A L T H O U G H C A P I T A L A N D politics are closely intertwined in most contemporary democracies, it is rare for an electorate to vote into highest office the former chief executive of a major corporation. To a select group including Italy’s Berlusconi, Thaksin of Thailand and, at the local level, Mayor Bloomberg in New York we can now add South Korea’s tough-talking Lee Myung-bak—a.k.a. ‘The Bulldozer’—former head of Hyundai Construction and Mayor of Seoul, who was elected President by a landslide on 19 December 2007. This was not the first time a Hyundai executive had run for President of South Korea: the founder of the Hyundai Group, Chung Ju-young, garnered 16 per cent of the vote in 1992. Lee’s victory, however, has proved unprecedented in several respects. First, although Lee’s winning margin was the widest since democratic elections began in 1987—his 48.7 per cent of the vote far outstripped the 26.7 per cent won by his closest challenger, Chung Dong-young of the centre-left United New Democratic Party—the equally historic low turnout, at just over 62 per cent, meant that he had the support of less than a third of the overall electorate.¹

Second, although almost all of Lee’s predecessors have faced allegations of corruption and misconduct at some point during their presidency, he is the first to confront such charges even before entering office. A special prosecutor’s bureau, set up by the National Assembly shortly before the December election to investigate allegations of fraud and stock manipulation, initially cleared Lee of any wrongdoing. A further probe in January, just six weeks before his inauguration, also found him innocent. Nevertheless, suspicions of Lee’s past actions remain high, both among opposition parliamentarians and the general public. Given the notoriously intimate relations between politics and big business in South Korea’s development state, and Lee’s high-profile success in that system, it is possible that whole closets full of skeletons from his past have yet to
Lee’s presidency could be dogged by corruption scandals for the next five years—should he remain in office for the full term.

For a further unprecedented aspect of Lee’s presidency has been the drastic collapse of his support, within a hundred days of his February 2008 inauguration. Protests flared after his first trip to Washington in April, where Lee kowtowed to Bush—promising that South Korea would resume beef imports from the US, banned after the BSE scare of 2003—in order to get a Free Trade Agreement back on track. By June 2008 they had escalated into almost nightly candlelit protests in the centre of Seoul and other cities, estimated to have mobilized over a million Koreans. While truck drivers struck over rising fuel prices, demonstrators demanded an end to central planks of Lee’s programme—large-scale privatizations, rising education costs, attacks on labour rights—and called for him to go. On 19 June the President issued a televised apology from the Blue House. ‘Sitting on the mountain by myself and looking at the endless candlelight parades, I reproached myself for not serving the public properly’, he avowed. ‘Please watch me and the government make a new start. I will make candle-lit streets fill with rays of hope.’ Lee hastily backtracked on planned privatizations of water, gas and electricity, ditched a multi-billion dollar project for a canal connecting Seoul to Busan in the southeast, offered palliative subsidies to small businesses, striking truckers and low-income families, and scrambled to win further concessions from Washington on the suspect steers.

How should we contextualize this dramatic passage in Korean politics? The cry of *Dokje Tado!*—‘Down with the Dictatorship!’—was heard on the streets of Seoul this June, an echo of the mass protests that finally brought down the authoritarian Cold War government in the ‘Great June Uprising’ of 1987. Lee’s election victory, as standard-bearer of the conservative Grand National Party (GNP)—a formation with roots in the pre-87 military regimes—clearly represents a rightward shift, after a decade under two successive presidents of the centre-left, Kim Dae Jung and Roh Moo-hyun. This was underlined by the 15 per cent of the vote scored by Lee Hoi-chang—a former GNP presidential candidate, who entered the race at the eleventh hour as an independent Cold War conservative. The trend was confirmed by the 9 April 2008 National Assembly elections, which resulted in a bare majority for the GNP (153 of 299 seats, a net gain of 32), and a loss of some 50 per cent of representation for

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both the centre-left United Democratic Party and the small trade-union backed Democratic Labour Party, which lost 80 and 5 seats respectively.

