitutional? And here I think you can understand the enormity of the task that the constitutional court was facing; but more than the enormity of the task is the enormity of the implication behind this law.

To make a very long story short, the constitutional court in a five to four decision, which means five to four out of nine, said that the new bill, the law, is unconstitutional. Clearly, it's an ex post facto law. You can't make a law to exempt Chun Doo-hwan and Roh Tae-woo, from being punished. Unfortunately, that didn't really matter because the constitutional court requires a six vote, it's a super majority, to rule something unconstitutional. So even though five justices out of nine, the majority said that the law is unconstitutional; the actually ruling was that the law is constitutional and hence, Chun Doo-hwan and Roh Tae-woo can be punished under this special law.

And here was the beginning now of this rather vigorous debate among lawyers as to where exactly is the law in Korea, and how does that interact with the will of the people? And here I think to this day even, even though we have these institutions in place, the notion that a judicial consolidation has occurred in Korea is still -- I think it's pretty far away.

The next case, it deals with the impeachment of Roh Moo-hyun for a violation of a statutory law. Just as you have a statutory law providing for a 15-year statute of limitations, you have a statute law against election. In other words, unduly influencing elections. And here he was actually accused of violating this law, and impeachment proceedings went against him. This is another case of this notion of rule of law versus the will of the people.

The will of the people, I think mostly was displayed through very violent demonstrations saying, "You can't impeach a president for something like this." And here in this case the end result was a happy result -- that the constitutional court held in favor of the president saying that you cannot impeach this case.

The reason why I raised this case immediately after the first case is that if you look at the contents of the two cases, they are actually diametrically opposite of each other. One dealt with punishing a former president; the latter case dealt with punishing an incumbent president. And generally in a country one would think does not abide by the rule of law, impeachment proceedings came out in 2004, you would think would be something that a country that does not abide by the rule of law or that has a strong political intervention in the judiciary, would render. But, the result was the same. Many people acknowledged the second case to be one that was rendered accordance with the rule of law that one expects in a democratic country. So you see that's a major shift in 2004 towards a kind of a consolidation.

Finally, the last case is one that dealt with the relocation of the capital city. And again, this is a test of another law that was passed by the judiciary that basically said that: We will construct a new capital. And there was a constitutional challenge to the constitutionality of this law. But note that the actual law that was passed to move the capital was passed by a majority of 167 to 13.

In effect, it expressed the will of the people that Seoul should be moved; but nonetheless the judiciary again here intervened in the constitutional debate and said that law is unconstitutional. And the reason why this law is unconstitutional -- this is actually quite surprising -- but that Seoul traditionally, has been the capital of Korea even though it is not mentioned in the Constitution, and so therefore changing the capital would be unconstitutional.

Those three cases in my mind are really very important cases that

illuminate the way the kind of judicialization of politics has occurred in Korea. But, in fact, even though the Korean law and legal systems had a very inauspicious beginning in 1948, that slowly, bit by bit, there has been that consolidation, the establishment of rule of law. And by no means do I think this ended. I think there's a new debate that will be coming up in the future, one that deals with the changing of a parliamentary system from the presidential system, is one that will test the exactly same kind of set of issues that was present in the last two cases. Hence, we ought to wait and see as to how that would play out.

Let me end there for now, then think it over and I'll answer questions.

CHAN WOOK PARK: Okay, thank you. Professor Roh has provided us with good insight for better understanding the issue of rule of law and the consolidation process of Korean democracy.

Now, I will move to the podium for my presentation.

This is the Korean National Assembly Building. This faces the south. In Korea the ideal direction of a building faces south because it receives much light and to make rooms bright. The Assembly building was moved to Yeouido, originally an island in 1975. At the time, you know, the ruler was President Park Chung-hee and he was a dictator, but he wanted to build the Assembly Building, which is the largest in Asia, as a symbol of representative democracy.

The subject of my presentation is Functions of the Korean National Assembly in this Democratic Era. I raise two questions. The first one is as a result of democratization has the legislature enhanced its policy influence, vis-à-vis the executive? The second question is, as a result of democratization, has the legislature improved its performance in a proper direction?

With democratization the constitutional status of the National Assembly has changed. It was heightened under the authoritarian Fifth Republic Constitution, the president had the power to dissolve the legislature, and he had emergency powers concerning a whole range of national affairs. The total number of days for the legislature in session was limited to 150 days. And the legislature had no authority to annually inspect all aspects of state affairs during the regular session. But in this regime under the new Constitution, the president cannot dissolve the legislature, and the rationale for invoking presidential emergency powers are very specifically defined in the text, and it's subject to a post facto approval by the National Assembly. And no there's no limit to the total number of session days. The National Assembly has restored its authority for annual inspection of state affairs.

During the authoritarian years, lasting from 1970 through 1988,

there were four assemblies, ninth assembly through twelfth. And in this democratic era we have the 13th through 18<sup>th</sup> assemblies, so I compare legislatures in the authoritarian past and the legislatures in this, the democratic regime.

The old image of the National Assembly, especially prevalent during the authoritarian past was this: The National Assembly was portrayed as a weak policy actor overshadowed by the executive. It exercised little policy initiative; it deliberated policies perfunctorily and superficially; it served as a rubberstamp of the executive; and now the question is this old image is being replaced by another new image.

This new image means that the National Assembly is seen as a significant and relatively strong policy actor, which means it is able to react to the executive policy initiative, and it represents diverse opinions and interests in deliberation, and it alters and sometimes it will reject the executive proposals in a meaningful way. This is the new image that's desired.

The current policy functions, first lawmaking, under the heading of "lawmaking" we can look at legislative capacity and productivity; and second, legislative autonomy; and third, legislative efficiency. The measure of these concepts are based on percentages and numbers. Okay, let's look at this table.

This is a graph. This is about the number of bills introduced or passed, and the red line means the number of bills introduced and the yellow one the number of bills passed. And here the Assembly in the authoritarian past and now these are about the assemblies in the democratic era. As you see, there's a dramatic increase in the number of bills introduced or passed. So this suggests the growing policy or lawmaking activism of the National Assembly. And if you look at the legislative autonomy, here I mean legislature's initiative in proposing laws. In Korea, not only the legislature but also the government can propose bills. So the percentage of member bills among the total bills may indicate the policy and leverage of the National Assembly.

Here is the blue one. This is about the percentage of member bills among the introduced bills in the authoritarian regime, and this one regards the democratic regime. And with the exception of this legislature, on the whole, the percentage of member bills among the introduced are very, very high. The red one is about the percentage of member bills among the passed bills, and this also indicates the same information.

If you look at the efficiency, here I mean the percentage of passed bills, among the introduced bills, in the authoritarian regime, the efficiency declined over time. But still the lowest point is still 60 percent. And in the democratic era, this is the exception. But after this point it's sharply declined, and now the efficiency level is very low. This may mean a greater load of legislation the legislature should deal with, and also in some sense this means some degree of



the leverage by the National Assembly in deliberating the bills.

But if you look at the budget review, you can't tell the difference within legislatures in the authoritarian past and those in 12th , the democratic age. This graph shows the percentage of modification made by the National Assembly to the government budget. And usually the average -- it remains here -- usually, the National Assembly cuts the government budget at a smaller rate than one percent. So the figures remain in this range. So what I'm saying is that still the National Assembly's -- the influence on budgetary policy is bounded.

Now let's look at oversight functions of the National Assembly. First, the Assembly's control over government personnel, as Professor Roh said, there was impeachment against the president. President Roh Moo Hyun was impeached by the National Assembly, and this was the first ever in contemporary Korea, that a president was impeached by the National Assembly. The National Assembly has authority to give consent to the presidential nomination of high-ranking officials, including the Prime Minister, the Chief Justice of the Supreme Court, and Inspector General of the Audit and Inspection Board.

In the authoritarian past, there weren't any cases of denial to a presidential appointment, but in the democratic era, there are several cases. And what about other oversight functions? First, there are several tools for the National Assembly to check the executive, annual inspections.

This means at the outset of the regular session, the National Assembly established 20 days or less for conducting inspections of government operation, and every year the National Assembly does this. The National Assembly can engage in a special investigation when necessary, and, this right of the National Assembly was not annihilated in the authoritarian past, but in practice this right was never exercised. But in this democratic era, there are many investigative hearings and many practices of the special investigations.

So my answer to the first question is this: On the whole, the 12th National Assembly has gained policy influence and checking power of over the executive; still the old image of the legislature as a weak policy actor lingers on. But it is striving to build a new image. This is the point.

Let's look at the second question. This is about the style of deliberation in the National Assembly. In the authoritarian past, there were many cases of gridlock, but eventually the gridlock was resolved, unilaterally, by the governing party. At the time, the governing party always controlled a majority in the legislature, so the governing party had no incentive to make a compromise to the oppositions on controversial issues. So the opposition parties in the minority were inclined to resort to any possible obstructive tactics including blockading the Assembly Hall, walking out of the meeting, and waging sit-ins or hunger strikes, and the ruling majority under the pretext of the minority destructive ran these

proposals through. This practice is called *nalchigi tongua*, which I translate as "snatching the passing of a proposal."

As long as the minority boycotted the session, the Assembly became paralyzed. Most of the time, however, the minority was put under coercive pressures from the majority, and made unilateral concessions in the end.

What about the style of deliberation in the current National Assembly? It's even more often and worse gridlock in the legislative process than in the authoritarian past. Why? Now devalued party control of the two branches is the norm rather the exception, so the present party may not command the majority, and the combined opposition parties can be a bully this time. So when the ruling minorities are hog-tied by the opposition majority, the decisions are delayed and national governance becomes ineffective.

This was the case at the time of President Roh Moo-hyun's impeachment, and in other times still when the president's party holds a majority, it is not willing to conduct consensual politics. So this is a problem. And, actually, this recently happened. This is called the "legislation war." I'll show you a video clip about it, an example of divided party control.

This is about a legislation war which occurred very recently in December 2008 through January this year, and here the National Assembly was literally broken. On December 18 the legislation war began in the first move toward the ratification of Korea-U.S. FTA, the GNP, the ruling party affiliated chairman of the Foreign Affairs Committee, Mr. Park -- no relation to me -- but took unilateral action to introduce the ratifying proposal to the committee.

Since the main opposition democratic party had threatened to block it, the committee chairman invoked his right to use security guards for keeping opposition lawmakers away from the committee room. Opposition lawmakers and staff workers got incensed and used hammers, electric saws, and water canons from the hydrant to break, tear open the rooms wooden doors. Inside the room, the governing party lawmakers set a barricade of furniture. Security guards inside sprayed fire extinguishers at those trying to invade the room.

After this incident, in order to block the ruling party from pushing through the ratification purpose and other contending bills, which was requested by President Lee Myung-bak, opposition lawmakers slipped into the main chamber on Christmas Eve. Two days later, dozens of them began to sit down. They tied themselves together with mountain-climbing ropes in a human chain, not to be forcefully removed by the security guards continued.

In the first weeks of this year, there was more violence which occurred in the main lobby, and this war ended on January 8. But after that there was a five-day extraordinary session. Noncontentious bills were passed, but still

the many contending bills are pending, and actually, today the February extraordinary session opened. So now, another round of legislation war or threatens still occur.

So the answer to the second question is this: The National Assembly of democratic Korea shows every intense partisanship and engages in extreme partisan confrontation. Actually, this is the problem with the current National Assembly. So now the National Assembly's under fire, and despite it's increasing policy activism, it is now the object of deepening public disenchantment. That's it.

(Applause)

We have 15 minutes left for Q&A and then it's lunchtime. Okay, Gordon, you go first.

QUESTION: This question is primarily for Dr. Ra, but anybody can answer it as well. I'm curious, it seems to me that there has been a deepening of a political divide in South Korea and that what we saw in this past election was kind of a swinging of the pendulum back to a more conservative government, and you can fully anticipate there will be a pendulum swing-back in the future.

I'm curious as to what the meaning for that is for political parties. You know, for the most of us, a 50-year period of democratic experience in South Korea you had political parties which were almost like American primary politics, because you only had half of the political spectrum, and it was very conservative. But now that the South Korean political spectrum has opened up and you have the formation of that, does that bode well for the formation of more stable, non personality-based or policy-based party?

JONG O. RA: The critical variable is what you pointed out earlier, and that is the failure of the political parties to act as a conduit for expression of the perceived popular will. And I think the origin of that weakness goes back all these three tiers. They don't have the abiding and enduring sense of a party identification on the part of the mass. They do not have the kind of enduring organizational patterns. They pop up, that orients itself around personalities and opportunistic electoral outcome. They do not have, particular once elected, the strong mechanism whereby the party and the government can express itself.

Despite the fact that we have this bifurcation in the political opinion map, as somebody pointed out in my presentation, the software is not there; the hardware is t here. So I don't know what the answer for that is.

We've had, for example, in this country, especially under the Bush administration, the alleged fracturing of America, polarization of America. But that has effectually been mollified, if you will, or appeased by the effective

two-party system. And we just don't seem to have that, acrid as my criticism may sound to you.

I am persuaded to believe, at the risk of over-speculating, that the central explanatory factor has to do with a Korean temperament, whatever that may be.

CHAN WOOK PARK: I think there are some positive and negative sides to it. The positive side is that now is the time for Koreans to change the old-time, clientellic politics into policy-based competition. The negative side is, as I presented, how to learn to reconcile those conflicting interests and opinions, so we have to respect the rule of law, and protect the minority; but I think the minority should become good losers after decision has been made.

JONG O. RA: Let me just add one more footnote to that. Professor Kil Young Hwan presented a paper on November 14th in Seoul, Korea about that very issue, about the failure of contending parties to go for compromise negotiation and bargaining. And I think that is the bridge that acts as a critical nexus between the expression of the popular will and political parties as the machinery for it.

CHAN WOOK PARK: Next question?

QUESTION: Thanks. I'm Jim Lister. A question for you, Professor Park. The reason for the failure of the National Assembly to be involved in amending the budget, can you give a reason for that? Is it perhaps a practical matter that only a limited number of staff are employed by National Assembly members?

CHAN WOOK PARK: There are several reasons. The basic one is partisan politics. Because of the harsh clashes between parties, they're not concerned about those things. And the second reason may be they have little time because they have to invest time for their constituencies or they should allot their time for party work. Those in the legislature are very busy, and have little time to sit in the chamber and review policy matters. With regards to support staff, the National Assembly Research Service was modeled after the U.S. Congressional Research Service. And we have a budget office, too. There are several staff agencies. So I think the basic reason is the partisan politics.

QUESTION: I'm Helen Raffel, also a Columbia University J.D. I notice that both afternoon sessions are called How Democracy Affects the Economy; How Democracy Affects Foreign Relations. Do we really have a democracy in Korea given -- I'm not an expert on Korea -- but given what you've said I wonder how you can even ask about the base of -- the democratic basis of the whole afternoon?

I'd also like to know from Professor Roh, if I'm pronouncing your name correctly, how are constitutional court decisions implemented once the court

has spoken if you don't have the rule of law quite in place yet. What makes the country, the legislature or the executive, obey the constitutional court decision?

JEONG-HO ROH: It's a two-part question, but as to the first part -- I'm not a political scientist. I don't even want to go into whether Korea has a democracy or not. But as to the second question, I think I can reasonably answer the question. Unlike the United States which, when it deals with constitutional matters, it renders either constitutional or unconstitutional. In Korea, essentially a constitutional court, when it reviews matters of constitutionality, would render six types of decisions: One would be constitutional, the other unconstitutional; then there are shades of somewhere in between.

The first is what we call "unconformable" to the Constitution, which doesn't mean that it's unconstitutional but really it's a requesting the National Assembly to change the law. So unlike the United States, the constitutional court is very specific in the way it renders opinions. Second, is it says it's unconstitutional in certain contexts, which means if you interpret the law in this particular manner, we will rule it to be unconstitutional. So that's another kind of a strong message to the constituents. The third is constitutional in certain context, which is the reverse of the second one. And lastly, its constitutionality is -- there's a message that it sends by saying -- well, actually, there are four others, but to each of the National Assembly or the Executive, and the first -- last two I mentioned, unconstitutional in a certain context, or constitutional in a certain context is a specific message that they send to the Executive as opposed to the National Assembly.

So that's how, you know, essentially, you would implement, so to speak, the rule in a public constitutional court.

CHAN WOOK PARK: Professor Chang, you raised your hand?

QUESTION: I just want to raise a simple question: Is it really legitimate to think about the National Assembly legislative process within the National Assembly framework without considering power relations between the government and executive and the legislative? This seems to be quite out of the mark because without considering the presidential office interference in the legislative process, how can we understand the Korean Assembly's legislative processes?

CHAN WOOK PARK: We should start out with the constitutional framework, about the relationship between the president and the National Assembly, and we have to look at the actual power configuration within that context, and then we look at the National Assembly detail. I agree with you. We need a macro perspective, and then we move to the micro perspective.

QUESTION: I asked whether we have a real democracy.

CHAN WOOK PARK: Oh, okay. All right.

JONG O. RA: May I address that question about whether we have a democracy in Korea? Of course, we do, but, as I said, it's a developmental process. I have three boys who attend university right now, that's why I'm homeless, but they all took a course under Theodore Lowi. And apparently something he said in his class remained for a long time in their memory. They said, "He defined American politics at least as a predisposition to view as a virtuous and incomplete conquest." And that requires a heck of a lot of temperamental predisposition, you know. So in that sense it may be long in the making, but we're well on our way, I believe.

CHAN WOOK PARK: I think it depends on the notion of democracy. If you rely on the procedural notion of democracy, then Korea is a procedural democracy. Actually, last September, economists ranked Korean democracy as number 30 in the world, in terms of unit. It went from a flawed democracy to full democracy. In terms of electoral process and plural competition, I think it is evaluated more highly than the United States. But if you look at national governance, including the National Assembly and the working of the government, then the score is rather low.

So the notion of democracy is important, but among political scientists -- the procedural notion is popular or well accepted. If you use that concept, then Korea is now a democracy.

