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### IN TODAY'S REPORT:

#### I. United States

- [1. ROK Election: Effect on ROK-DPRK Relations](#)
- [2. ROK Election: Effect on ROK Financial Crisis](#)
- [3. ROK Election: Foreign Reactions](#)
- [4. Pardon of Former Presidents](#)
- [5. ROK Financial Crisis](#)

#### II. Republic of Korea

- [1. ROK Presidential Election](#)
- [2. ROK Military Reaction to the Election](#)
- [3. Pardon of Former Presidents](#)

#### III. Japan

- [1. Japanese Media's Reaction to ROK Presidential Election](#)
- [2. Japan-PRC Relations](#)
- [3. Japan-Russia Relations](#)
- [4. PRC-ASEAN Relations](#)

#### IV. Analysis of ROK Election

- [1. Telephone Conference by Ambassador Gregg](#)
- [2. Commentary on Gregg Telephone Conference](#)

### **I. United States**

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

Reuters (Bill Tarrant, "SOUTH KOREA'S KIM TAKES FIRM LINE ON NORTH," Seoul, 12/19/97) reported that ROK president-elect Kim Dae-jung on Friday urged the DPRK to resume dialogue. In a press conference after his election victory, Kim said that a summit meeting with the DPRK would be held "after consultation with friendly nations." He added, "I hereby propose to North Korea to resume a dialogue based on the South-North Korean Basic Agreement," which was signed in 1991.

He said that the immediate goal is to secure peace and stability on the Korean Peninsula by gradually stepping up exchanges and economic cooperation, adding, "National reunification can be discussed and achieved later through progressive and gradual means." Regarding US-ROK relations, Kim stated, "To strengthen our national security, we will preserve and maintain our alliance ties and close cooperation with the United States -- the central factor to our national security." Commenting on prospects for ROK-DPRK dialogue, an unnamed diplomat said, "If things were in better shape on both sides of the border, Kim's election might have marked a swift turning point in ties. That is no longer a possibility until they get their economies back under control." However, Noriyuki Suzuki, editorial director of Japan's Radio Press, which monitors the DPRK media, predicted that Kim's election could lead at least to a softening of DPRK rhetoric against the ROK. He added that Kim's election also gave the ROK the moral high ground for the moment. He stated, "Kim is known for his democratic credentials. That makes him harder for the North to criticize. The North wants someone they can easily make into an enemy. The North will find it hard not to talk to him."

## **2. ROK Election: Effect on ROK Financial Crisis**

Reuters (Yoo Choon-sik, "S.KOREA PICKS NEW PRESIDENT, HARD TIMES AHEAD," Seoul, 12/19/97) reported that ROK president-elect Kim Dae-jung on Friday asked ROK citizens to prepare for hardships in implementing economic reforms. At his acceptance speech, Kim stated, "Dear fellow citizens, please prepare yourselves to endure, if needed, hardships together with me." He added, "Painful as it may be, it is the road we must take. Reform without pain is not possible." Kim said he would continue consultations with the International Monetary Fund (IMF) to "minimize" massive unemployment and defaults. Kim said that he would contact U.S. President Bill Clinton to request cooperation on the economy and would arrange contact with Japanese Prime Minister Ryutaro Hashimoto to discuss both economic and security issues. The election commission formally declared Kim president-elect in the afternoon with 40.3 percent of the vote against 38.7 percent for the ruling party's Lee Hoi-chang. Meanwhile, IMF Managing Director Michel Camdessus praised the ROK's implementation of reform, saying, "All the measures we recommended them to take have been taken. And they have taken even more than we recommended." Camdessus offered his support to Kim, and said he was certain the president-elect and his political opponents would "join forces in supporting this major program. This is so important." Japanese Prime Minister Ryutaro Hashimoto praised Kim, saying, "Thanks to your lofty vision and prodigious experience in politics, we are confident you will lead your country to ever-greater development."