Yet beneath the surface of this left–right shift lies a more ambiguous transformation of South Korean politics. Lee Myung-bak is not merely an atavistic conservative. The right-wing constellation of forces that dominated South Korean politics in the decades preceding the 1987 democratic uprising—a combination of strident Cold War anti-communism, military-led authoritarianism, state-business corporatism and obsequious pro-Americanism—cannot hold as it once did. Despite its authoritarian roots, Lee’s GNP has moved decisively towards the political centre in recent years. At the same time, neither the administration of Kim Dae Jung nor that of Roh Moo-hyun were as ‘progressive’ (the term favoured by the Korean Left) as they may initially have appeared. In the case of Roh in particular, there was an acute contradiction between his core support base and political background on the one hand, and on the other, the neoliberal economic agenda he advanced. This discrepancy fatally undermined Roh’s administration, and made it all but impossible for his chosen successor Chung Dong-young to win the presidency, in the face of mass abstentions. Both Kim and Roh were products of the 80s democracy movement; yet this new layer entered office just as the 1997 Asian financial crisis threatened to unravel South Korea’s ‘economic miracle’. To understand the political conjuncture in which Lee Myung-bak is now struggling, it is first necessary to gain a perspective on the decade of rule by the centre-left.

Democratic openings

Over the course of the 1970s and 80s, the dictatorships of Park Chung Hee and Chun Doo Hwan were challenged by one of the most extensive, organized and courageous cultures of political protest in the world. With university students as its vanguard, this ‘movement sphere’ (undongkwon) emerged in the early 1970s, and by the 1980s had formed what historian Namhee Lee has called a ‘counter-public sphere’ against the dominance of the military and monopoly capital.2 The movement coalesced around the concept of the Minjung, or ‘popular masses’; it was careful to avoid any language taken directly from left traditions, still taboo in deeply anti-communist South Korea. Denied access to the works of Marx but

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taking a cue from Gramsci, many students worked undercover in factories to develop ‘organic links’ with the exploding population of blue-collar workers—the second component of the Minjung coalition—created by the highly authoritarian industrialization of the country via the state-backed conglomerates or *chaebols* (Hyundai, Daewoo, Samsung and the rest) in the post-war era.

A third component consisted of progressive elements of the Catholic and Protestant churches. Although predominantly conservative today, during the 1970s progressive groups on the Protestant margins taught and organized factory workers through the Urban Industrial Mission, which was deeply influenced by Paulo Freire’s *Pedagogy of the Oppressed*; while Catholic activists articulated a socially conscious ‘Minjung Theology’ akin to the contemporaneous Liberation Theology of Latin America. A fourth was undoubtedly a powerful sense of regional exclusion. Park Chung Hee’s dictatorship had showered economic and political favours on his native Gyeongsang region in the southeast, at the expense of the Jeolla region of the southwest. The latter became the real hotbed of political opposition to the dictatorship, which led in turn to more discrimination from the centre. Finally, in May 1980 the city of Kwangju in South Jeolla province exploded in a popular uprising against the new military strongman, General Chun Doo Hwan, who responded with a bloodbath that killed hundreds of Kwangju’s citizens.

In other respects, too, the South Korean democracy movement of the 1980s differed quantitatively and qualitatively from its predecessors. The

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1 Donald Clark, ‘Protestant Christianity and the State: Religious Organization as Civil Society’, in Armstrong, ed., *Korean Society*, pp. 174–82. The astonishing success of Christianity in South Korea has yet to be adequately explained by historians and social scientists. The country has one of the highest proportions of Christians in its population of any country in Asia—at close to 25 per cent, second only to the predominantly Catholic Philippines. Eleven of the twelve largest congregations in the world are in Seoul, including the world’s largest, the Yoido Full Gospel Church; Lee Myung-bak himself is an elder in Somang Presbyterian Church, one of the most influential. Mainstream Protestantism in South Korea has a predominantly conservative outlook quite similar to that of evangelicalism in the United States, which has deeply influenced the development of Korean Protestantism since the late 19th century. Christian refugees from North Korea, centre of Korean Christianity before 1945—Kim Il Sung was himself raised in a Presbyterian household—became the core of the postwar Protestant church in the South. Not surprisingly, most Protestants have tended to be strongly anti-Communist and favourably disposed to the US.
protests of April 1960 that led to the resignation of President Syngman Rhee had largely been confined to students and intellectuals, and the ensuing democratic opening was soon reversed by Park Chung Hee’s military coup of May 1961. The more socially diverse but scattered demands for democracy following Park’s assassination in October 1979 were in turn crushed by Chun Doo Hwan’s seizure of power in May 1980. The June Uprising of 1987 was far larger and more inclusive than either of these, mobilizing hundreds of thousands of factory workers, farmers, students and middle-class professionals to demand Chun’s resignation and the establishment of democratic procedures and political freedoms.⁴