But the question is whether Korean democracy has been consolidated or not. I'm not sure. Huntington said that there's a two-turnover test before judging whether democracy has been consolidated or not. Korea has experienced a two-turnover. We experience interparty transfer of power twice -- I think last year when President Lee Myung-bak was inaugurated, I thought that Korean democracy has been consolidated. But after the candlelight demonstrations, I changed my mind.

And I'm not sure that the Korean democracy has been consolidated. But I think Korean democracy has good prospects, even though there is some fist-fighting. I still think the Korean democracy has good prospects.

Okay, over there, the gentleman.

QUESTION: I have two quick questions. For Professor Park, is there any parliamentary procedure, whether it's like a filibuster that would prevent some of the rambunctious behavior seen in National Assembly? And then for Professor Roh, I understand that a jury system has been partially implemented. I was wondering if you had any perception of how that's going.

CHAN WOOK PARK: Even in United States only the Senate has

that procedure, and Korean assemblies are unicameral. And the efficiency is important in the initial process in Seoul; we don't have that kind of procedure. But still, the National Assembly law provides the minority ample opportunities for discussing controversial issues. But I guess the ruling majority is not willing to give much opportunity. So I don't think that's a matter of procedural change.

JEONG-HO ROH: Very quickly, jury system. They have very, very limited circumstances they have tried to implement. My personal opinion is that I'm not certain that in the Korean context that it will be able to work in a way that the United States has. I think in a way there are too many contentious social and political issues in Korea that would cloud, I would think, the smooth running of a jury system as of you know of in the United States. So, clearly, it has lots of issues to work out, but if they determine that this is a system that is useful, I'm sure that they'll continue.

CHAN WOOK PARK: Okay. We have eight minutes.

QUESTION: Jeff Goldstein from Freedom House. One of the interesting characteristics of Korean political system is the single-term limit on the president. And understanding the historical context, I'm wondering your thoughts on how that has affected democratic development, because on the one hand it means the president doesn't have to worry about facing the voters again; on the other hand it means that Korean presidents tend to become lame ducks very early in their term.

CHAN WOOK PARK: I think Professor Kang is a specialist on that. Do you have anything to say?

WON-TAEK KANG: Well, I've heard many people ask that question, both questions, and that's why very often we have very contentious discussions about electoral reforms. But it's quite difficult to push for the constitutional reforms because in Korea's history the constitutional reforms were conducted during the political crisis, or after the crisis. So at that time it was input by the dictators, or there was a kind of consensus that was built.

For example, in 1987, the Constitution which is still moving, at that time the authoritarian regime accepted that demand in June, and the Constitution was passed in December that year. So the time span is just half a year. Why does it happen so quickly? Because at the time there was one consensus: We should get back to where we were before the Yushin period in 1972. But nowadays, even though many people recognize those kinds of problems, the way they are looking for is totally different. A third of the people are more or less satisfied with the way we are now, and some people would prefer the cabinet system to remove those kinds of problems. And some others demanded the introduction of a two-term system like the United States.

I think in a short time, in the near future, it is highly unlikely for the public to make -- to reach a consensus of where we should head.

CHAN WOOK PARK: Okay, at this time, what about a question from this side of the floor. Okay, you go first.

QUESTION: Yes, I'd like to address the question to Dr. Kang. Rob Warren. You mentioned in your presentation that there were limits to civil liberties during a campaign period, and this discourages participatory democracy. Could you outline some ideas of how that might be changed?

WON-TAEK KANG: Well, as to the bottom line of the electoral reforms or regulations, the assumption that all the election campaigning is motivated in return for money or for material benefit. So the basic -- the second point is that there are no voluntary campaign activists for campaigners. So it's a logical consequence to review or to avoid money politics. The law should describe people to participate in electioneering. For example, if you cannot allow to make tee shirts or a cap, or some apparels on which candidates' image is printed, like Obama For Change, or something like that, it is against the law at the moment. And you cannot wear those kinds of clothing unless you are a registered campaigner. It's a very limited number of people.

If you make a video and decide to put it on YouTube, you must be careful. If the video contains a kind of attire on that politician or a certain political party, then you might be charged. So the basic starting point is that we should avoid money politics by discouraging people into local participation.

However, along with the democratic progress and especially the advance of the internal politics, things have been greatly changed, but, nevertheless, the political parties are still hesitant to change those kind of regulations and remove them. I think because the current situation is a kind of equilibrium in terms of political electioneering, so all the political parties are not sure of its consequences when they remove all the regulations. So that's why they are not challenging it now.

CHAN WOOK PARK: Professor Lee?

JUNG BOCK LEE: Let me add my comment on the question of the one-term presidency. A one-term presidency was not the will of the Korean people, but it was the result of the private desire of Kim Dae-jung and Kim Young-sam. They wanted to be president even if one of them failed. If we have two-term presidencies, only one, Kim Young-sam or Kim Dae-jung, would have been elected. They wanted to have a chance to be elected as president.

What's the consequence, though, of this one-term presidency? It makes Korean presidents very irresponsible. Very irresponsible. Roh Moo-hyun



was out of touch with the will of the Korean people. He was against his own party. He did not listen to his own party. Why? Because he was one-term president. He did not care about the party, about the will of the people. Secondly, it makes the president a lame duck after one year. Lee Myung-bak is already a lame duck. I'm very worried because we are in an economic crisis.

So what are the good points or positive effects then, of a one-term presidency? It prevents dictatorship from happening again. If you have a two-term presidency, he grasps power; he takes control over all the parts of government organization; but in five years you cannot take control over all the parts of government organization. So he cannot prolong his power. Former president Rhee Syngman and Park Chung-hee, they all changed term limitation after they served two-terms. So in eight years they could control all government organizations, the military, CIA, police, everything. So the positive effect is that it prevents dictatorship from happening again. That's a positive effect of a one-term presidency.

WON TAEK KANG: That's to express the case of a state of someone who prefers the status quo.

CHAN WOOK PARK: Okay, lunch is ready. I think our discussion was very interesting and productive and so you deserve a good lunch. Okay, I adjourn this panel. Thank you for your cooperation.

(Applause)

RICHARD BUSH: Thank you, Professor Park, and thank you and Scott Snyder for leading two really outstanding panels.

Now, what we're going to do now is migrate to the rooms that are over there, and I suggest that some people go out the back door and some people go out the side door. There are box lunches waiting for you as you go out the door. Get yourself a box lunch, and something to drink, and our luncheon speaker is already here. So after a little bit we will ask him to make his remarks. Well, thank you again, and we'll look forward to an outstanding afternoon.

[Recess]

RICHARD BUSH: Ladies and gentlemen, could I have your attention? I think we should go ahead and move on with the program because we have a very distinguished speaker in: Evans Revere. He is a good friend of a lot of us and has a unique combination. He is both very knowledgeable but also very wise, and so he is the ideal sort of person to provide a sense of perspective on the issues that we're discussing.

He had a long and distinguished career in the U.S. government. His

final positions were as Principal Deputy Secretary of State in the East Asia Bureau, and then for a while he was Acting Assistant Secretary. He is now the President and CEO of the Korean Society in New York, but it is really a national organization and he is doing outstanding job there promoting understanding of Korea in all its aspects in the United States. So we are very pleased to have him with us today. He's made a special effort to be with us. Please welcome him to the Brookings Institution and this conference.

EVANS REVERE: Thank you very much for that kind and over-the-top introduction, Richard. I wish my mother could be here today to hear me described as having common sense and wisdom, two things that she always said were lacking on my part.

It really is a delight to be here and to be back in Washington. I had a firsthand experience at 7:30 this morning with the need for a larger investment in America's infrastructure in the current package that is being considered up on Capitol Hill. The entire New York to Washington transportation corridor was shut down for the better part of 45 minutes to an hour because of some Amtrak issues, but I did make it here in time for this event and I'm delighted to be here, delighted to be with so many old friends, a lot of familiar faces in the room.

And I want to commend right off the top the Brookings Institution, the Heritage Foundation and Seoul National University for organizing this event not just for the usual reasons. This is a really unique forum for a number of good reasons, first and foremost of which is the fact that the focus of today's discussions is on the Republic of Korea and its democracy. It occurs to me that at virtually every conference I attend these days the subject is almost inevitably North Korea, the nuclear issue, and the Six-Party Talks. And as someone who has immersed himself in these subjects over the years, these are of course extremely important topics, but sometimes I have a sense, and I am guilty of this as well, that our constant focus on all of those questions and our almost obsessive focus sometimes on North Korea causes us to lose sight of something that is no less important, and that is the primacy of our relationship with the Republic of Korea.

The fact is that the U.S. and the ROK share a set of perspectives and views and concerns and values not the least of which is common commitment to democracy, and I know that is a key subject on the agenda today. And equally importantly, the Republic of Korea is one of America's staunchest allies and increasingly our two countries are expanding their partnership to include cooperative endeavors both in the Asia Pacific Region and beyond. And for all those reasons and a lot more, America has to be mindful of its responsibility to our South Korean allies to ensure that our policy approach on issues that are vital to the national security of our South Korea ally, that this policy approach, our policy approaches, are fully coordinated with our ROK ally. And I think now more than ever as we move into what I think is going to be a very crucial phase of our collective and our bilateral interactions with North Korea, I think it is going to be

important to commit ourselves and recommit ourselves to the process of policy coordination with Seoul. We should also be very mindful of the need to put the concerns and priorities dictated by our alliance partnership with Seoul together with our own national security interests at the forefront of our policy and approach towards the Korean Peninsula as a whole.

Too often in recent years in my view we have allowed the centrality of our alliance relationships with Seoul and also I would argue with Tokyo to sometimes take a back seat to the tactics that we have adopted to deal with the threat posed by North Korea. We've allowed the fabric of the bilateral U.S.-ROK coordination process and the trilateral coordination process which includes Japan to fray a bit. And some in Washington when this topic has been raised with them have said that the job of talking through all the various approaches and options with our allies is really hard. So it is, and all the more reason to do it and to do it well.

At a crucial point in America's Revolution, I think it was Ben Franklin who urged his revolutionary comrades to hang together, otherwise they most assuredly would hang separately, and so it is with the often frustrating process of dealing with North Korea and dealing with the North's nuclear ambitions. If we do not work and plan together with our allies, we will almost certainly run the risk of allowing Pyongyang which is nothing if not tactically brilliant to have an opportunity to drive wedges between us.

There is another very important reason why coordination with our allies is urgent. Cyclical patterns in our respective democratic political processes have seen ROK politics and that of Japan as well I would say shifting rightward just at the time as politics in the United States has turned in a somewhat different direction. And on North Korea policy in particular, official and popular views on the DPRK have taken on a much harder edge, a tougher edge in the ROK and in Japan as well while America's recent presidential election has generated widespread hope and expectation that the United States will make a major effort to reach out to Pyongyang to fully and finally resolve the nuclear and other pending issues between us.

Differences between Washington and Seoul on policy and tactics directed at North Korea have occasionally over the years put our two countries at odds with each other. This must not be allowed to happen again. The stakes are much too high. The new U.S. president is of course aware of the need to strengthen our alliances and partnerships particularly in Asia where there is a sense depending on who you talk to and what country you are visiting, a sense in a number of places in the region that America's attention has for too long been focused elsewhere. As President Obama and his national security team look at the U.S.-ROK relationship, I think they will see a partnership that despite having been through a bit of a rough patch in recent years is fundamentally sound, and that is good news.

I would argue that the signs are in fact propitious that the Obama

administration will be able to get off on a very good footing with the administration of President Lee Myung-bak and it will certainly do so if it keeps number of important factors and principles in mind, and I will put first on this list the need to recognize at the outset that our bilateral alliance partnership with Seoul is a critical component of America's security posture in Northeast Asia and more broadly in the Asia Pacific Region, and at the same time, the U.S. defense commitment is essential to the Republic of Korea's defense and to its future peace of mind even after eventual reunification of the peninsula. So the U.S. relationship with Korea is indispensable to the United States strategic position in the region and beyond just as it is indispensable to the ROK's strategic position, and this relationship continues to be in both our interests.

Of course, this relationship between our two countries is more than a military alliance. Indeed, the military dimension albeit it an important one is only one component of what I think is an increasingly complex relationship based on the democratic and other values that I mentioned earlier, based on a shared commitment to market economics, and based on growing ties between and among our people. The Obama administration I think will find itself with an ally in the Republic of Korea that has a strong predisposition to work with us to enhance ties if we approach them with reasonable ideas and if we ensure that consultation, coordination, and respect are at the heart of our approach.

The Obama administration will need to work carefully on a number of bilateral issues that are on the topic of this meeting today. One of these of course is the transfer of wartime operational control from U.S. forces to the ROK's very capable military. This shift has of course raised concerns in recent years in Seoul, concerns that I think are driven in part by, to be very frank with you, a mistrust of the previous Korean government's motives, a suspicion about the motives of the United States government at the time these arrangements were negotiated, and also I think an erroneous belief that somehow OPCON transfer presages a decline in America's defense commitment to Korea and somehow it signals an ultimate drawdown of our forces there, and the Obama administration I think will need to be very sensitive to the various perceptions and misperceptions that are out there regarding OPCON transfer and is going to have to continue to work very hard to ensure that both the rationale for this transfer and the continued strong defense commitment underlying it remains very clear to the Korean people.

Another major pending issue is the U.S.-Korea Free Trade Agreement. I continue to believe that the ratification by the United States Congress of the U.S.-ROK FTA is essential and that ratification will add an extremely important new dimension to our bilateral relationship. However, there are very strong lingering concerns by some American automakers and by America labor unions, and these cannot be easily dismissed. And these concerns of course drew the sympathy of candidate Obama during the presidential campaign and that needs to be kept clearly in mind as well.

The financial crisis that America faces today has only heightened these concerns in my view and it has also raised serious questions about the fate of the FTA in the new U.S. administration. Ultimately I believe that trade and U.S. exports will be central components of America's path to economic recovery, although it may take time, perhaps even more than a year, and it will also take time before political leaders and members of Congress are going to be able to make that case, the case for trade and trade agreements, most effectively to the America people, but we will need patience. But at the end of the day I believe the United States is likely to do the right thing with respect to the free trade agreement and its ratification, but in the mean time, however, Seoul must be sensitive to the serious plight of U.S. automakers. Seoul should be thinking now about whether there are creative mechanisms of work-arounds that could be discussed with Washington in the coming weeks and months as a way to deal with the lingering concerns that remain here in the United States regarding the FTA. I think the coming weeks and months is going to call for creative thinking on both sides as well as a clear understanding that there are critical national economic and fiscal priorities that will need to be attended to by Washington before it is able to focus on this and other FTAs. And it will also require some patience on the part of Korea not to move forward before the time is right, not to move forward on the FTA before the time is right, lest things move too quickly too fast and failure results.

I think there will be a need for an understanding by the new U.S. administration of the major investment in the future of this relationship that is represented in this important new agreement, and I think the new U.S. administration must recognize that failure to ratify this important FTA at some point would be a major blow to the bilateral relationship.

Let me shift to a different topic now because inevitably these discussions turn to North Korea and I might as well speak my mind while I've got the microphone. North Korea policy is obviously a critical component of an increasingly multidimensional U.S.-ROK relationship, but the Obama administration should not view the U.S. relationship with the prism of its North Korea policy. Only distortion will result. The Obama administration needs to be sensitive to the fact that U.S. management of the North Korea issue has raised concerns in Seoul and in Tokyo I would add in recent years. There have been questions raised about the adequacy of the consultative process with Washington. Concerns have been voiced about the abrupt nature of some U.S. policy shifts. Some have pointed to the lack of understanding of the details of bilateral U.S.-DPRK consultations. And others have voiced concern that the United States has been inclined to make major concessions sometimes in return for what some people view as little. In Seoul and also in Tokyo there is a widely held belief that the new U.S. administration is poised to build on and even expand the approach followed during the later Bush administration and I think there are arguments for doing precisely that, and I would actually personally support doing so with some important qualifications.

But the new leadership team in Washington is going to need to ensure that it is prepared to deal with the array of concerns that I cited above as it goes forward and the most important way to do so will be to remember that the three most important words in managing our relations with our Korean and our Japanese allies for that matter in dealing with North Korea are consultation, consultation, and consultation.

The Obama administration will also do well to remember another truism when it comes to dealing with North Korea and that is that there is very little new under the sun when it comes to dealing with the DPRK's nuclear ambitions. Over the years we have had ample experience in dealing with the challenge of the North's nuclear pursuits and we have developed a good sense of what works and what does not in dealing with Pyongyang. To be very frank with you, confrontational rhetoric, empty threats, insults directed at the North's leadership, regime change rhetoric, refusal to engage in dialogue, all of these things have been tried and have been shown to be ineffective or worse. Ideology and attitude are not substitutes for hardnosed, concrete, pragmatic policies. In dealing with the cold stark reality posed by North Korea's pursuit of nuclear weapons, in dealing with the North's proliferation threat, in dealing with its missile program and its other WMD potential, we need policies and approaches firmly rooted in reality, not in wishful thinking.

In terms of the structure of engagement with Pyongyang, the current multilateral-bilateral mix show some potential even if the pace has been frustrating. The Obama administration would be wise to keep the current mix of multilateral and bilateral dialogue in place and also keep in mind the damage that would be done by throwing away a process only to have to reinvent it later. The new leadership in Washington should also keep the challenges of communication to Pyongyang open as it conducts its policy reviews and assembles its Korea team. There is considerable value in my view in letting Pyongyang know early on that the new U.S. administration will honor America's commitments and that the thrust of the new administration's approach will be to do exactly what candidate Obama said during the campaign, engage in serious, straightforward, and vigorous diplomacy with adversaries in an effort to resolve differences while also preserving and strengthening the international nonproliferation regime.