The Washington Post (Steven Mufson, "KIM PLANNING BOND ISSUE," Seoul, 12/19/97, A52) reported that Kim Won-gil, a top economic adviser to ROK president-elect Kim Dae-jung, said Thursday that the new ROK government will float a US\$2 billion domestic bond issue to finance new unemployment benefits and also plans to ask for a "grand national contract" between employers and labor unions to avert mass layoffs and hold down wages. He added that the new government also will seek greater foreign investment, reform of the financial system, and new laws to strengthen the role of shareholders in corporate management. He also said that a shadow cabinet representing the new government will work with the outgoing Kim Young-sam administration. Kim Dae-jung's chief of staff, Jay K. Yoo, meanwhile stated, "He's traditionally a good friend of labor groups, and he's still a good friend. But he is also trying to take care of the owners' group."

The AP-Dow Jones News Service ("S. KOREA PRESIDENT-ELECT KIM PLANS TO VISIT U.S., JAPAN," Seoul, 12/19/97) reported that ROK President-elect Kim Dae-jung said in his acceptance speech Friday that he plans to visit the US and Japan to seek help to solve the ROK financial crisis. He also said he wants to meet with the head of the International Monetary Fund.

## **3. ROK Election: Foreign Reactions**

The AP-Dow Jones News Service ("CHINA CONGRATULATES KIM ON S. KOREA PRESIDENTIAL ELECTION," Beijing, 12/19/97) reported that PRC Foreign Ministry spokesman Tang Guoqiang on Friday, in a statement carried by the official Xinhua News Agency, congratulated Kim Dae-jung for winning the ROK presidential election, saying that the PRC hoped his victory would improve ties between the DPRK and the ROK. He added, "We believe that joint efforts will continue to strengthen and promote good- neighborly cooperative relations between China and the ROK." Tang said that as a party to the peace negotiations for the Korean Peninsula, the PRC wants to see progress and hopes for "improved relations" between the ROK and DPRK.

White House Press Secretary Mike McCurry ("WHITE HOUSE REPORT," Washington, 12/19/97) said that US President Bill Clinton called ROK President-elect Kim Dae-jung late December 18 Washington time to congratulate him on his election victory. McCurry said that Clinton "pledged to continue the very close strategic partnership we have with the Republic of Korea." McCurry said Clinton and Kim spoke for about 15 minutes and that it was a congratulatory call rather than a substantive discussion about the Asian financial crisis. He added, "We have taken note of the very strong public endorsement of the IMF package that has been made by the President-elect." He concluded, "The President was impressed by the election in the Republic of Korea and compliments the people of the Republic of Korea on an impressive exercise in democracy."

The Los Angeles Times carried an editorial ("S. KOREA BETS ON AN OUTSIDER IN A TIME OF ECONOMIC CRISIS," 12/19/97) which described the election of Kim Dae-jung as "the culmination of decades of often courageous and life-risking dissent." The article said that, between now and his inauguration on February 25, Kim "should do his utmost to work with the outgoing government to implement the plan insisted on by the International Monetary Fund." The article concluded, "Kim Dae Jung has triumphed over many adversities. He is a survivor who now has the opportunity to prove he can also lead, boldly and capably."

#### **4. Pardon of Former Presidents**

The AP-Dow Jones News Service ("S. KOREA PRES-ELECT KIM TO SEEK AMNESTY FOR 2 EX-STRONGMEN," Seoul, 12/19/97) reported that ROK government officials said Friday that President-elect Kim Dae-jung is expected to discuss amnesty for jailed former presidents Chun Doo-hwan and Roh Tae-woo when he meets President Kim Young-sam over lunch Saturday. One anonymous presidential official said, "President Kim appears to want to free the two ex-presidents before Christmas and he would like to do so at the request of the president-elect."

#### **5. ROK Financial Crisis**

The Wall Street Journal (Gordon Fairclough, "KOREAN-AMERICANS BUYING WON FOR PATRIOTISM AND SOME PROFIT," New York, 12/19/97) reported that Korean-Americans sent millions of dollars to the ROK Monday and Tuesday. While the amount sent was only a small percentage of the ROK's foreign debt, Kim Byung-hwa, an economist in the New York office of the ROK's central bank, said the remittances "had a positive effect psychologically."