But if South Korea’s democratic transition was accomplished by a popular movement, its democratic consolidation was effected by intra-elite coordination—leading Choi Jang-Jip, one of the most eminent scholars of Korean politics, to term it a ‘passive revolution’.⁵ From the outset, South Korea’s ‘transition to democracy’ was arguably more procedural than substantive—a ‘conservative democratization’, in Choi’s term, over-determined by the structures of the country’s Cold War state and its chaebol-dominated industrialization which has failed to produce a party system representative of the real diversity of interests in Korean society. The central instruments of the repressive state apparatus were duly retained: the National Security Law, established in 1948 under Syngman Rhee, which allows anyone to be arrested and incarcerated without due process on suspicion of ‘anti-state activity’; and the key agency for enforcing this, the Korean Central Intelligence Agency, set up immediately after Park’s coup of 1961.⁶

The first presidential election after the fall of the dictatorship, in December 1987, was won by Chun’s hand-picked successor and army comrade Roh Tae Woo, with barely a third of the popular vote; the


⁶ Prominent recent victims of the National Security Law include: the sociology professor Kang Jeong-Koo, arrested in 2001 for writing a supposedly pro-Kim Il Sung statement in a guest book during an authorized visit to Pyongyang; the German-trained philosopher Song Du-yul, imprisoned in 2003 on charges of spying for North Korea, and accused of being a high-ranking member of the DPRK’s Politburo; the Korean translation of a book by Kim Myong Chul, an ethnic Korean in Japan, banned for being too favourable to Kim Jong Il.
opposition had been divided between two long-standing pro-democracy activists, Kim Dae Jung and Kim Young Sam. In 1990, the latter Kim joined his party with Roh’s to form the Democratic Liberal Party (DLP), a ‘grand conservative coalition’ transparently inspired by Japan’s Liberal Democratic Party. Clearly the DLP’s boosters—not least in the United States—hoped it would, like its Japanese model, establish stable, conservative one-party rule against a token opposition. Though Kim won the presidency as DLP candidate in 1992, even this hand-rigged establishment grouping failed to last through his term. Confirming Choi Jang-Jip’s diagnosis, parties have continued to be ad-hoc arrangements, organized around ambitious individuals with the sole aim of winning elections; a feverish pre-election mobilization is followed by a rapid post-election demobilization. Agents desirous of change have tended to work outside the political system rather than through it.

It is arguably this that explains why, despite its dramatic beginnings, South Korea’s democratization—unlike that of, say, South Africa or Brazil—has been incremental and conservative. Significant social forces have largely been excluded from the formal political process, most conspicuously South Korea’s once-powerful (and occasionally still very vocal) trade unions, which remained outside of politics until the turn of the century. Much of the student movement and the Christian activist circle dissipated after the late 1980s, although some of its leading members moved into ‘civil society’; since the early 1990s NGOs have achieved some success in such areas as electoral reform, government accountability, women’s rights and the environment. But for the most part, the political realm has been dominated by the more conservative elements of South Korean society. The net result of this conservative democratization has been a wide gap between the hopes for democratization and the reality of South Korean politics over the last two decades—the

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7 Both the creation of a Japanese-style hegemonic party in South Korea, and its subsequent failure, were presciently foreseen by Bruce Cumings in ‘The Abortive Abertura: South Korea in the Light of Latin American Experience’, NLR 1/173, Jan–Feb 1989, p. 32.