A final few thoughts about our approach to North Korea. I think a flaw in our overall approach in recent years has been the lack of engagement with what I believe is the crucial decision-making level in Pyongyang. The experience of China, Russia, the ROK, and Japan in recent years has shown that only engagement with the very top of the North Korean regime creates the potential for serious discussion of fundamental strategic issues. In the North Korean system, decisions about core national security issues are made by one person and he is the one person with whom we have not engaged in this process in recent years, even as we have conducted a very detailed and some would say painful process of negotiation with one of his midlevel subordinates. I am not suggesting here that the

new administration should send a senior representative on the next plane tomorrow morning to Pyongyang. However, after the new administration completes its policy review, after close coordination with our allies, and after developing a clear negotiating strategy we should be prepared to add an additional channel to our multilateral and bilateral dialogue with the DPRK, a channel that has at least some potential to get us to the end of this long and painful and complex affair.

Engaging with the DPRK's leadership can also help ensure that Pyongyang understands that the United States means business when advocates a robust U.S. diplomatic approach, that this approach has the personal blessing of the American president, that our negotiator has the president's personal confidence, and that the details of the U.S. position to be put in play by our negotiator had the backing of the president. These are very important assurances and reassurances and unfortunately they have not all necessarily been clear to Pyongyang in recent years. I think it is true that the Obama administration will certainly have a number of other things on its plate in the next few months, and the list is an obvious one, but the new administration is also going to need to be very mindful of the potential for Pyongyang to test it early on. I would hope that Pyongyang would not do so since testing a U.S. administration and a new U.S. president who are determined to show their strength and capability in my view would not be a wise thing to do. However, if Pyongyang has been listening carefully, and I know that they have been in transmit mode recently and some of what they are transmitting does not appeal to at least my ear, but if they have been listening carefully, it should realize that it will be facing a new American president who is both willing and able to pursue a vigorous, sincere, and well-coordinated diplomatic approach to resolving the thorny issues that have plagued the U.S.-DPRK relationship for decades and that the new American president appears prepared to resolve them in return of course for Pyongyang's willingness to meet our bottom line.

Heretofore Pyongyang has carefully avoided making the strategic decision that we have urged it to make about its relationship with the United States and the international community and about its nuclear weapons. I have a sense that the moment for Pyongyang to finally make that choice may soon be approaching and I certainly hope they get it right, and I fervently hope that leaders in Washington and Seoul will work more closely than ever to make sure that Pyongyang does not get it wrong. Thank you.

RICHARD BUSH: Thank you, Evans, for those wise and knowledgeable remarks. Your mother would be proud. I'm sure you've stimulated a number of questions from the audience, so now this is their time. I'll just leave it to you to field the questions and there will be mikes for people. Before you ask your question, be sure you do wait for the mike and then identify yourself so Evans knows to whom he's talking.

EVANS REVERE: Why don't we start at this table right here? We got two gentlemen here. I'm not going to forget you in the back, by the way, so just

make sure to raise your hands and I'll try to get in the back as well.

QUESTION: Evans, thank you. Rob Warne. You suggested earlier on in your remarks that it would be important to keep both in tact the bilateral and multilateral process that's been going on. Would you describe that as the Six-Party Talks? And what confidence do you have in those talks?

EVANS REVERE: Definitely the Six-Party Talks. We've tried various fora, two, three, four six-party talks over the years. This is the one forum that we have tried over the many years that we've been at this process that actually brings all of the players who have a stake to the table at the same time, who have assets, if you will, that can be deployed in various ways, and that also provides for not only meetings among the six, but meetings among any combination of participants in the Six-Party Talks. So I think this is a framework worth keeping.

The more players at the table the more complicated it is. This is frustrating and I realize that. Getting to yes is a lot more complicated than getting to yes if there are only two, or three, or four players in the room. But once again for precisely the reason that everybody who has a stake in this process is there and is participating in this argues very strongly I think for the continuity of the process.

It has been a frustrating process, quite frankly, and I think one of the low points or high points depending on your perspective of this frustration was what happened in Beijing when certain expectations were raised about what might come out of those discussions in Beijing and those expectations were dashed. So the talks ended on a low note in terms of our inability to get the sort of verification agreement that all of us felt was important for this process to move forward. But the process is there. It can be used. It can easily be restarted. I think there is an expectation among all of our partners including the North Koreans themselves that we will continue to use that forum, but I would also not neglect the bilateral forum as well. There are things that can be done and said and negotiated and assured in that bilateral channel that can't necessarily be duplicated in the multilateral channel, but it's going to be critical as we've seen from what happened in December that understandings and agreements that come out of the bilateral channel are shared with allies, are talked through with allies, and that there is a common understanding among our friends and partners in this process of what we are up to in his bilateral channel. I think, as I suggested in my remarks, one of the unfortunate negative aspects of our approach in recent years is that we have not had all of the buy-in, I think, from our allies into everything that's gone on in those bilateral talks. But I am hopeful that some lessons have been learned from this process and so I'm cautiously, with an emphasis on caution, cautiously optimistic that once these talks get restarted that we can get up to speed pretty quickly.

QUESTION: Alan Romberg. Thank you, Evans, for a terrific speech. You operate on a hopeful assumption, however. One of the things that President Obama said as a candidate was that if things didn't go forward, if the



North did not come forth for example with an adequate verification regime, if you will, that we should re-impose certain sanctions and so on and so forth. I wonder if you'd comment on that.

EVANS REVERE: I had an extended conversation with a North Korean colleague that I've known for ages. I'd known him 12 years back in November. Toward the end of the conversation he asked me how to assess the new U.S. president and how to deal with him, and he preceded this question by all sorts of comments about how America was going to rely on diplomacy only and there would be a new dawn and then everything would be sweetness and light and North Korea would finally get all the things that it wanted. I paused and I asked him if he knew what our new president's favorite sport was, and he said no. I said it's basketball, but I said it's not the sort of basketball that you are used to. I said you may remember when you served in New York if you'd ever gone to certain rough neighborhoods like the one I grew up in New York, the sort of basketball that's played on the streets there is a pretty brutal game and one normally finishes an hour of two of playing with bruises, bumps, and blood streaming from your knees and elbows. I said that's what he does for fun. I said don't test him. You may not like what you get in response. And then I segued to the point that you made about what the United States might have to do. I didn't answer the question very specifically, but I mentioned to him that this is a president who's made very clear his commitment to the international nonproliferation regime and this is a president who seems to be deadly serious both about diplomacy and sitting down and talking through problems and resolving issues, but also ensuring that the threat posed by North Korea's nuclear weapons goes away, and those both need to be looked at simultaneously.

In terms of what we can do, it really depends on the North Koreans themselves. I think they are going to have an opportunity in this administration to sit down and talk through the whole list of issues that they say are of great concern to them and I think they will find a leadership in Washington that is willing to listen very carefully and act on many of those concerns, but our bottom line is not going away and they need to understand that. And so the simple answer to your question is it depends on the North. Back over here.

QUESTION: Thanks, Evans. It was definitely wise as usual. Given the current downward trend of the North Korean message ring, as you put it they're in a "message ring mode" and they're certainly having a fine old time being nasty to Seoul and getting everybody worried over there. Given what you were saying about the need obviously to have policy reviews and the need obviously to get people up to speed and hire them and confirm them and all that, we're looking potentially at a fairly long period of time, even if people have paid their taxes, who's going to get in what job and all that. So I think my concern would be reading the paper, knowing some of the penchant that our friends in Pyongyang have for getting our attention and wondering how come we haven't already responded. We really only have really one or two attention getters at the moment. One of them is

called Obama and the other one is called Clinton. Do you see perhaps a growing need for not necessarily a major speech but a more coherent statement than the general reaffirmation of the Six-Party -- is there some way that Obama ought to if he were to call the president of South Korea sooner rather than later include some remarks? How would you handle not the interregnum exactly, but how do we get from there to here without something silly taking place that might have been avoided?

EVANS REVERE: I said in a set of remarks that I delivered on Friday that nature and North Korea abhor a vacuum and the longer we go without the policies and the people, obviously the more opportunity there will be for people with sharp elbows in Pyongyang, people who have ambitions political and otherwise in Pyongyang, or people who are trying to message Washington will be able to do things such as they've been doing in recent weeks. I think we're already starting to see a little bit of that. I recently met with a senior North Korean diplomat and I told him that frankly you guys started the year reasonably well with your New Year's editorial which I thought by your standards was not bad, and then you followed it up with what I thought were three extremely unhelpful statements, the foreign ministry statement, the remarks that were made to Selig Harrison in Pyongyang, and then the KPA's blustering against the South. Then I said you seem to have gotten things back on a better track with the comments that were attributed to Chairman Kim Jong-il in his meeting with Wang Jiarui. And then I, since I've known him for ages I joked, said it's obvious that your dear leader has a lot more wisdom about these things than your bureaucracy does. I hope you'll get your bureaucracy to follow your dear leader's lead a little bit more, and he smiled in response to that. But the fact is that these statements that are out there are not very helpful and the sooner that Washington can somehow come online with some sort of statement, it doesn't necessarily have to be public although it could be public, there is a North Korean mission in New York whose job it is to receive these messages, there are other channels that can be used as well, and the message does not necessarily have to be a very complicated one. It doesn't have to go much beyond some of the content that I suggested. But somehow I think sooner rather than later there will have to be a two-part message. One part of it would be the sort of reassurances that I alluded to in my remarks, but the other part of it would be the message that I transmitted to my North Korean colleague the other day which is the best thing you can do is be quiet right now. Don't make things worse because it will not redound to your credit.

QUESTION: You spoke of the need to engage the leadership. Given the recent report about the failing health on the part of Kim Jong-il, do we know anything about the power game that's going on there? Where do we target our conversation?

EVANS REVERE: I think we have a pretty clear sense of who's in charge and it was pretty obvious from that photograph the other day that was taken or photographs that were taken when Chairman Kim met the Chinese delegation.

Power games happen in every capital and you're dealing with a mortal human being here who's obviously been through some sort of a health crisis in recent months, and knowing the amount of time and energy that the North Koreans spend on ensuring their regime's survival and their system's survival, I'm sure they have been working overtime in recent months to prepare the way for whatever transition will eventually happen there. But for now I think it's fairly obvious who is on top of the heap, but I would not be surprised at all to see that there are some very sharp elbows, and you don't get credit for being soft in Pyongyang. You get a lot of credit for being more Catholic than the Pope, quite frankly. So if there are other rivals out there angling for positions of power, what you're likely to hear from those rivals is not a softer approach, but probably a harder approach than the one that you're likely to get from the leadership that we've been dealing with over the years. So I think we need to be sensitive to that. We need to separate the noise from the common sense coming out of Pyongyang. We need to understand that some messages are directed at us and others are directed at other parties. And sometimes the message conflict with each other. But one way of getting around this and getting around the messaging is to do what I suggested which is to sit down with the leader or offer to sit down with the leader at the appropriate moment when we're ready because we have had, based on our own experience, interesting and forward-leading conversations with him that probably ought to be followed up on, just as the other players in the Six-Party Talks have had very serious conversations. And quite frankly, if someone is going to make a decision to give up nuclear weapons in North Korea, it's probably not going to be a North Korean vice foreign minister that makes that decision. It's a little bit above his pay grade. And perhaps we might want to put on our agenda the idea of having a conversation with the person who is capable of making that decision.

QUESTION: As a follow-up question, as part of that conversation is the agreed framework or the light water reactor project in any way relevant?

EVANS REVERE: The agreed framework is no more, so a moment of silence for its demise. My comment in my remarks about being careful about what we throw away lest we should have to reinvent it was an allusion to the agreed framework obviously, and we've spent much of the last 3 years of our negotiating time and our internal coordination time in the U.S. government essentially recreating a structure that we opted to let lapse to put it politely with a lot of help from the North Koreans. But the ability to provide for North Korea's energy needs somehow is eventually going to have to be a component of the resolution of this. You don't have to spend very much time in North Korea to realize that among their many problems, this is pretty high up on the list. It can be done through light water reactors. It can be done more cheaply, more effectively, and faster through conventional power. The studies have already been done. While I was in charge of the Korea desk years ago we did a number of studies on conventional power provisions in North Korea, how much it would cost, what the plants look like, who would provide them, how quickly they could get built, et cetera. Some place in a drawer of the Korea desk at the State Department there's a whole file on this. We're

not reinventing the wheel here. And quite frankly, I think if you are going to make a better package or a more-for-more package in dealing with North Korea, one of the things that you might want to put on the table is this notion of conventional power to be provided to them together with the transmission lines of course. That's something that often gets overlooked. It doesn't do you very much good to have a conventional power plant if you can't send the power anywhere. These things can be done and they can be done a lot more quickly, efficiently, and more cheaply than nukes and the politics are a lot easier as well, so it's something that we ought to have on our short list. You've been very patient right there, so please.

QUESTION: Chia Chen, freelance correspondent. What are the differences between U.S. and South Korea in dealing with North Korea and the issue of reunification? And how is the Obama Administration going to deal with them? Thank you.

EVANS REVERE: We still have a new U.S. administration that has not gotten into the details, as far as I know, of its policy toward the North, and so I can answer your question one way by saying I don't know that there are any differences right now. We have an interesting difference in political tone, I think, between the two capitals, but we do have some very clear statements that have been coming out of Seoul for the last year and we've seen an ongoing deterioration in North-South relations which is of course disturbing. We've seen a whole series of threats and other statements coming out of Pyongyang directed at Seoul. But on the other side we've also seen an unwillingness on the part of the current administration in Seoul to fully implement or acknowledge all of the understandings and agreements that came before it. So all of those things are out there. They're all having an effect, I think, on the overall atmosphere.

I think an essential component of America's effort to move forward on all of the issues that are on the table with North Korea is going to have to be a better South-North relationship as well, but that's not something that we can control. That's something that only Seoul and Pyongyang can control. I think it's important for the United States to tell Pyongyang that fact, that we need to see an improvement in South-North relations even if it's not something that we can be directly engaged in, but it is going to be something that we look at as one of the measures of whether we're making progress, and for that matter better relations between Pyongyang and Tokyo as well.

So I don't know that there are any differences right now. One of the things that consultation and coordination are aimed at doing is smoking out these differences and resolving them wherever they come. You mentioned reunification. I don't think there's any difference between Seoul and Washington on the question of reunification of the Korean Peninsula. I think we have a very similar view on that, and it's something that we both support very strongly and we hope that it happens sooner rather than later, but once again, that's something off in the future.

But once again the process of bilateral and trilateral coordination that I talked about is where you air out differences. In the Clinton administration in which I served, the TCOG process was not always sweetness and light. It was often contentious. We often didn't agree about a lot of things. But in the end we were able to figure out ways to move ahead collectively in a way that allowed all the parties to say very accurately that their views had been aired and understood and taken on board and that they had shaped the policy process. That's important and I wouldn't underestimate the value of that.

QUESTION: I have a question about the FTA issue. I understand the difficulties of congressional ratification on the U.S. side. You mentioned creative thinking between the two countries. Do you suggest possibility of another negotiation especially over the import of Korean cars?

EVANS REVERE: I'm going to avoid using the R word for obvious reasons. There are a number of people in this room who are eminently more qualified than I to answer that question. Diplomats and diplomats on the trade front get paid, I wouldn't say a lot, but they do get paid reasonably well to think about things like this. This is not hard stuff to do. The ability to think of creative mechanisms to meet each side's concerns and allow each side to save face, that's what we do as diplomats and there are a lot of people in this room who've had a lot of experience in doing that. I have no doubt whatsoever that people in Seoul and in Washington are doing that right now as we speak and my comments were meant to be an effort to try to encourage them to do a lot more than that because it's going to be essential. I cannot see the agreement as it currently stands being ratified by this Congress. Does that mean a renegotiation is necessary? There may be ways to do it short of something that you would describe as a renegotiation and I will leave it to the many creative minds at USTR and the Ministry of Foreign Affairs and Trade in Seoul to figure out what those are.

QUESTION: I'm with Radio Free Asia. Based on your firsthand contact with North Korean diplomats in New York, how do you believe they evaluate the Obama Administration when it comes to North Korean policy? I'm just wondering whether they're increasing the tension on the Korean Peninsula because they're a little bit disappointed in the Obama Administration's North Korean policy. Thank you.

EVANS REVERE: I would like to think that people in Pyongyang have not jumped to any conclusions along those lines just how many days into the new administration? We don't know what this administration really looks like yet in terms of some very key and important policy issues. No, I don't think they've jumped to those conclusions yet and in my discussion with them, even discussions dating back to last autumn, my sense was that there was a bit of hope and expectation that the dialogue when it began would begin in a better atmosphere and on better terms, in terms of each side being willing to listen to the other more proactively than, for example, what happened back in 2001-2002. At a minimum

I would say that that's probably the thinking of at least the people who I've talked to.

But once again you need to keep in mind that their mission in New York is only one little piece of the policy puzzle there and a small piece indeed. It's a communication channel. It's not really a policy channel at all. And the players in Pyongyang, and there are many players in the party, in the military, security services, bureaucracy, et cetera, all of these players play in this game and many of them have their own perspectives as bureaucracies do and many of those perspectives are tough and hard-line ones. And whether it was the Obama Administration or the Bush Administration, their perspective is going to be a tough and hard-line one, so this is not going to be an easy process going forward. But I think it's important to create the best possible atmosphere for these talks once they begin again, and as I suggested in my remarks earlier, I don't think some of the things I'm hearing from Pyongyang in recent weeks have been very helpful in that regard. Did you have a question here?

QUESTION: Thank you, Evans. Setting aside North Korea for a moment and looking at South Korea, it's been a messy year for South Korean democracy and democratization and we have a weakened president, we have political parties in the National Assembly whose competing party symbols at the sledge hammer and the fire extinguisher -- swarmed with strollers and candles, et cetera. If you can be optimistic about the Six-Party Talks, can you be optimistic about all of these political players in Seoul getting together to in unison address all of the very important challenges that Seoul faces? And are there recommendations you might be able to provide to all of them as to how they can overcome the current disparity in views and work together?