The Los Angeles Times carried an opinion article (Chalmers Johnson, "CAN CAPITALISM SURVIVE THE IMF?" 12/19/97) which warned that the IMF's "arrogant demands" for ROK financial reform "may backfire in quite spectacular and unexpected ways." The author argued, "If the South Korean economy is now forced to contract severely, it is sure to take down with it many of its investments in places like Indonesia, China and Vietnam." In contrast, the article said that if ROK president-elect Kim Dae Jung "succeeds in mobilizing the nationalism of the South Koreans to take only from the IMF what is compatible with Korean culture, he will go down as the best president since Park Chung Hee." The author added, "If he should also invite the American troops to go home and negotiates a

real modus vivendi with his starving but equally proud compatriots to the North, he may become the greatest Korean politician of all time."

## **II. Republic of Korea**

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

President-elect Kim Dae-jung of the National Congress for New Politics (NCNP) said Thursday he would fully support the deal between the present government and the International Monetary Fund (IMF). He also proposed a summit with DPRK leader Kim Jong-il at an early date, noting that such a meeting has long been "postponed" since Kim Il-sung died in 1994. Kim Dae-jung said that the four party talks will continue to play a key role for peace and security on the peninsula. He added that he would make formal proposal for a ROK-DPRK summit as soon as he takes office on February 25, 1998. Kim promised respect for the market mechanism of supply and demand, in line with democratic ideals for the sake of economic recovery as well as political maturity in the country. Kim pledged that while he will adhere to the agreements with international organizations, he will also immediately implement measures for the prevention of adverse outcomes such as unemployment and economic disorder. "I will set up an emergency economic board as soon as I assume authority. Appropriate policies will be announced by specialists to help the economic recovery process," Kim explained. For an early economic recovery, Kim added that he will assure fair-trading for small and medium sized companies. Encouragement of venture capital was another idea of Kim's to accelerate the process of economic restoration. (Korea Times, Kim Hyoung-min, "PRESIDENT-ELECT KIM FULLY SUPPORTS IMF DEAL-PROPOSES SUMMIT WITH KIM JONG-IL," 12/19/97)

### **2. ROK Military Reaction to the Election**

The ROK Defense Ministry appeared relieved that the presidential election ended without "big" incidents that could compromise the political neutrality of the Armed Forces. In a press briefing yesterday, Colonel Kang Jun-kwon, the ministry spokesman, told correspondents, "We note the election ended without any big mistakes by the Armed Forces." Colonel Kang also said that senior staff meeting at the ministry was presided over by Defense Minister Kim Dong-jin as scheduled but that there was little exchange of opinions and comments on the outcome of the presidential election. A spokesman for the ROK Joint Chiefs of Staff also stressed that the Armed Forces kept its neutrality as promised. The military establishment, considered by some as a "veto" group against President-elect Kim, has successfully cultivated an image as a politically neutral force. (Korea Times, Oh Young-jin, "DEFENSE MINISTRY RELIEVED MILITARY NEUTRALITY PRESERVED," 12/19/97)

### **3. Pardon for Former Presidents**

ROK President Kim Young-sam has scheduled a meeting Saturday with the president-elect during which officials expect that issues regarding a possible Christmas pardon for former presidents Chun Doo-whan and Roh Tae-woo will be raised. Officials say that the president is considering pardons not only for Chun and Roh, but also to those involved in the December 12, 1979 military coup and the May 18, 1980 massacre of civilians. (Chosun Ilbo, "CHUN AND ROH MAY GET XMAS PARDON," 12/19/97)

## **III. Japan**

### **1. Japanese Media's Reaction to ROK Presidential Election**

Responding immediately to Kim Dae-jung's victory in the recent ROK presidential election, the Yomiuri Shimbun ("ECONOMIC RECONSTRUCTION TO BE KIM'S URGENT PRIORITY," 12/19/97)

reported that in addition to the expectations regarding Kim's immediate reconstruction of the ROK economy, it is anticipated that Japan- ROK relations will be better than in Kim Young-sam's days. The Yomiuri Shimbun pointed out that Kim Dae-jung has already emphasized that "The ROK's diplomatic pivot are the US and Japan," and that he will likely continue his policy of strengthening and maintaining the ROK's relations with the US and Japan. With regard to promotion of the Four Party Peace Talks and resumption of DPRK-ROK dialogue, the report pointed out that they will be the touchstones for his diplomatic ability.

