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### IN TODAY'S REPORT:

#### [I. United States](#)

- [1. ROK Presidential Election](#)
- [2. ROK Election: Effect on ROK-DPRK Relations](#)
- [3. ROK Election: Effect on ROK Financial Crisis](#)
- [4. ROK Financial Crisis](#)

#### [II. Republic of Korea](#)

- [1. ROK Presidential Election](#)

### I. United States

#### 1. ROK Presidential Election

The Associated Press (Reid G. Miller, "KIM DAE-JUNG WINS SOUTH KOREAN VOTE," Seoul, 12/18/97) and the New York Times (Nicholas D. Kristof, " S. KOREAN POLITICS IS TURNED UPSIDE-DOWN AS KIM DAE JUNG IS ELECTED PRESIDENT," Seoul, 12/18/97) reported that opposition leader Kim Dae-jung won the ROK presidency Thursday, his fourth bid for the office. Unofficial tallies by the ROK's three leading television networks showed Kim winning 40.3 percent of the vote to 38.6 percent for ruling party candidate Lee Hoi-chang. Former Kyonggi-do governor Rhee In-je had 19.3 percent. Election officials said that 80.6 percent of the 33 million eligible voters went to the polls. News of Kim's election led to thousands of his supporters on Friday morning taking to the streets of Kim's hometown of Kwangju, the site of a bloody crackdown on a pro-democracy uprising in 1980. The Dow Jones Industrial average meanwhile fell nearly 147 points on receipt of the news. Edward Yardeni, chief economist at Deutsche Morgan Grenfell in New York, said Kim's election signaled "a greater risk of more resistance at the very top levels of the Korean government" to the International Monetary Fund's plan for the ROK economy. However, You Jong-keun, governor of North Cholla Province and a former Rutgers University economics professor who is reportedly one of Kim's key economic advisers, stated, "We need to implement those reforms, not because the I.M.F. wants us to do so, but because we need to do so ourselves to pull our economy out of this disastrous situation." Kim Dae-jung spent 7 1/2 years in jail or under house arrest and

another four in exile, and claims that previous governments targeted him for assassination four times.

Reuters ("LEE CONCEDES VICTORY TO KIM IN SOUTH KOREA POLL," Seoul, 12/18/97) and the AP-Dow Jones News Service ("LEE CONGRATULATES KIM IN PRES ELECTION VICTORY," Seoul, 12/18/97) reported that ruling party candidate Lee Hoi-chang's campaign spokesman said on Friday that Lee had conceded victory to opposition leader Kim Dae-jung in the ROK presidential election. Lee said in a statement that his Grand National Party would give full support to the next government in the conduct of state affairs. "I solemnly accept the will of the people and the result of the election. I will cooperate fully with the winner."

## **2. ROK Election: Effect on ROK-DPRK Relations**

The Associated Press (Robert Burns, "S.KOREA VOTE MAY SPUR N.KOREA TALKS," Washington, 12/18/97) reported that US experts said Thursday that the election of a new ROK president is likely to speed the pace of peace talks with the DPRK. Carter Eckert, director of the Korea Institute at Harvard University, stated, "If ever there were an opportunity, this is it. The simple fact of a new president is an opportunity." Donald Gregg, the former US ambassador to the ROK and now chairman of the Korea Society in New York, said he thinks DPRK leader Kim Jong-il is ready for serious talks with the ROK. "I suspect a summit could be arranged rather quickly." Gregg noted that Kim Jong-il was quoted in a New York Times advertisement this week as saying, "We will meet [ROK officials] at any time to negotiate with an open heart about the destiny of our country." Don Oberdorfer of Johns Hopkins University's School of Advanced International Studies said that president-elect Kim Dae-jung "has always been very proactive about talking with the North." Nicholas Eberstadt of the American Enterprise Institute said that Kim Dae-jung "is a nightmare" for DPRK propaganda. Eberstadt stated, "He can't be painted as a military dictator. He can't be painted as an American puppet." He added that as a result the DPRK may find it harder to resist peace talks that lead to reunification. Eberstadt said that the DPRK has viewed the peace process so far as a "money-for-meetings" proposition which has brought additional food aid, but that an actual peace treaty would jeopardize the Kim Jong-il regime's existence.

Donald Gregg, former US ambassador to the ROK and currently President of the Korea Society, held an on-record telephone conference call with reporters to discuss Thursday's ROK presidential election. [Ed. note: See "Telephone Briefing on ROK Election" in the Announcements Section of the December 17 Daily Report.] Gregg said that "the time is ripe" for direct ROK-DPRK dialogue following Kim Dae-jung's election. Gregg called the election "the best election Korea has had" and compared Kim's victory after years of opposition to Nelson Mandela's ascension in South Africa. Gregg pointed to the DPRK's willingness to spend US\$83,000 to take out a full-page advertisement in the New York Times as evidence that Kim Jong-il is serious about wanting to improve relations with the ROK. [Ed. note: See "DPRK Advertises in US Paper" in the US Section of the December 17 Daily Report.] He faulted the Kim Young-sam administration for lacking a consistent policy toward the DPRK. He noted that Kim Dae-jung's percentage of the vote was similar to that of his two immediate predecessors, so that his mandate is the same. However, Gregg argued that, due to the length of the transition period before president-elect Kim's swearing-in on February 26, he will have to work closely with the outgoing president. Gregg said that the prospects for the four-party peace talks are good, especially as the PRC has shown a sincere desire to work with the US on this issue. He said that the peace process on the Korean peninsula is the one issue in which the US, the PRC, Russia, and Japan all have similar positions, and he added that the Russian desire to participate in the process "should be treated with some sympathy." Gregg stated that the Korea Peninsula Energy Development Organization has been a very positive force for engaging the DPRK, and for the next ROK president to call it into question would be "dangerous." He said the issue of ROK financing of

US troops can be worked out between the two allies and is "not a hot-button issue." He said that past allegations of Kim's leftist leanings were false and that Kim should not be viewed as a "wildcard" as president.