EVANS REVERE: I don't have any tremendous wisdom to offer here other than to remind everybody in this room that just a few blocks from here not that long ago canes and swords and pistols used to be drawn on almost a regular basis on the floor of the House of Representatives and the United States Senate. So we have an interesting democratic tradition here over the years. Korea is a young democracy. It's still sort of searching out the limits. It's still exploring how to make it all work. We've now had several peaceful transfers of power. That's a pretty darn good thing when you look around the world, quite frankly. It's a contentious democracy. Of course it's a contentious democracy. I would just as soon not see people using fire extinguishers and sledge hammers as well, but these can be emotional times.

I'm hoping quite frankly that the financial crisis which is affecting Korea at least as much as it's affecting the United States will be looked on as an opportunity by political partisans on both sides to set partisanship aside in the interests of the nation. You're seeing a little bit of that happening not as much as I'd like here in Washington, but we have a president who has said that bipartisanship and reaching across the aisle is going to be the centerpiece of his administration and

I'd like to see that happen in Seoul as well. Each side needs to reach out to the other in important ways if for no other reason than to get the economy moving ahead and that's why I thought it was very unfortunate to see how many economic-related and trade-related bills were being held up as a result of this dispute recently. That's not good for any political party in Korea and I think the Korean people were watching that and I think it was this popular concern that was being raised by this that eventually caused all the sides to stand down which I think is a good thing. But I'm hoping that a common sense of threat posed by the economic environment for the international financial environment will get people focused on the need to expand bipartisanship and multipartisanship.

I think this may have to be the last question.

QUESTION: What do you think the South Korean government wants the Obama Administration to do regarding North Korea?

EVANS REVERE: I don't think we've had that discussion yet, and once again I think this is a discussion that ought to take place in bilateral and trilateral coordination. I think the administration in Seoul probably wants a few basic things that won't surprise anybody in this room and that is an aggressive diplomatic approach aimed at getting rid of the North Korean nuclear threat, a more assertive effort to reaffirm the U.S.-ROK security alliance in the face of these unfortunate comments that Pyongyang has been making. Those are two basic things that I think they will want and I'm pretty sure they'll get them. But once again I can't predict what each side is going to ask of the other at this point because we still have a government that's still being formed right now here in Washington and we still have a government in Seoul that is waiting to see who the players will be and what the policies will look like. But early on, it's going to be absolutely important to have these frank and close consultations that we should be having with our allies and that we will be having with our Korean as well as our Japanese allies.

RICHARD BUSH: Evans, thank you so much for taking the time and for your remarks and for stimulating a really good discussion. You've really added to the conference and we appreciate your being here. Thanks a lot.

EVANS REVERE: Thank you everybody. Thanks.

(Applause)

JAMES LISTER: Okay, ladies and gentlemen, should we take our seats? It doesn't look like we have quite as many people as we had for lunch, and those interesting remarks by Evans Revere. While people are meandering back, I think we can get started.

Welcome to Panel 3, on "How Democracy Affects the Economy."

I'm Jim Lister, Korea Economic Institute. I'd like to add my thanks to the organizers, not only for inviting me, but also for really putting together a conference with a unique theme. Several other speakers have commented on this. I just want to endorse that and say I really enjoyed the morning session. I learned quite a lot. It's really nice to go to a conference where you do learn a lot. You have seen the bios of my colleagues on the panel.

We have first, to my right, Dr. Lim Haeran. She's a scholar among us, and she's going to undoubtedly frame the issues that we are discussing at this panel session.

The other three of us are more practitioners, I think, either in government, or business, or a combination of both. I think we can speak in the order in which we're listed in the program. So, Dr. Lim, would you care to take the podium?

HAERAN LIM: Thank you so much. I was a previous CNAPS Fellow last year, and I'm really glad to come back here again and thanks for everything especially to Richard Bush and Bruce Klingner, who organized this conference together. I'm really happy to be here.

The United States is suffering from the global economic crisis, but has also accomplished a historical, political achievement. Korea is suffering from both economic crisis and political chaos. The recent incidents such as the candlelight vigils and the violence at the National Assembly lead many to question whether Korea is mature, or consolidated enough to handle democracy. These incidents show that simply holding elections doesn't ensure a genuine democracy.

Korea has been faced with achieving dual tasks of consolidation with democracy and economic development. To continue economic growth, economic reform should be successfully undertaken. But the conditions for economic reform have changed with democratization.

It is often argued that democracy is at a disadvantage to achieve economic reform for several reasons. First, democracy increases citizen participation through various ways, including elections. People harmed by the reform will oppose and block the reform. So politics trumps economics. Second, democratization increases money politics -- as we already talked about. Election needs more money, therefore more possibilities for corruption, and increases the power of economic groups in Korea. Third, democratization resulted in decentralization of power within the government and weakens the autonomy and efficiency of the government. The decentralization of power, without building an effective mechanism of coordination in governance system could lead to the ungovernability problem, and undermine the successful implementation of economic regime. The cases of China and Russia may be "yes" for this argument. But the argument may be "yes and no" in Korea.



To examine and explain this, let me briefly take three reform cases which are believed to have changed the landscape of the Korean economy. The first case is the heavy chemical industry promotion policy in the 1970s, which was undertaken during an authoritarian government. The push of heavy chemical industries has fundamentally changed the landscape of the Korean economy, especially from labor to capital-intensive one. The driving force came from the government, with a centrally coordinated capacity. The implementation capacity of the government was strong, and there exists close and cozy relationships or coalition among the President, the Ministry of Commerce and Industry, and large enterprises such as *chaebol* in Korea. Economic power has been concentrated on the *chaebol* since then.

The second case is the IT push -- information technology sector push -- in the 1990s, after the democratization. The IT push turned out to be successful, and Korea has become one of the most powerful IT nations in the world. There exists a close coalition among major groups, and benefits could be spreading to the general public. Therefore, the IT push didn't face any opposition, neither from the business sector nor from the general public, but there existed lack of coordination and governance conflict in the ministerial level.

The final case is the reform in the financial sector. The pattern of financial reform in Korea could be characterized as the fast liberalization, delayed reform, and forced reform after Asian crisis. Before the crisis in 1997, cozy and exclusive coalition between politicians and businesses made reform of the financial sector more difficult. However, after the crisis, there were favorable conditions to address the financial reform in Korea. For example, the crisis was a catalyst for address the reform, and the urgency of the reform, weakening the power of both businesses and labor unions, burden-sharing of crisis among the public, strong IMF pressure for reform, and public association of the *chaebol* with the crisis, et cetera.

Also, the bureaucracy showed interest -- keen interest -- in financial reform, because they could be empowered again to restructure banks and corporations by the crisis. These experiences of economic reform, suggest the following implications.

First, the crisis was important in promoting reform, but neither necessary nor sufficient conditions for reform. And unlike a widely held view, there is little association between -- of the authoritarian regime with economic reform. There is little association. Among three cases that I have talked, only the heavy chemical industry push was undertaken under an authoritarian regime, while the other two -- the IT push and the financial reform -- under fairly democratic regimes. It is true that under a democratic regime the voice of previously suppressed groups increases, and a lopsided implementation of reform will be more difficult. However, once people recognize that benefits spread to themselves -- as in the case of financial reform -- and reforms are indispensable to solve immediate

problems -- as in the case of IT promotion in Korea, then the democracy itself is not a barrier to reform at all.

In contrast, if politicians decided having an exclusive coalition in a democratic regime without compensation, then economic reform doomed to be a failure. Also ideological division and confrontation, especially during economic crisis, could be a barrier for successful reform. So, in my opinion, the current MB government seems to form an exclusive coalition with the right wing population, and push reform.

And secondly, second implication is that the technocrats have always played an important role in planning, implementing, and sustaining economic reform. Compared to the past, the power of technocrats has dwindled, but they are still strong enough to play as one of major players in the process of policy reform. This seems to be one of the most distinguished characteristics found in Korea, even in East Asian countries. But the current MB government seems to make them -- the bureaucrats -- public enemy against reform.

Third, finally, democratization often reduces the legitimacy of centralized coordination. When the government could manage a coordinating mechanism and governance in the democratic system, it could undertake economic reform. But, in contrast, when the government failed to build a coordinating mechanism, the coordination failure becomes an obstacle for success for economic reform.

So, for example, in a recent financial instability in Korea, the MB government was criticized that there was no control-tower in coordinating the policy differences, confusion, overlapping among different ministries, for example, among Ministry of Strategy and Finance, Financial Services Committee, Financial Supervisory Service, and Bank of Korea, et cetera.

So, in such an economic crisis, we have to put more emphasis on how government can work, instead the ideological orientation of the government. In inauguration statement by President Obama, he mentioned that, well -- most policymakers and scholars actually focused on the ideological orientation of the reform. For example, the government should intervene in the market, or government should be big or small. But in such a difficult economic situation, non-partisan orientation might be more important in pursuing and achieving economic reform in these days. Thank you.

(Applause)

JAMES LISTER: Thank you very much, Dr. Lim. And I neglected to mention that we'll try to limit ourselves to 10 to 12 minutes. But I didn't need to advise you. You did it perfectly.

Well, I should begin by noting that although my colleagues on this panel are eminently qualified for the topics on which they are making remarks, if you look at my resume, you'll see not a thing about regulation. So I will give it a try, from the perspective of somebody who has observed a lot of countries and what they've done, or tried to do.

But for this presentation, I'll try to divide my remarks into three parts: just some general points about regulation, then I'll talk a little about Korea, and then I'll try to reach some conclusions. Before we get there, I'd like to sort of see if I can put up a little definition of regulations.

This is from the OECD. I don't know, can you read this in the back? It's probably much too small. This defines regulation and regulatory reform, and so I'll just read it here.

It says "regulation" refers to the instruments by which governments place requirements on enterprises, citizens and government itself, including laws, orders and other rules issued by all levels of government, and by bodies to which governments have delegated regulatory powers.

One of the things Dr. Bush asked me to do in making some remarks is to avoid talking about precisely what Korea, has done, and talk more about the way in which the approach to regulation was put into effect.

Up here you see a quote from George Stigler, who is a famous U.S. academic, one of the first experts in regulatory policies. And I'll read this, too. It says, "Economists have been much more successful in measuring the effects of policies than in explaining their adoption."

What I'm supposed to do is try to talk a little about the adoption of reforms. And if you do want to get into this in more depth, according to Stigler you should read *An Economic Theory of Democracy*, by Anthony Downs. You've probably read it. I tried to look it up. It's not available on the internet. I could have bought it from \$45, but the book wouldn't have arrived until next week, I'm sure.

Let's consider the fundamental differences on approach to regulation that you see in an authoritarian regime and in a democracy. It's perhaps self-evident, in an authoritarian regime, you don't have any institutional check. You may have a judiciary, but it's not a meaningful body that affects the outcome of the decisions of the executive. You don't have debate. You don't have dissension -- or it's so suppressed that it doesn't have any impact.

The concept of drafting a regulation, circulating it, putting it in the *Federal Register*, giving everybody 30 days, 60 days, 90 days or whatever to comment, having open hearings -- you don't find that in an authoritarian regime.

Enforcement -- and the topic of my talk is supposed to be “Regulation and Enforcement.” I’m going to say very little about enforcement, because I think it’s very difficult to comment on that in an abstract fashion. But it’s probably also self-evidence that enforcement is much more absolute and capricious in an authoritarian regime.

That doesn’t mean that regulation in a democracy is perfect. George Stigler said that there were two competing views about regulation. One view -- you might say the benevolent view -- is that the purpose of regulation is to protect the public or benefit a large fraction of the public. But he noted that there were a lot of smart people who felt that regulation is often the non-rational outcome of politics.

Now, in an authoritarian regime, you have needs for regulation that differ from those to be found in a democracy. I suppose you wouldn’t see a category in the laws and regulations of an authoritarian regime that says, “The following regulations are for the purposes of maintaining ourselves in power.” But you would have a lot of regulations that have that as a de facto purpose.

And then, in an authoritarian regime you’re going to have a need for regimentation, and regimentation requires regulation. I think back to my Army days, when I had to lay out the kits so the toothbrush faced in a certain direction. That is not meant to say that the U.S. Army is an undemocratic institution, but I guess the point, I think, is valid.

But if you look at a democracy, you also need a lot of regulation in a democracy that you wouldn’t need in an authoritarian regime. You have to protect the rights of individuals and minorities. And you have to set standards for activities that might be completely prohibited in an authoritarian regime. Plus, you need to be transparent, and offer equal opportunity to everybody.

But I’d also like to note that you don’t have an absolute correlation between the market economy and democracy. And a lot of my points about regulation in a democracy are really more attuned, or closer attuned to the relationship between regulations and a market economy. If you look at China now, China is still an authoritarian country, but it has many elements of a market economy. And no doubt it’s facing the need to develop regulations in this regard.

South Korea was under authoritarian rule for over a decade, but it followed many of the principles of a market economy -- although not very well. Now, which type of regime is going to have more regulations? I really don’t know. If one studied, let’s say, North Korea and tried to tote up the number of regulations they have, or quantify them, or characterize them in some way, and compare that to regulations in South Korea, which country would have more? I think it’s ambiguous.

A command economy requires a lot of planning, a lot of

specification of transactions that are permitted. And I imagine in the old Soviet Union, the Gosplan, there must have been books this high about how to run their economy. On the other hand, in a market economy, you have these requirements, or at least the theory of requirements, of equal opportunity, equal access to resources, freedom of entry. And if you want these to be in place, and to be active, then you have to specify how that is to be achieved, and you have to place limits on certain parts of society.

In the economic area, in a regime that limits the range of activities, all that's necessary to do this is to say, "Institutions may not engage in certain types of transactions." This is the positive list approach, where you list only activities that are permitted.

But if you switch to a negative list, which is more common in a market economy, you permit all transactions, unless they're specifically prohibited. And it's a rather more complex task of writing the regulations. So, let's turn now to Korea, specifically.

There has been a profound change in Korea's approach to regulation, but I would submit that it took membership in the OECD and the 1997 financial crisis to really instigate significant changes in regulatory philosophy. The OECD itself -- which is probably the international body that is most closely involved in assessing regulations and the regulatory process internationally -- only really began serious work in 1995. And I guess that was just a year before Korea became a member.

In Korea, I didn't find any evidence, in my relatively -- admittedly relatively short-term effort to investigate this problem -- of a coordinated approach, until the creation of the Regulatory Reform Committee in 1998. And this was a consequence, basically, of the '97 crisis. Now, it currently operates under the Prime Minister's office, and it has released a number of important documents, including the *Regulatory Reform White Book*, in 2007. And then, just at the end of last year, it approved the 2009 Deregulation Guideline that sets out parameters for review of deregulation proposals.

Now, I have to say I looked at these on the website, and I didn't find websites for either the body -- the Regulatory Reform Committee -- or for the White Book itself. Maybe I'm wrong on this, and one of my Korean colleagues could correct me. But if it's true it's not really accessible, then it is evident that regulatory reform in Korea is not yet fully consolidated. There was also a Regulatory Reform Task Force, created in 2004. But it was just abolished last year. And it seems to have been abolished in conjunction with the creation of the Presidential Council on National Competitiveness. And both bodies, I think it's important to note, have representatives, or had representatives, of the private sector.

In the United States, the Office of Management and Budget has a critical role in overseeing the regulatory process in the United States. It's a responsibility that they've had for a number of years, and one that's taken pretty seriously. So, in the U.S. government, you can't write a regulation and put it in the *Federal Register*, as far as I know, without clearance through OMB. There is, perhaps, an exemption for the independent regulatory agencies that are really not part of the executive branch. But there is a process, a very clearly established process here for the vetting of regulations to ensure that they don't violate any general principles, and so that everybody has an opportunity to see them and comment on them.

I couldn't quite find, in the case of Korea, an equivalent role. You have this committee, but it's a committee. It's not a body that seems to have authority, in terms of being able to directly issue requirements for other government agencies. The Ministry of Government and Legislation has a role but it too is rather limited. I guess it's just limited to -- it's confined to legislative proposals, not to all the implementing regulations. And significantly, it's not able to play a role on any bills that are introduced by individual members of the National Assembly.

Regulatory reform in Korea has, you might say, a training ground. You have the creation of special economic zones, foreign economic zones -- and these are really opportunities for Korean authorities to test out some of these principles of regulatory reform. And certainly a great deal of progress has been made in Korea over the past decade. I think it's fair to say, right after the financial crisis, it was widely perceived in Korea that the regulatory regime was opaque, that decisions were made by bureaucrats in a very capricious manner, and that a lot could be done about improving the process.

But if you read the OECD's review of Korea's regulatory process, you get the picture -- you get a different picture, that Korea has really advanced a great deal. And I won't summarize the OECD review -- I'll just hold it up so you can see how long and detailed it is.

So in the review, Korea is lauded for adopting many of the recommendations that the earlier, 2000, review concluded. And in particular, they were lauded for shifting from a focus on just reducing the number of regulations and, you know, sort of having a scorecard of "300 regulations abolished." They've moved to improve the quality of the regulations. The OECD had a few other recommendations for improvement. They suggested that the Korean authorities institute greater accountability. They recommended that the responsibilities of the Regulatory Reform Committee be broadened to include things like taxation and subsidies. Publish more of the sub-legal regulations in English. And, perhaps most importantly, build capacity and skills.

I know I heard a good friend say once, with respect to banking, that

it took seven years to teach somebody how to be a banker. And I can imagine it will take a number of years to teach somebody how to be a good regulator, as well. So perhaps it's just a matter of time, but I think there's certainly more -- there's certainly room for improvement. The OECD survey, 2008 survey, reiterated a lot of these points, but also emphasized the importance of vigorous enforcement. As I said earlier, enforcement is not really something I feel able to comment on.

What conclusions can we reach? I think it's pretty clear that the Lee Myung-bak government is determined to move forward, provide a business-friendly environment, reduce burdens wherever they seem onerous or unreasonable, and generally move in the direction of openness. And one positive assessment we can reach is they haven't had a Bernie Madoff. But it's probably true that implementation is lagging a little behind intentions. This is something that I think is inevitable when a country is moving as rapidly as Korea is.