8 The KFTU-backed Democratic Labour Party was founded in January 2000, when organized labour had already lost much ground, rather than in the heat of the struggle against the dictatorship as with the Workers’ Party in Brazil. The DLP won 13 per cent of the vote and 10 parliamentary seats in the 2004 National Assembly elections; but in 2007 its Presidential candidate Kwon Yong-ghil scored only 3 per cent and its parliamentary representation was reduced to 5 seats after April 2008.

reality being periodic spectacles of electoral mobilization set against sometimes dramatic, but rarely effective, protests by workers’ and civil society groups. The weakness of the party system alone cannot explain this, of course, because the range of political options in South Korea is also constrained by other factors—not least the political economy of the post-Asian crisis regime.

*After the Asian crisis*

If the upheaval of 1987 opened the way to a post-authoritarian politics in South Korea, the 1997 Asian financial crisis demonstrated the limits on the country’s political and economic choices. Bruce Cumings has argued that the crisis set the seal on Korea’s shift away from the developmental state model.10 It was precisely in the midst of this crisis, in December 1997, that Kim Dae Jung was elected president. The official slogan for the fiftieth anniversary of the founding of the Republic of Korea, 15 August 1998, was ‘The Second Nation-Building’—a reference to the period of national construction that followed Korea’s liberation from Japanese colonial rule in August 1945. Kim’s message was clear: South Korea would put its authoritarian, corrupt, dependent past behind it. A champion of democracy but never a radical—indeed, an unabashed admirer of Blair—Kim’s record reflects both the limits and the potential of ‘Third Way’ politics. Kim tried to bring reconciliation in many areas: between South Korean regions, between labour and management, rich and poor, left and right, Korea and Japan, and perhaps most dramatically between North and South Korea.

But Kim remained saddled with the legacy of the past. Domestically, his presidency was confronted by a majority ‘opposition’ party, the continuing power of the chaebol and the persistence of regionalism, which highlighted his status as representative of the minority southwestern Jeolla province.11 External constraints included, firstly, South Korea’s dependence on

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11 Regionalism has been a much-remarked factor in South Korean politics. In a country where ethnic homogeneity is taken for granted, reference to class division has been taboo and ideological choices are highly constrained, regional identification is one of the few viable sources of political mobilization. But rather than being rooted in ‘ancient rivalries’ dating back to the Three Kingdoms of the seventh century AD, as some would assert, in its modern form Korean regionalism is fundamentally a product of the skewed policies of Park Chung Hee’s dictatorship.
the financial markets, after the lifting of its capital controls in the early 90s, and the scrutiny of the International Monetary Fund in the wake of the 1997 crisis (what South Koreans generally call the ‘IMF Crisis’). The conditions of the IMF’s $57bn rescue package included labour deregulation, fiscal austerity, lifting ceilings on foreign investment to 50 per cent, opening capital and auto markets, and instituting international auditing for the chaebol. Secondly, of course, there was the ROK’s alliance with the United States, which shaped its response to the crisis and both facilitated and inhibited Kim’s overtures to North Korea.

Kim was the first native of Jeolla to be elected president, and he intended his election to demonstrate that South Korea had overcome the bitter regional divisions of the previous two decades. The reality proved otherwise. His support was overwhelming in his native southwest, but extremely sparse in the southeast. In the National Assembly, his Democratic Party maintained a slim majority over the GNP by means of a bizarre alliance with the conservative United Liberal Democrats, led by Kim Jong Pil—former chief of the notorious KCIA under Park Chung Hee, and who had plotted more than once to have Kim killed. As noted, the KCIA and the National Security Law were retained under Kim’s presidency, though the former was renamed National Intelligence Service in 1999. But Kim’s attempts at reform ended in compromise not only with the lingering elements of authoritarian politics but also with the interests of Korean monopoly capital, represented in the chaebol.