**3. ROK Election: Effect on ROK Financial Crisis** Former US ambassador Donald Gregg said that Kim Dae-jung will have to reassure the foreign business community that he will not back down from International Monetary Fund (IMF) mandated economic reforms if he wishes to pull the ROK out of its current financial crisis. He stated that Kim will have to be careful in his economic appointments, but added that some of Kim's advisors are very good, especially North Cholla Province Governor You Jong-keun. He said that some within the ROK see the economic crisis as a "blessing in disguise" which will force the country to modernize its economy and break the government-chaebol connection.

The Wall Street Journal (Steve Glain, "KOREA'S BEST LEADER ISN'T IN THE RUNNING," Chonju, 12/17/97) reported that You Jong-keun, governor of North Cholla Province, has taken the lead in pushing economic reforms for what had been the most impoverished section of the country. The article quoted an unnamed aid to You as saying that You was responsible for persuading Kim Dae-jung to reverse a statement he had made earlier that he would renegotiate the IMF package.

#### **4. ROK Financial Crisis**

The Associated Press ("IMF RELEASES PAYMENT TO SOUTH KOREA," Washington, 12/18/97) reported that US Treasury Secretary Robert Rubin said Thursday that the International Monetary Fund has released the second installment of the US\$57 billion rescue package for the ROK. IMF officials have said the second outlay will total at least US\$3.6 billion.

Dow Jones Newswires ("WHITE HOUSE REITERATES NO QUICK KOREA AID BEFORE IMF REFORMS," Washington, 12/18/97) reported that White House Spokesman Mike McCurry reiterated that the US will not speed up the disbursement of bailout money to the ROK until it implements International Monetary Fund reforms. He stated, "In general, it is fairly clear the Republic of Korea would like a jump start on some of the aid it has available, but it clearly is in our best interest, and, we believe, in their best interest to move forward on the IMF package as quickly as possible."

## **II. Republic of Korea**

### **1. ROK Presidential Election**

As of midnight Thursday ROK time, ROK authorities were predicting Kim Dae-jung as the winner of the ROK presidential election with 58percent of ballots counted. Ruling party candidate Lee Hoi-chang took an early lead of about 1-2 percent at the beginning of the counting, but Kim then pulled ahead by a consistent 3-5 percent. Regionalism was apparent despite all candidates' efforts to eradicate such tradition. Kim polled a majority of votes not only from his traditional base of the Cholla provinces, but also from Chungchong province, the home of his coalition partner, Kim Jong-pil. Lee pulled majorities in Kyongsang, Kangwon, and Kyonggi provinces, traditional strongholds of the ruling party. In Seoul, viewed as the swing-vote for the election, Kim scored a plurality of less than 4-5 percent over Lee. Seoul's support for the opposition party coincides with the pattern in the most recent elections for the National Assembly. [Ed. note: The above item was prepared by the NAPSNet ROK correspondent based on a variety of sources.]

The NAPSNet Daily Report aims to serve as a forum for dialogue and exchange among peace and security specialists. Conventions for readers and a list of acronyms and abbreviations are available to all recipients. For descriptions of the world wide web sites used to gather information for this

report, or for more information on web sites with related information, see the collection of [other NAPSNet resources](#).

We invite you to reply to today's report, and we welcome commentary or papers for distribution to the network.

Produced by [the Nautilus Institute for Security and Sustainable Development](#).

Wade L. Huntley: [napsnet@nautilus.org](mailto:napsnet@nautilus.org)  
Berkeley, California, United States

Timothy L. Savage: [napsnet@nautilus.org](mailto:napsnet@nautilus.org)  
Berkeley, California, United States

Shin Dong-bom: [dongbom.shin@anu.edu.au](mailto:dongbom.shin@anu.edu.au)  
Seoul, Republic of Korea

Choi Chung-moon: [cily@star.elim.co.kr](mailto:cily@star.elim.co.kr)  
Seoul, Republic of Korea

Hiroyasu Akutsu: [akutsu@glocomnet.or.jp](mailto:akutsu@glocomnet.or.jp)  
Tokyo, Japan

Peter Razvin: [icipu@glas.apc.org](mailto:icipu@glas.apc.org)  
Moscow, Russian Federation

Chunsi Wu: [dlshen@fudan.ac.cn](mailto:dlshen@fudan.ac.cn)  
Shanghai, People's Republic of China

Dingli Shen: [dlshen@fudan.ac.cn](mailto:dlshen@fudan.ac.cn)  
Shanghai, People's Republic of China

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Nautilus Institute  
608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email:  
[nautilus@nautilus.org](mailto:nautilus@nautilus.org)