A major problem is that foreign investors do not feel they're well treated in Korea. They perceive the regulatory climate as very unhelpful. And it's certainly the intention of the government -- as it has been under previous administrations -- to make foreign investors feel comfortable. But they haven't found a way to do it yet.

I'll end with this: that reduction of regulation should be regarded as a means, not an end. You can have problems if you don't have enough regulation, or if you don't issue them on a timely basis. Business's main concern is uncertainty. And regulations can lend some uncertainty. I'll give just one example here. The Capital Market Consolidation Act is supposed to come into force in a few days, later this month. But a lot of the participants in the industry are unwilling to start to move and take advantage of these provisions, because certain regulations haven't been put in place yet that specify what certain types of investment advisors can do.

Regulation is a powerful sword, but it has two edges. You've got to be careful you don't have too much of it, and you have to be careful that you have it when it's necessary. Thank you. Our next speaker, Amy Jackson.

AMY JACKSON: I'm Amy Jackson, and I'm also very pleased to be here. And thanks to the organizers for the invitation. My topic is "How Democracy Affects the Economy." And, given my background, having worked at USTR for many years, I thought I'd focus on recent Korean trade policy, and FTA policy, particular -- free trade agreement policy, in particular.

My initial thoughts, when I think of how democracy affects the economy, may be similar to your initial thoughts. And that is, Koreans have a long history of making their views on trade known in very prominent ways that have been broadcast throughout the world. So, for example, last summer, last summer when President Lee decided to negotiate an opening of the beef market in Korea for U.S. beef, we all know there was an outpouring of protestors, to the tens and tens

of thousands, in protests that went on for some time.

Now, those of us who followed it carefully know there was a lot more to those protests than just about beef. But the fact is that they were portrayed as such, around the world, headlines here, and headlines in Europe, and elsewhere in Asia. We also remember -- I remember vividly -- in 2005, the WTO summit in Hong Kong, when Korean farmers were jumping into the Hong Kong Harbor, and arrests were made. And this is a long history of Korean -- both the general public, but also very specific special groups -- making their beliefs on trade, both their own domestic trade policy, but also international trade policy, well known.

And, in fact, some of it has attained kind of a mythical quality. I know when I worked at USTR, one of the issues I came into very early on was the screen-quota issue. You might recall, under Korean regulation, Korean-made films must be shown on every Korean film screen a certain number of days a year. And that was a big point of contention that I'll touch on again in a minute. But the Screen Actors Guild and their supporters were also fairly prominent protestors throughout the years.

And the folklore that was given to me -- and maybe someone in the audience can tell me if it was true -- was that the Screen Actors Guild and their supporters released snakes in movie theaters in protests. Now, I hope that that was a threat or a myth, and that it didn't actually happen.

But my point is, Koreans, at least select groups of them, have been very freely making their views known on trade policy for a long time. And the fact that special interest groups can make their views known in such a prominent way is certainly a sign of a vibrant democracy -- you know, not sufficient in and of itself, but I think it's a good sign of it.

When I was doing some reading before this program, and trying to decide what I was going to talk about, I came across a very interesting passage in a paper written by two Korean scholars at Yonsei University, Professor Mo and Professor Moon. They wrote this in March of 1998 and it's called "Democracy and the Origins of the 1997 Korean Economic Crisis." And I'll just read a couple sentences.

"Authoritarian inertia, deeply embedded in people and institutions, has persisted, undermining the very process of democratic consolidation, the rule of law, and respect for negotiated outcomes.

"Negotiation, an essential component of democratic governance, has not taken root in Korean political culture, explaining why groups have had difficulties reconciling their differences and negotiating an agreement. Emphasis on consensus-building has also undermined the functioning of majority rule in the National Assembly. The Korean National Assembly has not been able to tackle



those issues that pit strong interests against each other.”

And, again, this critique came in 1998 -- still a young democracy, facing a financial crisis. But I think if we look at evolving Korean trade policy over the last decade in this light, it shows us where a lot of changes have been made. And it also changes [sic] in how the democratic process related to trade has worked.

A couple key premises. Some people take the fact that Korea is such a strong -- has had such strong economic growth and prosperity is in and of itself a proof of a vibrant democracy. It's also a fact that Korean, the Korean market is very export oriented. So I think that the majority of Koreans do understand that there are benefits to trade for themselves, their families and the country as a whole. So you need to keep that in the backdrop as you look at the evolution of Korean trade policy.

But if we look at Korean trade policy in roughly the year 2000, there was a focus on multilateral negotiations with a protectionist tendency. Activities in the WTO and its precursor organizations were focused more on protecting Korean domestic interests than opening markets.

Again, the U.S.-Korean Bilateral Investment Treaty, that I first worked on when I took over the Korea portfolio at USTR in 2001, was totally stalled over narrow interests -- some telecommunications interests, again, the reduction of the screen quota. And this kind of shows the kind of inertia that I just read, that these authors were talking about in that quote I read. I also thought one interesting policy observation I made was President Roh was giving a speech somewhere elsewhere in Asia -- I think it was an APEC-related event. This was at a time when the U.S. and Korea were actually thinking there might be movement on the screen quota, so we could go ahead and conclude this bilateral investment treaty that would bring economic benefits to both countries.

President Roh said in a public speech outside of Korea that he thought it was time, and that the screen quota would be re-looked at in a positive light. And as soon as he got back to Korea, his culture minister said, “No. There will be no change in the screen quota” -- and that was it. He was overruled. President Roh was overruled by his culture minister, and the issue died.

So we had several years of sort of inertia in the trade realm, both sort of on the domestic front in Korea, but also bilaterally between the U.S. and Korea. But Korea then saw that the U.S. and other countries were pretty rapidly and actively pursuing bilateral trade agreements. Korea actually came on board very quickly and very aggressively. And by 2003, they had put out their “FTA Road map,” which, again, not only talked -- their first FTA partner was with Chile, but Korea went pretty immediately into very large partners: Canada, Japan, the United States, the EU. This was a huge change in policy. And without significant support from business and the population, such a significant economic and trade policy

change could not have been pursued as it has over changes in administrations, and it also wouldn't have been as successful as it has been. Right now Korea has a pending bilateral free trade agreement with the United States, four ratified free trade agreements with Chile, Singapore, EFTA -- which is Iceland, Norway, Switzerland and Liechtenstein -- and ASEAN, is currently negotiating with the EU, India, Canada, the GCC, Mexico -- and I would throw Japan in that list, even though those have been in a hiatus for awhile. And they're looking to move forward with FTAs with Australia, New Zealand, Peru, China, Russia, MERCASOR, and Turkey in the very near future. And this is a very important economic policy that I think has the support of the general population. If you look at the processes and the stakeholder views, how they were incorporated into the FTA policy, and ultimate outcomes, I think you'll see more proof of that.

Korea does not have a system the same as the United States -- that goes without saying -- in terms of its trade policy. And it was slow at first. Chile took more than three years to negotiate. It took about a year for it to get through the National Assembly. Rural representatives in the National Assembly took over the floor, as they did just a few weeks ago, to try to prohibit a vote on this FTA. But when it was actually voted on, it was voted 271 in favor, and 71 against.

I think one of the key policy mechanisms that the Korean government wisely adopted to ensure that it had the support of the general population for its aggressive road map -- you know, FTA road map policy -- was to proactively look to compensate losers, sort of along the lines of what the United States is trying to do in its trade adjustment assistance legislation. There was a lot of discussion on how to compensate farmers when the Korea-Chile FTA was negotiated and ratified. And, indeed, there was legislation that went along on a parallel path that carved out some -- I think I have my statistics right -- 119 trillion won, or \$100 billion, to help protect local farmers from FTAs from Chile up through the U.S.-Korea FTA, the KORUS FTA. And we expect that there will be more coming out, more compensation, to so-called losers, coming when the U.S.-Korea FTA is actually ratified.

And with this policy, President Roh felt confident enough to immediately, as soon as the Chile agreement was done, launch into other FTA negotiations, stating that trade liberalization was good for the economy, and good for the country as a whole.

Turning more recently to the negotiation of the U.S.-Korea FTA, the influence of Korean democratic processes were immediately apparent. Immediately after the launch of the negotiations was announced, a group of 270 Korean civic groups banded together and called themselves an anti-FTA coalition, and made their views known, and was active throughout the negotiations. There were immediate press reports in Korea of the "package for losers" that was going to come out of this FTA, before it was even -- the negotiations were even started.

I also thought it was very interesting that Korean, certain Korean groups, were familiar enough, not only with their democracy, but with our democracy, and they made their views known here in various ways. Again, this may be a myth, but there were Korean press reports that a Korean union tried to flood the White House and Pentagon computer systems with simultaneously timed e-mails in protest of the FTA. Probably not true, but there were press reports to that effect. Certainly, we know that anti-FTA Korean NGOs submitted public comments through the U.S. government public comment process to make their views known.

If you look at the priority requests that the Korean put forward -- not necessarily that came out in the outcome, but that were in their original list of wants -- it shows a very strong mix of benefits to different sectors of the Korean society. One of them was for the reduction in U.S. anti-dumping and countervailing duty laws. Well, of course, that would be of strong benefit to Korean industry.

Another was to consider goods made in the North Korea Kaesong Industrial Complex as made in South Korea for the purposes of the agreement -- strongly underlying the Roh and some of his predecessors' policies towards North Korea that had significant public support from the Korean public. Another one was a request that the U.S. include Korea in the U.S. visa waiver program which, of course, would be of use to any Korean citizen who wanted to travel to the United States, because that would have allowed them in without a visa.

During the course of the negotiations, the Korean government set up a special public relations office, the Presidential Committee on Facilitating the KORUS FTA, headed by Han Duck-soo, who will soon be the Korean Ambassador to the United States. And the press was filled with reports of Korean negotiators going up to meet with the National Assembly to report on the status of negotiations -- but also moving around the country, as the U.S. negotiators did, trying to explain to different parts of Korea what the benefit of the agreement was to them, and to hear their thoughts on it.

President Roh announced, during the end-game of the negotiations, that he would not let narrow interest groups scuttle the negotiations. And, in fact, after the FTA was concluded, President Roh is reported as saying in a cabinet meeting, "The anticipated loss in each industrial sector, as well as the number of affected businesses and employees should be specifically compiled and analyzed so that the government can effectively devise its countermeasures."

So, again, this policy of making sure that the so-called "losers" of the trade agreement -- not just farmers, but he was much more emphatic that it should be more comprehensive -- would be taken care of. You know, President Lee seems to be, at least in general, inclined in the same direction.

I don't know if I've gone over my time --

JAMES LISTER: You're right on time. A couple more minutes.

AMY JACKSON: I was just going to mention that the Korean written framework for allowing stakeholder views to be incorporated in the FTA process also was modified over time. And I think it's very interesting to note that, despite the fact that Korea again has negotiated FTAs with a number of partners -- and also large partners -- the outcry, or the outpouring of suggestions/emotion on what those FTAs should or should not cover, nothing came forward in the other FTAs to the level it did in the U.S.-Korea FTA.

So you can't blame the Korean government, I think, to some extent, for creating new policies in the midst of the negotiations with the United States. So, for example, they set up a Presidential Directive for Concluding FTA so they could codify some of the policies that either they had already done sort of informally in other FTAs, or that they thought they needed to do, because they needed to be more active about incorporating stakeholder views into the process. This directive allowed for the trade minister and other ministers to meet in committee. But they also set up a formal FTA advisory committee, which was chaired by the trade minister, and included experts from business and academia who could give advice.

I also thought it was interesting -- or I think it's interesting -- that the Korean government, unlike our very extensive trade promotion authority provisions, which are now expired, there is no formal rule that the Korean negotiators have to consult with the National Assembly, either during or after the negotiations. But they did so, as a matter of course, in the U.S.-Korea FTA, and I think will continue to do so going forward.

I think the last thing, when you're talking about democracy and the Korean trade policy, is the fact that public support for the U.S.-Korea trade agreement, while fluctuating on occasions, and also fluctuating with the public support of the President, has remained fairly strong the entire time. And when it was concluded, 60 to 70 percent of the Korean population said they were actually in favor of this FTA. My thoughts.

JAMES LISTER: Thanks very much. It almost sounds like the United States should take some pointers from Koreans on FTA policy. Anyway, we're glad to have as our last speaker Mr. Frank Shin, an old friend. Glad to see you back. And he has the advantage of being expert on these issues from the perspective of business in the United States, as well as in Korea.

FRANK SHIN: Well, thank you. I've been working as a representative of the Washington Office for the last 20 years. I'm very glad to have met again with many familiar faces. Amy handled "How Does Democracy Affect Economy," in the arena of trade, and Jim, especially, on the regulatory issue, and Dr. Lim covered things overall.

From a business standpoint, I'd like to talk about how democracy affects the economy. Korean business groups and the government are always co-related and linked together -- very up and down. I'd like to review for the first few minutes, the Korean government, its policy, and certain policy issues. And from a business standpoint, how the private sector survives.

For the past 50 years, the argument on Korean economic development has revolved around two axes, which were government versus market, and growth and distribution. The argument has entered a new phase when recent global economic crisis demonstrates the limitation of new liberalism, which had been the dominant theory of economists. Keynesian economics, the economic theory that was prescribed as a cure for the Great Depression of the 1930s, has emerged as an alternative to explain the current economic crisis. To help you understand Korean economic development, I'll talk about it chronologically.

Pre-1987 Korea established a labor law. Growth-oriented economic policies of Korea that was adopted by the government before 1987, is mechanism by which the government had led economy to raise efficiency. Growth-oriented economic policy led by authoritarian government achieved a great success, joined by Korea's Confucian tradition of community-oriented society, family-centered community life, and authoritarian social system. While accomplishing the high economic growth, the growth-oriented policy has produced and strengthened economic and political cronyism, economic inefficiency, and frequent regulation by the government.

After 1987, Korea achieved this economic development around large corporations instead of small and medium sized companies, export-oriented industry, rather than domestic consumption, focusing more on industry rather than on agriculture. And during this period, the government gave special tax or financial favors to industries, as I mentioned.

However, this period also witnessed a new generation who demanded a higher level of economic distribution, and eventually opened a new era of a union movement in Korea. It started with what we call "June 29 Democratization Declaration" by President Roh Tae-woo, who guaranteed a relatively high level of union activities. Before 1987, Korea emphasized efficiency to conquer absolute poverty, while ignoring distribution or social equilibrium.

We later found out that we needed to balance both the values of distribution and efficiency at the same time. After the Roh Tae-woo government, President Kim Young-sam said liberalism of principal economic theory -- he adopted liberalism to push economic growth after country witnessed economic depression under Roh Tae-woo. President Kim Young-sam tried to differentiate his government from the previous autocratic government by adopting liberalization and globalization policies.

In the late 1990s, when Mr. Kim Dae-jung was elected President, when Korea was hit with an unprecedented financial crisis, his government recognized the importance of government intervention, because the financial crisis, to a great extent, was caused by the free-market economy. Kim Dae-jung's government prescribed a new liberalism to solve the problem that it faced, and his policy helped raise the level of trust of Korean economy among the foreign investors.

Among the policies that his government adopted, we need to focus on his economic reform by which the government liquidated relatively non-competitive companies and industries. The Roh Moo-hyun government basically succeeded Kim Dae-jung's policies. Policies were adopted to guarantee basic rights of workers, expanding the range of social welfare, and solve the problem of economic injustice. In short, his policies are summarized as the policy of distribution.

So, how has democracy affected the Korean economy?

In short, democracy has a positively affected the Korean economy by allowing the private sector to be more creative, cost-effective and productive. What is unique about the Korean economy is that quite a few Korean corporations tried to maintain their workers, even when they were faced with financial difficulties. For example, there were certain companies who gave workers new jobs of weeding the company's empty lots and garden to maintain the workers instead of laying them off.

Other case that while pushing growth-oriented policy in the 1970s, Koreans put efficiency first. One such example would be when the Korean government decided to let companies stop producing non-competitive big motors, while encouraging them to focus more competitive big motors. So the government dictated at a time when the motor company was choosing passenger cars, was forced to choose as their main model, while KIA was forced to choose trucks, instead.

However, government intervention lasted for a limited period of time, until the Korean car companies could expand their market share and raise the investment level in the world market. Hyundai made a huge investment in Alabama -- a \$1.2 billion plant -- and KIA is going to open another plant in Georgia, \$1.2 billion.

The government should pursue liberalism so that it can promote individual creativity and free economic activities. Government intervention is not desirable for the future of a Korean economy. In the case of Korean oil industry, the government should take the role of regulator, and control also that it could distribute wealth and control monopoly. In particular, it is a big concern that the government should solve the everlasting labor dispute by taking the mediator's role.

In 1998, when the management laid off workers to survive the financial difficulty caused by the Asian financial crisis, the union went to organize the longest ever strike, for 36 days. That is the Hyundai, Hyundai Motors case.

As a person who worked in the private sector for more than 30 years, I think market-oriented liberalism should be the mainstream economic policy in the 21<sup>st</sup> Century. I do not think that Keynesian economics denounces or belittles the market, but it emphasizes the role of the government to complement the market failure and, in this sense, it is in line with liberalism.

Democracy recognizes diversity. And diversity is organized and executed according to the procedure of the rule of majority. To accomplish the two tasks of economic development in the 21<sup>st</sup> Century, and admission into the advanced country status, Korea needs more global brand-names like Hyundai, Samsung, LG, and POSCO, who are very much competitive in the world markets. This would also solve a chronic problem in Korea that has interfered the country in the process of developing an advanced country. Thank you so much.

JAMES LISTER: Thank you, Mr. Shin. I think we have about 20 minutes for questions. And if we confine it to that, we'll be caught up. Please raise your hand if you have either a comment or a question. Yes, Mr. Nelson? Up front.

