

Policy Forum 08-014: Seoul Needs Sound Policy, Not Soundbites

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By Aidan Foster-Carter

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I. Introduction

Aidan Foster-Carter, honorary senior research fellow in sociology and modern Korea at Leeds University, England, writes, "South Korea's real problems run deeper than soundbites. They include jobless graduates - too many study the wrong subjects - and, above all, how to create a growth model to meet China's challenge. That entails boosting services, which means more FDI. Mr Roh, to his

credit, saw this. Does Mr Lee?"

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II. Article by Aidan Foster-Carter

- "Seoul Needs Sound Policy, Not Soundbites"

By Aidan Foster-Carter

Regime change in Korea? This conjures up the Bush administration's imperial fantasies of what it once dubbed the "axis of evil" - before George W. Bush turned turtle and started talking to Pyongyang in a bid to score a foreign policy success somewhere.

With Kim Jong-il still in situ, it is the other Korea where regime change is imminent. Lee Myung-bak, a conservative former chief executive of Hyundai and mayor of Seoul, elected by a landslide in December, will be inaugurated as South Korea's president on February 25. His appointment ends a decade of centre-left rule in Seoul under Kim Dae-jung and Roh Moo-hyun.

Mr Lee is allowed only a single term, so he has five years until 2013 to reshape his country. His transition team has already issued a dizzying welter of new initiatives. Pro-business and dynamic - nicknamed "bulldozer" from his Hyundai days - Mr Lee is widely seen, not least in Washington, as a welcome change from his jejune and prickly predecessor Mr Roh.

Many of Mr Lee's ideas make sense. He will mend fences with the US and with Japan, with no more apologies demanded for pre-1945 iniquities. English, which all Koreans learn but few speak, will be pushed at all levels. Government is to be slimmed and red tape cut. Privatisation, which slowed under Mr Roh, is set to resume. Like Mr Roh, Mr Lee supports early ratification of last year's free-trade agreement with the US, though neither side's legislature may oblige.

Yet there are danger signs. Mr Lee's "747" slogan pledges 7 per cent annual growth in gross domestic product, to boost per capita income to \$40,000 and create the world's seventh largest economy. But how can this fly? Seven per cent growth is a tall order for a big industrial economy at the best of times - let alone with high oil prices (Korea imports it all) and a US recession looming. As for joining the top seven, which economy does Mr Lee believe South Korea can overtake?

Being pro-business sounds good, but which business? The mighty conglomerates, the *chaebol*, see Mr Lee as their man. He promises to end curbs that stop them owning banks. Yet with Samsung being probed for alleged bribery and other malfeasance, is giving these behemoths freer rein the way to go? Better, surely, to boost Korea's cash-strapped small and medium-sized enterprises, which are vital for the job creation Mr Lee also promises: 600,000 a year, no less.

What of foreign business? Mr Lee claims to welcome foreign direct investment, yet is critical of profit-taking. With the Lone Star fiasco still dragging on, this stance may not reassure foreign investors that they are as free and welcome to make money in Korea as Koreans are. Allowing the *chaebol* to buy banks suggests a state keen to build national champions.

Then there is his grand canal. Having beautified a long-hidden Seoul stream as a major amenity, Mr Lee plans a \$16bn nationwide canal network. Almost all experts dismiss this as a white elephant. Yet Mr Lee is sticking to his guns, while promising consultation. If he goes ahead, this threatens to be a divisive distraction from Korea's real problems.

For a supposed free-marketeer, Mr Lee favours a very visible hand. While seeking to close four of 18 ministries, he plans to strengthen the powerful presidential Blue House at the expense of the prime minister. Many in Seoul would advocate the reverse.

If, as expected, national assembly elections on April 9 give Mr Lee's Grand National party a thumping majority, few checks and balances will be left on what looks like a chief executive's vision of government, even a new Korea Inc.

Omnipotence also means no hiding place. Mr Lee will be vulnerable if growth does not better the 5 per cent under Mr Roh. A special counsel is probing his past financial dealings. Any dirt it uncovers could help turn a bulldozer who fails to deliver on too many bold pledges into a lame duck.

South Korea's real problems run deeper than soundbites. They include jobless graduates - too many study the wrong subjects - and, above all, how to create a growth model to meet China's challenge. That entails boosting services, which means more FDI. Mr Roh, to his credit, saw this. Does Mr Lee?

For a new broom, he seems redolent of Korea's past. While drive beats drift any day, what Seoul needs is a brain surgeon, not a bulldozer.

III. Nautilus invites your responses

The Northeast Asia Peace and Security Network invites your responses to this essay. Please send responses to: napsnet-reply@nautilus.org . Responses will be considered for redistribution to the network only if they include the author's name, affiliation, and explicit consent.

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Nautilus Institute

608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email:

nautilus@nautilus.org