## **2. Japan-PRC Relations**

The Yomiuri Shimbun ("PRC FOREIGN MINISTER SAYS PROSPECTS FOR JAPAN-PRC RELATIONS ARE BRIGHT," Beijing, 12/19/97) reported that PRC Foreign Minister Qian Qichen said during his interview with the People's Daily on December 18 that the partnership among Japan, the US, the PRC, and Russia has contributed to stability among these big powers. With regard to future Japan-PRC relations, Qian said, "The next year, which is the 20th anniversary of the Japan-PRC Peace and Friendship Treaty and also the time when Prime Minister Jiang Zemin will visit Japan, will see Japan-PRC relations move toward becoming healthier and more stable."

## **3. Japan-Russia Relations**

The Asahi Shimbun ("JAPAN TO ESTABLISH LIAISON OFFICE IN SAKHALIN IN JANUARY," 12/14/97) reported that the Japanese Foreign Ministry will establish a liaison office in South Sakhalin on January 1, based on the agreement at the last Japan-Russia Summit meeting, to deal with visa issuance and protection of Japanese citizens. Japan's official position has been that from the viewpoint of international law, sovereignty over the islands is undecided, but the Foreign Ministry's decision to establish a liaison office means that Japan admitted that the region belongs to Russia. According to the report, the Ministry is also considering raising the status of the office to a consulate in preparation for Japan-Russia peace treaty negotiations next year. In addition , the report pointed out that Japan's decision this time aims to emphasize the importance of the region because the Northern Territories, which will be a focal point in the negotiations, belong to the region according to Russia's administrative division.

## **4. PRC-ASEAN Relations**

The Nikkei Shimbun ("PRC AND ASEAN TO PEACEFULLY RESOLVE TERRITORIAL ISSUES," Kuala Lumpur, 12/17/97) reported that the summit meeting among the nine-member Association of Southeast Asian Nations (ASEAN) , Japan, the PRC, and the ROK ended on December 16 with a joint statement which said that the territorial disputes over the Spratly islands will be resolved through negotiations in accordance with international law. The statement also called for stronger cooperation in currency and monetary stabilization. The report pointed out that the joint statement with the PRC signifies a historic turning point from the time when the ASEAN was formed against the communist block 30 years ago.

## **IV. Analysis of ROK Election**

### **1. Telephone Conference by Ambassador Gregg**

Center for War, Peace, and the News Media - New York University

For immediate release: Thursday, Dec. 18, 1997

Former U.S. Ambassador compares victory of new South Korean president to election of Nelson Mandela

In a telephone news conference today, Donald Gregg, U.S. ambassador to South Korea from 1989-93 and a CIA specialist in Asia for 30 years, compared the "surprising" election of Kim Dae Jung to the election of South African president Nelson Mandela. Because Kim's "strength, tenacity, and intelligence" give him the potential to strengthen South Korea's economy as well as its relationship with North Korea, the next five years could prove to be "the most significant in Korean history," Gregg maintained.

Gregg, now Chairman of the Korea Society in New York, acknowledged that the South Korean establishment views Kim with limited enthusiasm, and that the U.S. business community may harbor suspicions as well. But Gregg maintains that relatively low expectations will actually work to Kim's advantage. The key, he says, will be close cooperation between the incoming and outgoing regimes, and efforts by Kim to build bridges to the establishment. He can do that, Gregg says, by quickly making a good-faith effort to implement the economic changes stipulated under the recent loan package from the International Monetary Fund. Gregg expects Kim to make those changes.

Kim faces at least two immediate challenges on the economic front, according to Gregg. First is the lengthy transition period; inauguration of the new president is not until February 25. Yet the IMF bailout plan demands fundamental changes to the South Korean economy even sooner. Gregg dismisses suggestions that the transition timetable might be advanced. He stresses instead the need for close cooperation between the President-elect and the outgoing Kim Young Sam government. Implementing the pre-election agreement to share power with Kim Jong Pil, a conservative former rival of Kim Dae Jung, will add another wrinkle to the transition problem.