QUESTION: Thanks. Sorry, I just seem to have to ask -- especially listening to Evans's great talk at lunch today, where he honed right in on the political reality about KORUS, that some kind of creative solution is going to be required, given the election results and what we've got in Congress. From what we were hearing this morning, from what you know about it, is that going to be a politically -- a domestically politically -- hard thing for the South Korean government to do? You know, is it a potential, "Oh, my God, more beef demonstrations," in quotes, situation? Or do you think it could be handled differently? And, in any event, how quickly, how publicly or privately would you get going on seeking these creative solutions? Is it something that -- from Amy, in particular -- is this USTR's business? Or is it, you know, smart private attorneys? Or how do we go about this one?

So really, two separate questions. Is it another bomb getting ready to go off, and so on. And how, actually, can we do it?

JAMES LISTER: Dr. Lim, do you want to answer the first part of the question?

AMY JACKSON: Can I answer the first part, too? I think that underestimating -- granted, President Obama made his views on the KORUS FTA known during the heat of the campaign. But underestimating the fact that the Democratic Congress has said many millions of times they have a problem with the

auto portions of this agreement -- it cannot and should not be underestimated by the Korean side. That said, I firmly believe -- and I would go a little farther than Evans did -- that a solution can be found. Well, first of all, I totally agree with Evans that diplomats, this is what they do. They can do it -- if both sides are supportive of a successful, non-politicized outcome.

I think there's lots of options out there that can be done, and I also think there's lots of options that can be done outside of the "R" word -- renegotiation. But I also think that the Korean government should be preparing the Korean public for this. We are facing an unprecedented crisis in the U.S. automotive industry. This agreement was signed -- or now almost -- concluded, now almost two whole years ago. You know, it makes perfect sense for the governments to sit down and look at the agreement again, particularly in the automotive sector, and see if it meets the needs of the current situation. That does not have to be politicized. It does not have to be made some capital case. That's my view -- okay? -- on number one.

JAMES LISTER: Would you like to add anything to that?

HAERAN LIM: Earlier in the morning we talked about many incidents, such as candlelight vigils surrounding the mad-cow issues, and the FTA auto issues. I think one of the major things that the government made a mistake was the lack of communication with the public, especially regarding the public's safety. People in Korea actually did not really oppose the FTA itself. People were really dissatisfied with the process of how the government implemented the FTA issues.

I think the government should really listen to what the public wants, what public preferences are, in terms of the Korea FTA, and other such delicate issues, and then provide creative ways in which the public could be trusted with the ways government are doing. That is the major thing that I'd like to mention regarding the economic and foreign relations with the United States.

FRANK SHIN: As a representative of the Korean auto industry, I'd better keep silent. (Laughter) There has been certain -- I met some of the Washington trade experts, colleagues. And we have these government-government agreements. It is not a treaty, so when Korea made a deal with the United States for the beef case, they were very careful and cautious when using terms -- instead of "renegotiation," they used other terms, because the situation has changed. So one Washington lawyer, he tried to say to me was that because of the financial crisis in the United States auto industry -- not only auto industry, many industries have suffered tremendously, especially politically very powerful oil industry, they were definitely linked with the democratic leaders. So, if things have been changing in the United States, like the beef case, the Korean government should not maintain its original status. That is what I heard from some of the opinions. So it is not my opinion, unfortunately. So they might find a certain way to find a certain solution and we should not throw away this FTA. That's my personal opinion.



JAMES LISTER: Next? Dr. Lee.

JUNG BOCK LEE : I agree with Professor Lim that Korean people, on the whole, support the Korea-U.S. FTA Then what's the problem? This FTA was agreed upon between the Roh Moo-hyun government and Bush government. It was Roh Moo-hyun. And who is opposing the FTA? It's Roh Moo-hyun's people. Why are Roh Moo-hyun's people opposing the treaty that their boss made a year ago? Because it's in the hands of his political opponent. That's the problem with Korean politics.

JAMES LISTER: Well, do you want to react to that? I think we'll take that as a comment. Probably no one disagrees. Any questions? Yes, sir. Over here.

QUESTION: Yes, Mike Billington from EIR. This is not on the FTA, but I'm wondering if at least Mr. Shin and Ms. Lim might comment on the other focuses there in Korea, other than the U.S.-Korea relations. The Lee Myung-bak campaigned and has strongly promoted the idea that South Korea could be a major part of the development of East Asia, of the Far East, and Russia, in particular. And in the trip that they made to Moscow, they worked out a number of very, very ambitious agreements on using South Korean technological -- especially Hyundai, in fact -- technology for infrastructure-building across East Asia. And I'm wondering how that is supported around the country, how you see that going ahead, if it has the support of the nation, and so forth. And then, secondly, Korea is sort of in the pivot-point on the planning for the G20 meeting. They're one of the three troika countries that are organizing for G20, because I think they're chairman next year? Or something like that? I know that there has been very public discussion amongst Japan, Korea, China, Russia and others on coordinating their position on how to deal with this catastrophic breakdown crisis on a global scale, and the important role that China, Russia, Korea, Japan and so forth are going to play in that. I'd like to know your views on those issues.

JAMES LISTER: While my colleagues are thinking, I would just make a point that the offer with respect to working with Russia and others, that may be linked to their interest in securing resources on their own part, as well as sort of general development issues. Do you want to make any other points?

HAERAN LIM: As I mentioned at the beginning of my presentation, the United States is also suffering from the economic crisis, but actually we are suffering more from the recent, current crisis. I think the MB government tried to overcome this economic crisis by doing many reforms. However, it seems to be that very pessimistic, in terms of the lack of public support in his economic policies. And although he won the election by proposing, for example, the 747 project, or being a major player in the East Asian region, people don't see any clear and practical ways in which the Korean economy could survive this terrible economic

crisis. I think the MB government should really think about how we are going to renovate our economy.

As I addressed in my presentation, Korea has grown very quickly since the 1960s, '70s, from the heavy chemical and technology development, IT revolution, and et cetera. But at this moment, it's time for Korea to find a new, innovative engine for continuous economic development. However, I don't think the current government found the innovative motivation for the economy. So it seems to be very pessimistic. We have to find a way to overcome this crisis.

JAMES LISTER: And I'm not really sure how the discussions, the regional discussions with China, Japan and other Northeast Asian countries is connected to the G20 process. I think there's been a regional effort underway for many years -- the Chiang Mai Initiative -- and that was all sort of oriented toward finding a way to, I think, help protect Asia from the impact of the crises.

The G20 is, I think, a slightly different focus. It's bringing a set of countries that heretofore haven't really played a large part in the high-level discussions of major global issues into those discussions so they can play a bigger role. And it remains to be seen. I think it's very interesting, though, that the G20 has taken on a significant role in the reform effort.

QUESTION : Yes, Chia Chen, freelance correspondent. To all the speakers up there, if you compare the current crisis to the one in 1997, South Korea had quite a creative method to deal with the crisis and had a good outcome. Could you say something on how the 1997 lesson could be applied to the current crisis? Thank you.

HAERAN LIM: The current crisis originated in the United States. And United States used to emphasize the role of the market, neo-liberal ideas. And then, however, as we have seen, this current crisis reflected the problems of neo-liberal ideas. But in the 1997 crisis, there was lack of government supervision and regulation in the financial sector. In other words, during the 1990s, there were too fast liberalizations, deregulations in the financial sector, which was a seed of the Asian crisis.

So, after the crisis -- well, it was a regional crisis, Korean regional crisis in the East Asia region. At that time, Korea took a more drastic financial reform. Of course there was strong pressure from the IMF, and there was strong public support for the indispensable reform to overcome the economic crisis. And also there was a change of leadership to Kim Dae-jung, and then, as I mentioned, there was a weakening the power of the businesses and labor unions in Korea. At that time, there were favorable conditions for economic reforms to be accomplished, after the Asian crisis. However, the current crisis originates from the United States. And also, the United States government realized how important the government's role in the re-regulation in the financial sector, and then there will be

more emphasis on the role of the state in financial supervisory system.

But in this case, the United States is the center of world economy and world financial system, and the world is affected by this current crisis. So it's more challenging for each country to find a way to get out. It will take more time, one or two years, to get things done, in terms of reform.

JAMES LISTER: This side. Wait for the mic, if you would.

QUESTION: Secretary of State Clinton, when she was campaigning, she argued that we "have to renegotiate with Korea." And President Obama also, during the campaign, he said he has to renegotiate the Korea FTA. We do not know what specific point, and the area, has to be renegotiated. That's one question. The second question, does the U.S. government check reactions to the FTA agreement with Korea, in neighboring countries in Asia? I can tell you one thing: Japan, the U.S.'s major trade partner, their federation of industry and trade officially recommended government -- after they studied, analyzed, reviewed a draft of the U.S. and Korea FTA agreement -- they officially wrote recommendation to the government, "Don't ever get into FTA agreement with the U.S. government. This is absolutely not fair. And the U.S. government using this as a tool and standard to use negotiate with the other countries in Asia." Very, very one-sided. I don't know what that is, but that's what their recommendation is. Even JETRO, government arm dealing with exporting business, officially in written recommendation to the government, "Don't ever get into FTA agreement." This is the voice of the Japanese industry.

I think U.S. has to check this with neighboring countries, the reaction will be, what areas we have to renegotiate. Yes, we understand that America has to renegotiate, because Korea bring in 750,000 automobiles into American market. American automobiles, less than 20,000 goes to Korea. There has to be some negotiations have to be done. But this is outside the FTA. Beef is another area, very sensitive. Has to be outside of FTA agreement. So I think these are the points. The U.S. has to check the reactions of other Asian neighboring countries, the reaction. Thank you.

JAMES LISTER: So, two questions. Ms. Jackson? You're on the spot again.

AMY JACKSON: If you look really carefully at what was said during the campaign, both by President Obama and by Hillary Clinton -- and, indeed, what Hillary Clinton said in her written statement during her -- or that she submitted during her confirmation hearing -- they were very careful. They left themselves wiggle-room -- which led people like me to be very happy, because I think they did not box themselves into a corner by saying renegotiation was essential.

They actually said, "We cannot sign this agreement as it currently stands." That's it. And in Secretary of State Clinton's written remarks -- and I think it was mistranslated in Korean, because it got a lot of press -- she said, we can "re-engage in negotiations," which -- I don't want to parse words too much, but that's not the same thing as saying we have to renegotiate this agreement.

So just to clarify that, at least from my standpoint. And you're right: no one has been clear about what they want to see in this agreement. And I think that's a good thing. Because that means our diplomats can get to work and look to find creative solutions that are outside of the -- that are outside of just renegotiating the agreement. So I think all that is actually a good thing.

In terms of looking at what, you know, neighboring countries are saying, you know, I worked with Japan for a long time. And, actually, I thought they were quite jealous that we had negotiated an FTA first with Korea, and I thought it really lit a fire under Japanese business associations. And I have actually seen recommendations for them to get into an FTA with the United States. Now, this has since changed. It seems to me they're looking more towards Europe right now. So I'd be interested in where you've seen that.

But I also think the United States government needs to look at what Korea is doing in its FTA negotiations. We -- it looks like the EU-Korea negotiations may finish in March, and that will be very significant to us. That's a big threat to the United States, to our industry, if European auto manufacturers and farmers and everyone else gets preferential access to the Korean market before U.S. businesses and farmers do. So I agree with you that we have to look at it, but I would sort of broaden it even more holistically.

JAMES LISTER: All right, we have time for one final question or comment. And if there's no other first-time questioner, we'll give Dr. Lee the floor again.

JUNG BOCK LEE: I would like to help you with understanding the current Korean situation. In 1997, we had the foreign exchange crisis. The value of Korean money declined by 50 percent. So we borrowed \$6 billion from the IMF, United States, Japan. However, our exports skyrocketed. So, we paid off \$6 billion in a matter of two years, we're out of crisis. And we accumulated \$200 billion in a matter of several years.

And what's the situation now? Since the advent of the American financial crisis, the value of Korean money declined by 50 percent -- 40 to 50 percent. Yes, 40 to 50 percent. And has Korean exports skyrocketed? No. It declined. So our economy is very much dependent on the United States.

How fast can we overcome this crisis? That depends on the United States. I would like to emphasize that. So our crisis -- as Professor Lim emphasized

-- is from the United States. Our GNP is 75 percent dependent on trade. Japan is 35 percent dependent on trade. I don't know the percentage for the U.S.

JAMES LISTER: 15, 20 percent -- something like that.

JUNG BOCK LEE: So we are quite subject to these vicissitudes -- the rise and fall of the world economy, especially the United States. And this conference is about the effect of democratization on the economy, how democratization has affected Korean economy. Has it affected it positively? I think that should be decided by the economic performances, economic results.

During military rule, the Korean economy grew annually by 7 to 10 percent, for about 20 years. Since democratization, the Korean economy grew less than half of that -- 3 to 4 percent. But the Korean economy grew slowly, in comparison with Taiwan, in comparison with Hong Kong, in comparison with Singapore.

Then, distributive justice. Has the welfare of the Korean people improved? No. There is worse distribution of economic income under the democratic government. So my point is that democracy is not performing well economically, both in terms of growth and welfare.

So what is the task of Korean democracy? We should make this democracy work well economically. During the military-rule period the dictatorship produced a rich middle class, and the middle class made the democracy. And these democratic governments are undermining the foundation of the democracy. It's a paradox. I don't know whether I made myself clear.

JAMES LISTER: Well, I think you made yourself clear, but you're getting us into an area that I don't think we're well placed to address. And besides, I can plead we're out of time. I think we can call the third session at an end, and hope you will thank the panel.

(Applause)

BRUCE KLINGNER: All right. This fourth panel is called "How Does Democracy Affect Relations." It could also be called "The Home Stretch," as we've been through a long and very interesting and fruitful discussion. It is a long day, though. But I ask all of you to get another cup of coffee to power through the jet lag. Otherwise, I'll exercise the prerogative of the chair and impose North Korean tactics of forced group calisthenics to maintain levels of productivity.

Anyway, so we'll get started. I won't go through biographic introductions; you all have that information. But I will just point out that Professor Kim likely doesn't realize that he and I share a bit of a common bond, is that he got his Ph.D. from Ohio State University and right now my son and my savings account are

enrolled in their junior year there at Columbus, Ohio. So with a “Go Buckeyes” and a hardy “O-H,” I turn it over to Professor Kim.

TAEHYUN KIM: Thank you very much. Yes, I was very excited that Ohio State graduate Santonio Holmes won the MVP award yesterday at the Super Bowl. I’m very pleased to be here and thank you very much for inviting me to be here. Let me start with a couple of anecdotes about these issues.

I am teaching at the Graduate School for International Study at Chungang University where we have quite a few foreign students, because we offer courses in English. And about three or four years ago, I think it was in 2005, I was offering a course titled Korean Politics and Foreign Policy, designed for foreign students only. The very first class I would explain what I intend to teach in the class. One of my students who was an active diplomat from China raised his hands and asked a very cynical question: Does South Korea have any foreign policy at all?

I was very embarrassed and angered. In the Korean custom, if a student asks this kind of rude question, you got angered. But he has no cynicism at all on his face. He was really eager to know the answer. And so I rephrased his question asking if what he meant was that all that South Korea has to do is just follow the U.S.’s lead. Why have any foreign policy of your own? Then he said yes.

Another anecdote. It was October 2006, after North Korea tested a nuclear bomb. President Roh Moo-hyun commented at a news conference that it’s time to consider whether we have to continue the engagement with North Korea after North Korea tested nuclear bomb or not. Then the opposition party at the time, the GNP, Grand National Party, launched a very fierce attack on the government, saying because the Sunshine Policy failed in preventing a North Korean nuclear bomb test, and now it’s resulted in a crisis, and that the government should give up the Sunshine Policy.

Then former President Kim Dae-jung said that that was the wrong attack because North Korea tests nuclear bombs, not because of the fault of the South Korean government, but because the U.S. government refused to discuss with North Korea directly. Then the GNP responded back and forth, and, all of sudden, the debate was about who was responsible for the North Korea’s nuclear testing. Is it the American government, who refused to talk to North Korea directly, or the South Korean government who stuck with the ill-fated Sunshine Policy? Where’s the responsibility of the North Korea government, of Pyongyang? I thought that shows the status of foreign policy studies and the study of international relations in Korea at this moment.

My topic is longstanding research for me. It started in 2004. The title was “Between Voters and Allies: South Korea’s Foreign Policy Dilemma in a World of Uncertainties.” If you are a student of international relations, probably you may remember Stanley Hoffmann’s article on American social science, international relations, where you need two conditions to develop your own field of international

relations. One, you must be really engaged in power policy globally to have a foreign policy. Second, your foreign policy-making process must be democratized. In that sense, I think my student, who raised a question about whether South Korea had a real foreign policy or not, was valid.

South Korea was not really involved in international politics until 1991, when South Korea joined the United Nations. And South Korea did not really have a foreign policy-making process until 1987, and our foreign policy-making system was democratized. Since then, how has the South Korea foreign policy-making system has progressed? It hasn't progressed much, as we saw in 2006, when the GNP and former President Kim Dae-jung debated over who was responsible for the North Korean nuclear tests. So I thought that that has something to do with democratization. This is what's motivated my research. And it has some theoretical puzzle, that as an IR major I had trouble with the argument of democratic peace and democratization and war literature. And I thought that the South Korean case, which is rapidly democratizing during the past 20 years, may provide a kind of quasi-experimental research on how democratization, democracy, whether it helps to promote peace or the other way around. So this is my longstanding research. I have been working on this for the past two or three years and will be working on this for 20 years or 30 years.

Many of the earlier discussions on democratization during today's discussion focused on the institutional aspect of democratization or on the societal level, but I will say that principally, for us, the primary focus of democratization includes free and fair elections and freedom of expression and freedom of association. On the other hand, my focus is more on the individual level, which I call internalization of democratic principles, a political, psychological approach to that one.

During the process of democratization, the democratic principle, which is codified in the Article 1.2 of our constitution, was really internalized as a norm from the minds of voters and those who believed that South Korea's sovereignty belongs to the people of the nation and all the state power stems from the people of the nation, which is really internalized through two processes. One is taking part in repetitive elections. On the other hand, there were a lot of discussions and discourses about what democratization means and how our sovereignty belongs to the nation and all the state power stems from the nation is internalized. Interaction between the political psychology aspect of democratization and an institutional aspect produced a very interesting or intriguing process of foreign policy-making in South Korea.

What I mean by democratization at individual level – political psychological aspects of democratization -- is that through taking part in elections there was a national identity or a strengthening of the mind of the people. You are the master of the nation and master of the state.

So, it's like, "this is my country vis-à-vis the corrupt politicians."

That can be the internal dimension of a national identity. And also, “this is my country vis-à-vis foreign powers.” This can be an external dimension of national identity. So the internal dimension of our national identity went to the political efficacy -- this is my country and I am the master of this nation. I am the master of this state is one aspect. On the other hand, it’s a nationalistic sentiment in their minds. And two other variables that have affected my argument very significantly, the foreign policy-making processes in South Korea. The other aspect of democratization is psychological. It’s the general belief that public opinion is the one that all policies, including foreign policy, should follow. So that’s what I called apotheosis of the public opinion, which I borrowed from E.H. Carr’s *Twenty Years’ Crisis* or the cult of the public opinion.

There is an institutional demand on democratization. The first and most important thing is free and fair elections. That was institutionalized, triggered by the first direct or popular election of the president in 60 years in 1987. Then local elections were institutionalized in 1993. Since then, we have presidential elections every five years -- in 1987, 1992, 1997, 2002, 2007 -- in December. And general elections for the National Assembly members every four years in April, so 1998 -- 1988, 1992, 1996, 2000, 2004, and 2008. Local elections -- general elections for local governors and a member of Parliament every four years in June — in 1991, 1995, 1998, 2002, and 2006. So really there were in-session elections. They’re taking part in and all the mass media covering all those elections and saying that the sense of national identity, which belongs -- this is my country, is kind of reinforced throughout all the elections. And there is bi-elections once or twice a year to replace those parliamentary members who lost their jobs due to some illegal campaigning and so on.

*(Displays newspaper clippings on screen)*

And then -- in fact, this is an earlier version of -- I think I have two. This says “freedom of expression” and new newspapers include the *Hangyoreh Shimun* which was established in 1988, SBS and other commercial TV stations, cable TVs, all those kind of mass medias.

And freedom of association took place in terms of highly belligerent to labor unions and NGOs. Those kind of individual levels strengthened or enhanced the sense of national identity and institutionalization of the institutions interacted to create these complex pictures.

Let me explain this. On one hand, the enhanced sense of political efficacy together with the incessant elections created very peculiar voting patterns, which I called “punitive voting.” Voters tend to punish the establishment in two ways. On the one hand, they punish the ruling parties in many of those elections. For example, during the Roh Moo-hyun presidency there were lots of bi-elections, replacement elections. And in all those elections, the ruling party never won. On the other hand, also it went against the establishment. So in the General Assembly -- general election for the National Assembly in 2000, about 64 elected members were



elected for the first time. And the general election for 2004, 72 percent of the National Assembly members who were elected for the first time. In 2008, the percentage value was down a little bit, but there were obvious votes against the establishment. Mr. Lee Jae-oh failed, who was the number two man from the Lee Myung-bak government. Chung Dong-young failed, who was number two during the Roh Moo-hyun presidency. The people tend to really punish the establishment, That is what I call punitive voting.

The freedom of expressions went to the “scrambling mass media.” Mass media as in TVs versus newspapers, liberal newspapers versus conservative newspapers, all those cable TVs versus broadcast stations were competing each other. This is what I call “scrambling mass media.” It led to and it combined with enhanced national identity led to nationalist sentiment. Together it led to what is called sensationalistic journalism. When they are competing for the readers and watchers, they tend to appeal to the extremes, extreme nationalistic ideals.

The freedom of association led to very belligerent labor unions and scrambling NGOs. Those NGOs were empowered, particularly during the Roh Moo-hyun period. Many of the government advisory committees have members from those NGOs. There got subsidies from the government. And they are competing with each other again.

Also, there is a kind of cult of public opinion, along with punitive voting which, in my opinion, led to the rise of populace politicians. I would say that President Roh Moo-hyun, when he declared a diplomatic war on Japan, he was a populist in that regard. That is a behavioral definition of populism. Thank you very much.

(Applause)

BRUCE KLINGNER: Thank you, Professor Kim. We'll move right on to Professor Chang.

DAL-JOONG CHANG: Thank you very much. Before I go on the effect of democratization on inter-Korean relations by tracing the last 20 years of experimentation, I want to raise two things.

The first thing is that I think this conference should have taken place about four or five years ago in order to convey what's actually transpiring in Korea. The reason why I am telling you this is I clearly remember that in 2003, when I was here, Professor David Steinberg at Georgetown, he was here this morning, but when I wrote the political column at that time and he happened to read my column,, he asked whether the Korean Embassy here in the United States really conveys what's actually transpiring in the Bush Administration to the Korean President Roh Moo-hyun. Also, the Korean Embassy is really conveying what's actually transpiring in South Korean Roh Moo-hyun government -- politics under the Roh Moo-hyun

government to the Bush Administration. And he also asked me that if you can recommend anybody who can tell me something about what's going on in South Korean politics under Roh Moo-hyun government. Even if he doesn't speak English, please recommend me.

The reason why I'm telling you is that if we knew better how American democracy worked, then probably our relationship with the U.S. and our relations with North Korea might have been much better. And July last year, I was at a KEI meeting. At the end of our meeting, our politician, who is a key man in the present Lee Myung-bak government, was given a chance to give a brief talk. The first thing he said was that if the South Korean government decided to import beef from the United States, the Lee Myung-bak government believed that the American government was going to pass the FTA agreement. And this was the understanding of the key political decision-makers of the Korean government.

This is not the first case. I will give you one of own my experiences with the Roh Moo-hyun and the Kim Dae-jung governments. In 2003, immediately after 9/11, there was a Shanghai APEC meeting. President Kim Dae-jung must have met Mr. Bush. And then returning from Shanghai, he was preparing for the annual press conference. I was invited there to give a talk with other American specialists, including former Korean ambassadors, and they were all concerned about the Bush Administration's policy toward North Korea. But President Kim Dae-jung was so confident that there's nothing to worry about, that he had settled everything with President Bush at the Shanghai APEC meeting.

But just two weeks later, after he had a press conference, there was an announcement of the "Axis of Evil." And I was shocked to see that the Korean government's level of misunderstanding of our precious ally. I wrote this piece in the paper at that time. And again, the Roh Moo-hyun government did the same thing. That's probably why the organizers of this conference should organize another meeting on how American democracy works -- in Korea. That's going to be a very useful way of understanding each other.

And the reason why I'm raising this question again is that twenty years ago, if I was going to talk about inter-Korean relations I should have reported it the government. In the early 1990s, I met the North Korean U.N. deputy, the U.N. mission chief and was given a very nice gift of pictures. As soon as I got back to Korea, I didn't report it to the Unification Ministry, then I was summoned. And 20 years ago, if we are going to talk about inter-Korean relations that's purely a rhetorical one because it was a foregone conclusion. But now, since democratization, everything can be talked about and that's why I'm very positive of Korean democratization processes.

But the problem is that, a lot of people talked in the morning, during democratization processes we neglected to look over our shoulders to see how other nations are thinking about. We just concentrated too much on the domestic processes

when we are approaching North Korea, we are approaching U.S., we are approaching other countries. And with these two caveats in mind, I'm going to go over -- because of time, I'm going to be quick in pointing out several issues. Then I want to invite some discussions from you.

20 years ago, as I said, the question of entering negotiations with North Korea was not possible, but since democratization, we have to ask seriously, not only ask serious, but also the inter-Korean relations deserved a serious answer because of the changing nature of democratic politics in Korea. Why was North Korea so important in the process of democratization? Because the previous government used North Korean security threat as the major rationale for their political authoritarian rule.

The democratic transition and consolidation played a major role in politicizing foreign and security issues by opening up political space that allows for the articulation. Especially in the initial stage of the post-democratization process, the leadership of the democratization process was taken over -- we used to call NL Group. NL Group is the National Liberation Group, which puts more emphasis on national unification over democratization within Korean society. And because of this kind of ascendancy of these kinds of forces the democratization processes led to changes in normative basis for regime legitimization in South Korea. Ultimately, this democratization processes led to changes in normative basis for regime legitimization and perceptions of North Korean threats.

It might be fair to say that there has been general consensus for the policy of engaging North Korea than ever before since democratization. However, since the event of democratization, opinion on how to deal with North Korea has been much split, depending on who is the president or which party is in power. Also, as you may know, the peculiarity of the North Korean approach to negotiating settlements served as a wake-up call whenever there was a problem and that the -- divided Korean public opinion.

Since democratization there is no doubt that there was a consensus for engaging North Korea, but there was a difference in acquiring consent from the people. Most political leaders disregard the process of acquiring consent from the people in implementing -- engaging policies. There should be a clear difference between consensus and consent. Consensus was about the agreement, fundamental basis of policy, but consent is a procedural matter of implementing policies.

Why do these kinds of things happen? As far as I understand, the professor, he said they were all democratic politics against people, but I am -- I do not agree with that. Because all democratic governments started with a slogan. Politics of the people, by the people. But they ended with practicing Korean democratic politics. In the name of the people, for the people. And in this process Korean democratic politics have become turned into a sort of populist politics. They did for the government, they tried for the government, but the policies they chose were not

wise ones. They raised the right questions.

For example, Roh Moo-hyun lost popular support, but he raised the right questions. But policy choices were not wise. For example, balancing roles, independent policy, etcetera. These are the questions Koreans have in mind. The policy they took was not a wise one, was not a good one at all. And we have to differentiate these kinds of things. And because of all the politics for the people, not of the people, by the people, there ended up being a populist politics. And in this process of democratic dynamics, the Korean institutional forces were lost.

We had a 10-year-long conservative rule and 10-year-long liberal rule. And the democratic presidents came up with the policy of engaging North Korea. But the conservative presidents were more legitimacy-driven, while the liberal presidents like Kim Dae-jung and Roh Moo-hyun were more conviction-driven. And in this process North Korean politics have divided Korean public opinion and four issues have been raised.

The first one is whether we have to deal with North Korea in terms of good or evil. And should moral absolutism be applied to North Korea or not? Second is whether Kim Jong-il is a rational partner. There is room for space, space for sharing policy rationality between two Koreas. Third, we have to pursue our North Korean policy independent of the U.S.-Korean alliance. And lastly, there is a problem of reciprocity. And surrounding all these four issues and the democratic politics are embroiled and mired ideological battles among democratic forces.

MR. KLINGNER: All right. Thank you very much, Professor Chang.

(Applause)

KONGDAN OH: Well, everybody, happy Lunar New Year and happy Groundhog Day. Winter will continue six more weeks, I guess. I am really delighted to be here to present my views to very well-educated and smart people. And I am particularly also delighted to be on a panel with my T.A. from Berkeley. Dal-joong Chang was my T.A. when I was taking political economy courses from a brilliant scholar, Thomas Johnson. And I do hope that he sees me today as his colleague, not as his student.

We were asked to speak between seven and eight minutes, and we were asked to present in-depth analysis. So, I will really try to be a very faithful follower of that demand, but I must say mine is very shallow and very superficial. But nonetheless, I will try to remain within the time budget. I was very surprised to listen to Professor Kim because he seems to be indeed an expert on survey and pulling data and the Korean democratization. And I didn't read any books, but it seems that his list and my list are identical.

Korean democracy, what are the major changes? By the way, you

don't have to write anything because I'm sending this to Brookings and you can find it through the Internet. Number one, systematized and legitimate presidential election. Number two, Korean military and civilian control. Number three, parliamentary budgetary process is a fair and open process today. And number four, unlimited media freedom. Number five, strength in the judiciary. Number six, mushrooming, *still* mushrooming domestic and international law firms in Korea. Number seven, growth of NGO and interest group community for policy advocacy. Number eight, spread of information. Korea is number one broadband user, even the janitor, taxi driver, housemaid, everybody. Number nine, unrestricted international travel and study abroad. I am very tempted to introduce my days.

When I left Korea in 1979, you needed three steps to enter American graduate schools. First of all, American testing, GRE, TOEFL, and all this. And then second, the mission itself. Finally, the most difficult one is the Korean governments' test on Korean national history and political essay. All of my brilliant friends were accepted by Harvard, but they failed the third one and never left the country. Only three kinds of people were allowed to travel to foreign countries with cash. The number one category was government officials, diplomats, military officers. Number two, businessmen and traders. Number three, students with full admission.

Now, these are the good changes, but some are remaining as unchanged melodies. Korean democratic politics, still recognizable features in mostly negative ways, are presented. But please don't bash me because I'm trying to be very straightforward and honest. And if you have your guilt sense, you can know who you are. But if you are a fine man, you don't have to be feeling sorry about it.

Number one, opaque Blue House -- Blue House is the Korean White House -- and weak professional political system. Number two, person-centered party politics rather than value- and philosophy-centered party politics. Number three, lack of compromise. We do not all take all battles between parties and political leaders, especially in the National Assembly. Very recently there was dog fighting; very shameful. Number four, much freer media, but with shortcomings: fabrication, exaggeration, sensationalism, and ideology-based analysis, particularly some third-rate print media. Good-rate print media don't worry about it, and a lot of television stations. Number five, improved, but still very flawed and dependent judiciary. Number six, secretive funding for NGO and interest groups. Number seven, politics is still rank- and status-oriented, and backstabbing and factionalism is still very prevalent, and loyalty reward personnel system. If you are loyal to me, I will reward to you, not because of merit and professionalism. To a certain sense it resembles the U.S., also. But nonetheless, this was the unchanging melodies.

In my mind, the democracy and foreign policy linkage is that foreign policy is neither the principal interest nor a top priority for most ordinary citizens and, therefore, not directly subject to democratic processes. This is my bottom line. But still, we have to go through some of the very basic features. Let me offer you a very simple and succinct summary of the Korean foreign policy-making process.

Number one, foreign policies are formulated by the Blue House and Ministry of Foreign Affairs. Now it's called MOFAT -- terrible abbreviation -- with the help of civilian advisors inside and outside the government. Mostly inside, but inside there is -- if we have outside connections, they use them.

Number two, except when driven by a media-reported crisis or emotion, such as anti-Americanism, beef incident, accidental killing of Korean girls or people by American soldiers, killings of South Korean tourists by North Koreans -- these are good examples -- foreign policies are shaped by a relatively small group of professional and politically appointed government officials, which is very common to all countries. In the pre-democracy era, from 1961 to '87, foreign policy was monopolized by the president's office and his key advisors.

And now, I was not supposed to talk about the history, but I still have about three minutes, so let me go very quickly about each period.

In the Park era, 1961 to 1979, former military officials who worked for the Park and were his hand-picked civilian leaders managed the foreign policy military policy, particularly the most important policy, the alliance policy. And Park's national foreign policy was identified as national economic advancement and industrialization policy, so he focused on that. But he trusted his military advisors and civilian advisors to forage the foreign policy. And there was no friction between the military and civilian leaders, mainly because it was a dictatorial government, but, at the same time, people worked with one mind: Let's be rich, let's be a better country.

The military was in charge of handling the alliance and maintaining strong ties with the United States. And economic policy makers devoted all their energy toward advancing the Korean economy. President Park was the ultimate conductor, good conductor, and he was the strategic-minded person behind all these policies. He was a relatively humble and committed man and less greedy and less corrupt. The only problem was that power rots after 17 years and he was killed.

1980 to '87, an era of political changes and tumult for the economy, and new foreign policy considerations emerged. But still the United States was the most important ally and an alliance was the most important foreign policy. And mainly good relations with the United States were engineered by professionals led by a well-known group of political scientists, which was nicknamed or dubbed as "Crown Princes of Korean Political Association." If I name them, you will all know them. They are still very active advisors for the valuable institutions in Korea today. What are the commonalities of these people? They were well-educated, they were speaking beautiful English, and they were committed and they were professional and they were relatively brilliant. Because of that, even under the dictatorship, foreign policy was flourished with a straight mind and strategic focus.

From 1987 to 1997, this was the era of experiment and further changes.

Foreign policy was influenced by the weakening and de-professionalization of the military. If you remember Korean military history, the military was creating the cliques within themselves, which created the problem because the military turned into civilian, then they ruled it. Democracy is not advancing. So President Kim Young-sam purged it. But the purge was so severe and blanket purge, the military remained very demoralized and military professionalism basically gone. The military became a political weather vane looking at the Blue House. Am I the next one to go? So, in a sense, beautiful Korean strength, the Korean military professionalism, was largely destroyed.

1997 to 2007, I'm skipping all these important things because I would like to give Bruce a lot of time because he has incredible charts to present to you. For the era of enhanced democracy, foreign policy became the victim of drastic changes. Many people said that. What are the changes?

Number one, North Korea replaced the U.S. at the top of the foreign policy agenda. Number two, anti-American sentiment among Koreans deepened starting with the financial crisis in 1997, and reinforced by unfortunate following events. Number three, the U.S. entered a new era on 9/11, becoming focused on terrorism and the Middle East, and was unable to work patiently with other governments. Number four, the Korean economy began to shift its emphasis to Asia, trading and investing heavily with China and away from U.S.-centered trade. And finally number five, Koreans discovered a world beyond America.

The Blue House from 1997 to 2007 dominated foreign policies, alienating Ministry of Foreign Affairs experts and many mainstream scholars. The ROK-U.S. alliance became victim to these changes. Major foreign policies were drafted by party politicians rather than Korea bureaucrats or ministers. However, the new policy makers were neither globalists nor pro-Westerners, ignoring the importance of U.S. and even the value of speaking the international language, i.e., English. A good exception is Dr. Park Sun-won, who speaks beautiful English and was a strategic advisor and one of the good ones. And even the value of speaking the international language of English was heartily denounced as a sign of pro-Americanism. The so-called campaign for globalization promoted by the government did not produce real global citizens or able foreign policy makers, but rather very nasty nationalists.