A second challenge is rooted in Kim Dae Jung's historically close ties to the Korean labor movement, which Gregg acknowledges will be hard-hit, at least in the near term, by the changes demanded in the IMF agreement: "This will be a big test for Kim," he says. But Gregg asserts that Kim can and will convince Korean workers that the agreement with the International Monetary Fund is a necessary step to better integrate South Korea into the global economy, and will ultimately lead to a far stronger Korean economy.

Gregg also thinks the IMF should consider easing some of its initial demands to better respond to South Korea's particular situation. "The IMF tends to make one suit of clothes -- its standard monetary and fiscal policies -- fit everyone. But the Koreans will have to tailor those clothes" to their own needs, he says. One reason: the IMF usually bails out countries with excessive public-sector debt. But in Korea's case it is the private sector that is overwhelmed with debt.

### North-South Progress

Gregg is optimistic on the prospects for improved North-South relations under a Kim Dae Jung government. Kim can quickly forge a better relationship with Kim Jong Il, head of North Korea, now that the latter has solidified his standing and shown that he "is ready for full-scale talks anytime, anywhere," says Gregg. In the South, the economic crisis has furthered the idea that a clear policy of engagement is the only sensible course, according to Gregg, versus the inconsistencies in Northern policy under Kim Young Sam.

A North-South presidential summit is quite possible in the coming months, according to Gregg. Because of incoming president Kim's "long perspective and long record, he will view North Korea with compassion but will not act rashly." And with increased North-South dialogue, he says, progress is achievable on many fronts: "confidence building measures on the DMZ, such as pulling back troops, investment in North Korea, family visits, mail, rebuilding railroads."

Gregg also sees a continuing important role for the ongoing 4-way negotiations among North Korea,

South Korea, China, and the United States regarding peace on the Korean peninsula, and expects the incoming president to develop a "close working relationship" with Stephen Bosworth, the new U.S. ambassador to South Korea. Gregg also looks forward to improved South Korean relations with Japan, critical to progress on both the economic and security fronts. Gregg thus does not expect U.S. policy toward South Korea to change despite some suspicions of the new president's purported leftist leanings among past administrations. "A turn in U.S. policy would be a foolish and hostile act," Gregg says.

Overall, Gregg calls the election of Kim Dae Jung a "tribute to the collective intelligence of South Korean voters. Thanks to pressure on the part of the media, those voters had the opportunity to examine the candidates closely rather than simply observe them waving to crowds." The result is the choice of a "courageous and strong-minded" individual who has the potential to avoid the vindictiveness of former incoming presidents and concentrate on a forward-looking future for the Korean peninsula.

## **2. Commentary on Gregg Telephone Conference**

Dr. Ilpyong Kim, Professor of Political Science Emeritus, University of Connecticut, Storrs, gave the following commentary on the analysis of the ROK election by Donald Gregg: "Former Ambassador Don Gregg's assessment of Kim Dae-jung's election is on the mark. President-elect Kim is more willing to have a summit meeting with Kim Jong-il of the DPRK and negotiate with him for peaceful settlement of the North-South Korean conflict. The new administration under Kim Dae-jung has to move forward to the maintenance of stability and peace on the Korean Peninsula in order to resolve the current financial and economic crises in South Korea, as well as to prepare for the reunification of the two Koreas. Governor You Jong-keun of North Cholla Province, as Gregg mentioned, has been a brilliant and very able advisor to Kim Dae-jung for the last two decades. He helped Kim Dae-jung to write and publish the book 'Mass-Participatory Economy: A Democratic Alternative for Korea' at Harvard University in the 1980s and served as a close advisor to Kim Dae-jung on economic affairs as well as on the issues of South Korea-US relations. President-elect Kim will follow Governor You's advice to carry out the structural adjustment on the basis of the IMF bailout agreements of the financial and economic institutions which brought about the financial crisis in South Korea. President-elect Kim's policy toward the United States will be to continue to maintain the alliance and to make relations closer than the Kim Young Sam administration, which had strains and stress over the issues of dealing with the DPRK. President-elect Kim and President Clinton should have much better relations, not only on the personal level but also on the policy-making level, because President-elect Kim thinks like the American Democrats and behaves like President Jimmy Carter on the issues of the human rights. He is truly a dedicated democrat and patriot who will be a champion of democracy and reunification of the two Koreas."

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](#).

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