2008 and today, too soon to tell if the new government under Lee Myung-bak, which faces many severe problems, including the economy and deteriorating relations with North Korea, will develop any strategy or a foreign policy guidelines.

My final sentence. Looking at the big picture, as Korea becomes more democratic, its foreign policy formulations became less focused and strategic, more vulnerable to public sentiment and current events as reported by the media. During the last two administrations foreign policy was formulated by politicians rather than

foreign policy specialists. As a result, relations with the U.S. were damaged and, ironically, the bubble of a good relationship with North Korea also has burst. Korea's still searching for a better balance between democratic input, political input, and professional input on foreign policy. Thank you.

BRUCE KLINGNER: Thank you very much, Katy. In our discussion of democratization, I think, you know, it's important to keep in mind sort of the context is that the democratization process to date has been commendable and truly impressive. Although many now take South Korean democracy for granted as we focus on perhaps the negatives or the areas for improvement, it was, after all, not that long ago there were coups and military dictatorships.

When I was following the Korean issues at CIA in 1997, during the election and passage of power to Kim Dae-jung, one of the questions that arose from the policy makers was will the South Korean military stay in the barracks? Will they allow the transfer of power? Now, obviously, there never was that danger. But the fact that the question even arose from the policymakers I think showed the residual concerns of what was then the recent past in South Korea.

We could go on and on about the good things about democratization, but being sort of a typical analyst, then I focus more on the negatives or the areas for development. With this greater democratization, though, comes greater responsibilities, and that includes ensuring that the freedom of expression is done responsibly and not slanted only in favor of one view.

For example, I think it's interesting we see opposition groups who are so much in favor of freedom of expression during the anti-beef protests, including calling for the downfall of the recently elected, democratically elected government. And yet they're so vehemently against the Korean fliers, the paper that were going to the North via the balloons, and calling for government crackdowns against those groups that are exercising their freedom of expression.

Also, the cyber democracy, the cyber journalism is a way of -- seen as breaking the monopoly of the big three *ilbos*, and yet, you know, there has to be a careful -- some care in that because some of these street journalists during the anti-beef demonstrators some were themselves crawling under police buses, getting pictures taken of themselves so they can then use those pictures to show police brutality as they've been driven over by the police buses. So, because it's a different kind of journalism, it, I think, lends itself to less vetting than in a traditional organization.

Now, what are the complicating factors to further democratization in South Korea? I think Gordon Flake covered one of them this morning on the low level of institutionalism of South Korean political parties. You have relatively weak, short-lived political parties. There are frequent realignments. I saw on study that said the average lifespan of a Korean political party is about three years. And if we look at



even just President Roh's party, if I get this right, it had shifted from MDP to Uri to UNDP to UDP to DP just within a few short years.

We also have migratory politicians. I can think of Sohn Hak-Kyu. And also a tendency to -- the personality-dominated, regionally based parties rather than ideologically based, although I think this may be changing and that would be a good sign.

Right now we have a weakened president who's hampered or sees himself as hampered in his actions at a time of critical need for South Korea. And we have a parliament largely unable to fulfill its obligations to implement legislation. And there you have a majority party acting more like a minority party. It's unwilling to carry out its duties as was handed to it by the South Korean electorate and, in a way, has largely abdicated its role. You have a minority party willing to use violent, obstructionist tactics in order to oppose the will of the South Korean people. You have opposition parties and groups that can't take yes for an answer that are determined to inflict damage on the president rather than seek actual solutions.

Another is the culture of protest in South Korea. Now, it's largely acceptable given the past positive impact of protests for democratization. The student protests against Syngman Rhee in 1960, the democracy protests in the 1980s, which were all seen as positive efforts. And yet now there's sort of this tendency of seemingly, at the drop of a hat, people going out onto the streets to protest.

And then some groups at least have an acceptance of violence as a tool of democracy and then complain when the authorities enforce the law. I mean, just recently, it's a much smaller example, but we have protests against the death of the squatters that was brought about by their use of Molotov cocktails. The police recently said they were hesitant to prosecute those who phoned in bomb scares of planes going to Jeju-do lest they be perceived as overly harsh in their response to criminals.

Now, we've had a lot of discussion today on the candle demonstrations, and I thought I'd jump in with looking at some of the many factors that led to this. And some of them have been covered, but in some ways, it was a perfect storm of influences, including some important anniversaries that occurred in June. So whether this would be recreated with some future event I think is up for debate. But in looking at it, I think there's sort of four major trends that we can sort of toss these categories -- or these influences.

One is democratization. And on that there's mistrust of authority, the anti-elitism, history of protests in South Korea. And at the time, the national malaise that was brought on by a loss of economic self-confidence and a feeling of disappointment with Lee Myung-bak's promised economic resurgence.

The second trend was political opportunism. There was a lot of

anti-MBism, and that took a lot of forms. It was including media that were pushing blatantly incorrect information about mad cow disease dangers. For example, protesters probably didn't realize that the U.S. had far more stringent BSE monitoring than South Korea did. There was also what I call professional protesters hijacking the original purpose of the demonstrations. There were also groups that were jumping on the bandwagon, including a long list of grievances against Lee Myung-bak. For example, teachers were either allowing or even leading their students down to Cheonggyecheon because they disagreed with Lee Myung-bak's education reform policy.

A third trend would be nationalism, South Korean nationalism. A fear of globalism, of protectionism, a sense of victimization by big powers, its big neighbors. And also, anti-Americanism, which perceptions of subservience and perceptions that once again little South Korea was giving in to the demands of U.S. pressure.

Now, were all of the protests about anti-Americanism? No. But I also disagree with my South Korean friends who claim that there was actually no aspect of anti-Americanism in these protests. If you compare the non-existent protests against the very real danger from Chinese food during the same time, the melamine that was leading to the deaths of infants in China and elsewhere. And also, if you look back to 2005, when a very real danger from Chinese food, the parasitic eggs in Chinese kimchi, the carcinogen chemicals in Chinese food, et cetera. Even during these protests there were reports that Chilean pork was found to contain dangerous levels of dioxins. No protests. And even Canada, which had a case of BSE during that time, again, we didn't see a similar kind of outrage against Canada.

And now, when the police raided some of these NGO groups they found documents which identified that their group's real purpose was to bring down the MB government and then to move on to their real objective, which was stated to be to undermine the bilateral alliance. And then several of these instigators had long been involved in anti-U.S. groups, protesting Pyeongtaek, et cetera.

And the fourth trend has been referred to as digital populism. And on one hand, it was sort of entertainment. It was a street carnival. It was middle school students texting each other, hey, let's go to Cheonggyecheon, it'll be fun, even if they didn't even really know what the event was about.

And another one is a phenomena called "flash mobbing," which I had to have my college-aged son explain to me. It's where kids nowadays can send a message via their phone to their Facebook home page, which then automatically forwards it to their friends and their friends and friends. And what it can do is you can generate a convergence of hundreds, even thousands of people at central location. If you go to YouTube you can do a search on it. You can see where most of the time it's these sort of silly examples of people saying, you know, tomorrow at 10 a.m. let's all meet and do kung fu fighting for a minute and then we all run away or we all dress as in a certain costume. And so people will do this as a fun event, but you can also use it

to generate a large group of people for protests and it's very decentralized. It's not what you think of as some major instigator bringing people for a protest. It can be you're generating a lot of especially young people for an event.

Now, what does all this mean for the alliance? Well, increased South Korean democratization makes for a better, a stronger ally. It is, after all, really what the underlying purpose of the bilateral military alliance is. Now, obviously the initial objective of the alliance is to deter or defeat North Korean aggression, but really it's also building a shield which behind South Korea can develop economically and politically. And I think it's worked successfully well -- remarkably well.

Now, of course, the ability of South Koreans to more freely speak their mind means that they can speak their minds and express ideas that disagree with U.S. views. As bothersome as that might be on specific issues, the greater freedom means a greater South Korean role in the partnership and that's a development that should be embraced and even encouraged. How else to better achieve a true partnership? Now, disagreement doesn't mean the death of the alliance or the divorce of the U.S. and South Korea. It just means a healthier, though perhaps more messy, arrangement. The caveat is that such disagreements are over specific issues and that one partner or the other isn't calling into question the basic tenets of the alliance as I believe Roh Moo-hyun was.

As we move forward, some of these undercurrents, perhaps many, most, that fed the anti-beef protests remain and could lead to a resurgence of street protests over certain issues that affect the two countries. So if the U.S., as I think the Obama Administration will do, looked to Japan and South Korea for an involvement either with police training forces or military boots on the ground in Afghanistan, it could be a very contentious issue in Seoul, the KORUS issue, North Korean policy, et cetera.

While South Korea's progress in achieving democratization has been, I think, nothing less than spectacular, I'm a bit less sanguine about how it'll use that achievement. The past year, the anti-beef protests, the very nationalist and emotional Dokdo demonstrations, the violent activities in the National Assembly, the crusades against foreign investors such as Loan Star, and the seeming acceptance, by some at least, of violent and illegal demonstrations show, I think, that South Korea is still a young and perhaps even immature democracy.

Now, the results of these -- the protests in 2008 had some very severe costs, both domestically and internationally. Domestically, South Korea now faces a leadership vacuum and political gridlock at a time when bold and decisive action is necessary to address the challenges that South Korea faces. It also casts a shadow, to some degree, over bilateral relations with the U.S. At the tail-end of the Bush Administration policymakers, especially in the Defense Department, were talking about "Korea fatigue."

It also reinforced an image of Korea as a volatile and chaotic and simply not a good investment environment. South Korea's typically had a lower profit return ratio than many other Asian competitors. And for an increasing number of firms, even before the global financial crisis, they were deciding that the investment in South Korea was simply not worth the risk. And such an image right now is not conducive to gaining a foreign direct investment that's critically needed for South Korean economic revival.

And it's not just foreign investors, but domestic investors as well in South Korea. The *chaebol* are sitting on hoards of cash rather than investing domestically and the outflow of Korean firms to overseas market have generated concerns of a hollowing out of the production base.

Now, looking to the future, what should be done? South Korea's economic and security challenges right now are too severe to really allow for a timorous president to bunker down in the Blue House and for the political parties to continue to favor factionalism and obstructionism over achievement and progress. So, although the anti-beef demonstrations unleashed forces that are inimical to free trade, President Lee Myung-bak's going to have to stand firm and regain the initiative to press for economic reform, including ratifying the KORUS FTA. The task will be complicated by the more protectionist tone of the new U.S. administration and the U.S. Congress.

Now, the Blue House and the National Assembly are going to have to work together to define and then implement a strategic blueprint for enhancing South Korea's economic competitiveness and the alliance relationship with the United States and the country's role in the region. And I think it's important, though, not to forget that South Korea continues to possess very enviable economic strengths. It enjoys a stable political system, despite the messiness of the democracy. It has a strong cultural work ethic, a highly educated workforce, and a history of technological innovation. So, the path to economic recovery or an expanded security portfolio in the region or even globally won't be easy and it won't be a quick task, but as the old Korean proverb says, a journey well begun is half done. Thank you very much.

(Applause)

So we have about 15 minutes for questions, so we'll throw open the floor. I thought we'd stunned you into submission. Over here.

QUESTION: Chia Chen, freelance correspondent. Dr. Kim, the title of your talk is "Between Voters and Allies." Voters are the South Korean people and ally -- the most important ally is the United States. My question is this: For the national decision, either from President or Congress, was that decision more based on the interests of United States or the interests of the South Korean people? Thank you.

TAEHYUN KIM: Voters means domestic and allies means

international. During the break, I had a discussion with a friend of mine saying even if civil society has been very active in formulating South Korean foreign policy, particularly in the first five years, it really didn't affect the content of foreign policy. That was kind of strange. In Korea saying President Roh Moo-hyun was anti-American in his rhetoric, but he's pro-American in his substance.

James Rosenau argues that there are five levels of -- factors in the levels of analyses -- domestic factors and systemic level external factors. South Korea's a small country, relatively. It is highly exposed to foreign countries and is a divided nation. It has a very serious source of a security threat. That means, yes, in appearances ever since democratization, all of South Korean foreign policy-making will take the form of civil domestic discussions, but in substance there's, I think, external factors that dictate domestic considerations.

QUESTION: I think my question will go to the four of you panelists regarding this morning's newspaper. I'm sure you all read it. I only read USA Today first. After I saw a threatening article there, I collected all other papers available at the newsstand. North Korea made the statement -- the North Korean government decided to abandon all commitments with South Korea, written or verbal. Terminate and they are ready to engage in military confrontation. This was in the morning newspaper.

Now, based on this newspaper, this is my question. South Korea is going through this economic turmoil, different from financial turmoil from the U.S. or Japan. South Korea's economic turmoil -- the model -- is different. With this, there's some skeptical views on whether the current president can turn this country around. If he cannot turn it around economically and politically, there's a good chance left wing people, pro-North Korea people, will take power four years from today. That's a possibility. I think we have to mention that somehow.

My question to you is this: It's a great for the Lee Myung-bak government not to follow Kim Dae-jung or Roh Moo-hyun policy in giving and giving to North Korea. People with somewhat conservative lines, we love what he did. When a political leader does this, I believe that personally he has a third country, such as the U.K. which has diplomatic relations or France or even Swiss, and uses them as a mediator, showing that we as South Korea cannot keep going because the people just don't agree to this. So we have to modify our policy. We want North Korea to come with us so that we can continue, but have a different gesture to South Korea. I thought that the South Korean leader had some mediator under the table, negotiating and communicating. What we read this morning, the crisis and chaotic situation and even the threats, keep piling up in South Korea from North Korea.

Now, we need investment and technology infusion in South Korea. This is a very, very chaotic situation. How do you see this critical situation turning around, getting out of this hump, including North Korean affairs?

DAL-JOONG CHANG: I don't know very much about it, but on your

first question I cannot agree with that. I am a little bit ambivalent about the possibility of the progressive forces getting power in the wake of the economic crisis. If the economy's in more of a crisis, probably most people will favor the conservative government because progressive forces will create more problems. And economic success may bring in progressive forces in the near future. But as far as the economic crisis is continuing, I don't think, for the time being, Korean people will favor a return of the progressive forces into power. That's my observation, I'm not sure. But this is sort of the outcome driven from my observation of historical experiences of democratic countries.

And on your second question, there was -- as I told you, one of the key issues in dividing Korean public opinion was the question of reciprocity. But there are two opinions on this. On the one hand, as in the case of West Germany and even Helmut Kohl, the conservative government, didn't condition aid on the form. And this was the policy pursued by the Kim Dae-jung government and Roh Moo-hyun government. They took wise policies to implement these kinds of things.

I am a little bit ambivalent on this but on the other hand, I will give you the data I brought here. Money South Korean government has given from 1997 -- 1999 to 2005 was about \$700 million. But U.S. was about \$650 million and Japan was \$250 million.

BRUCE KLINGNER: I'll jump in. You raised a lot of points. The North Korean rhetoric, I don't think there's a likelihood of significant hostilities in the near term. I think it's possible that we could have naval -- sort of a tactical level naval confrontation along the NLL. North Korea's been telegraphing that for some time. If you have some kind of military confrontation even at a tactical level, obviously it can escalate or you can have miscalculation on either side, which can get dangerous.

I think largely the rhetoric is aimed to try to influence the policy of both South Korea and the U.S. I think they're trying to get MB to fall off of his conditional approach and engagement and sort of resume the largely unconditional, one-sided provision of largesse to the North from the last 10 years. I think also it's a bit of a shot across the bow for the Obama Administration of don't forget us and trying to influence the U.S. policy-making as that's going on.

Whether the progressives will take over in four years, I mean, yeah, maybe. The pendulum swings back and forth. That said anything can happen. The progressives did get a very thorough spanking in the presidential and the legislative election. Their popularity is lower than the GNP right now, it's lower than MB. Right now it's their time in the wilderness. They haven't really decided what their policy is other than to be obstructionists. They have to go through a process of deciding do they want to fight for the center with Lee Myung-bak or his successor, or do they want to distinguish themselves from the GNP by being even more left? I don't think they've made that decision yet.

I don't think MB should fall off of his conditional policy with North Korea. I think he should continue to maintain that. I think we need to improve the integration between the U.S., Japan, and South Korea. On the economic front, how to fix that, that's a huge issue. But I think at least we need to have South Korea continue to consider the economic reforms that will improve its competitiveness against local competitors, China and Japan. I'll just stop there.

QUESTION: My name is Young Kihl, visiting scholar at Georgetown University. The first question, Mr. Chen from China, reminds me of the differentiation between foreign policy and diplomacy, that the foreign policy as such is always controversial and politicized whereas diplomacy's the art of the possible. And it reminds me of American foreign policy-making. According to Henry Kissinger's book *Diplomacy*, there are two schools of thought: One is Wilsonian idealism and the other one is Theodore Roosevelt and the use of force or threaten to use your force as basics of foreign policy-making.

So my question is to the panelists, address the question of Obama Administration's let's say future direction, whether idealism or realism, and how the Lee Myung-bak got the administration adjusted to that possible change of a future direction of U.S. foreign policy. Thank you.

KONGDAN OH: On Inauguration Day I was actually diving in the U.S. Virgin Islands and I came back, had a glass of wine and I watched it. I'm a naturalized citizen and I wept. Look at the appointment of the best mind, political mind. He knows the reality and he's gone through a lot of things. Basically it's not a fortune-telling job. We will see what kind of people work and they will base it on reality. They will not be like the "anything but Bush, anything but Clinton" approaches. Now is not the time for fortune-telling, but I think he will be smart enough to listen, be open-minded, and bright enough to merge and combine all these comprehensive points and look forward.

BRUCE KLINGNER: I want to thank my panelists and ask you to not only thank the panelists, but also thank Brookings for organizing this and also the Brookings staff who have been so tremendous in working behind the scene here to make this a very smooth and very productive conference. Thank you very much.

(Applause)

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