Early on in his presidency, Kim had convened a tripartite committee consisting of leaders of labour, business and government—‘No-Sa-Jeong’, in its Korean abbreviation—in an attempt to put his ideas of social consensus and ‘participatory democracy’ into practice. The committee accomplished little and soon faded away, in part because organized labour remained unconvinced, preferring to advance its interests through strikes and protests. Instead of reconciliation, the legacy of the Kim–Roh era has been the rapid growth of informal workers, now close to 60 per cent of

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12 This was true even of Kim’s successor Roh Moo-hyun who, although a southeastern native, won most of his support from the southwest. Lee Myung-bak, for his part, is from North Gyeongsang province, as were Park Chung Hee and Chun Doo Hwan. The electoral map from the April 2008 National Assembly election reflects continued, even deepening, polarization along regional lines. Not a single GNP parliamentarian won in Jeolla, and no-one from the United Democrats won in either North or South Gyeongsang.
the South Korean workforce, and the further marginalization of labour.\textsuperscript{13} Similarly, liberalization of the \textit{chaebol}—a central IMF demand—has, if anything, confirmed the shift to capital. In December 1998 Kim won the agreement of the top business leaders to a so-called ‘Big Deal’ on structural reform.\textsuperscript{14} The ensuing creative destruction shook out a number of the weaker firms—most spectacularly the Daewoo group, the first of South Korea’s major conglomerates to go bankrupt in the post-Asian crisis era. At present the top \textit{chaebol} is no longer Hyundai, which occupied this position through much of South Korea’s heavy-industry phase, but Samsung, the electronics giant which has become the ‘super-\textit{chaebol}’ of the twenty-first century.

But while the free market has been a recurrent refrain in South Korea since the 1997 financial crisis, in reality liberalization has taken place in halting fashion. Although the majority of the workforce is employed by smaller enterprises, the \textit{chaebol} continue to call the shots, accounting for 60 per cent of exports. The economy remains dominated by large conglomerates to a degree perhaps greater than any other capitalist nation. Arguably, rather than substituting state-led development with neoliberal economic practices, South Korea has grafted the latter onto the former.\textsuperscript{15} As a result, the job security, holidays, healthcare and other benefits the \textit{chaebol} once offered their employees have been steadily eroded over the past decade. The state has done little to fill the gap in any of these areas, and a sense of economic vulnerability on the part of ordinary South Koreans has been a major legacy of the ‘progressive’ decade.

Meanwhile Kim’s ‘Sunshine policy’ of peaceful engagement with North Korea, which was to have been the centrepiece of his time in office, made little progress after his historic June 2000 summit meeting with Kim Jong Il, as we shall see. Kim Dae Jung thus ended his presidency beleaguered both by opponents on the right and by former supporters on the left, with his reform programme stalled and his major foreign-policy initiative under attack from the White House. As a result it was


\textsuperscript{15} Choi, \textit{Democracy after Democratization}, p. 304.
widely expected that the GNP candidate, Lee Hoi-chang, would sweep the 2002 presidential election. The victory of Roh Moo-hyun, a hitherto little-known, self-taught human-rights lawyer whose economic and educational background placed him well outside the mainstream of South Korea’s political class, was an unexpected upset against resurgent conservative forces.

The outcome of the 2002 election was widely interpreted as reflecting a generational shift, and in particular a triumph for the so-called ‘386 generation’: those in their 30s at the time, who entered university in the 1980s and were born in the 1960s. Unlike their parents, whose formative experience was the Korean War and whose anti-North Korean, pro-US sentiments were taken for granted, the 386-ers were shaped above all by the democratic upheavals of the 1980s. Generally more progressive in such areas as civil rights and relations with North Korea and the US, this was the demographic segment that, more than any other, helped Roh win the election. But five years later, the 386-ers no longer held together as a cohesive bloc, and were as likely to vote against the progressive camp’s candidate as for him. Although unceasingly attacked as leftist, Roh’s administration dispatched Korean troops to Iraq, and its economic policies proved more neoliberal than any of its predecessors.

The vicissitudes of the Roh administration illustrate vividly the contradictions of South Korean politics. Not long after his narrow election victory in 2002, Roh split from Kim Dae Jung’s New Millennium Democratic Party (NMDP) to form his own party, the Yeollin Uri Dang or ‘Our Open Party’, usually referred to as the Uri Party. In early 2004, Roh survived impeachment proceedings begun by an alliance of GNP opposition parliamentarians and members of the NMDP, but his Uri Party came back to win a majority in the National Assembly that April—the first time in many years a president and a parliamentary majority had shared the same party affiliation. However, Roh’s political capital evaporated almost instantly. Attempting to rule as a populist through direct appeals to citizens’ support, especially via the internet—a medium which helped him win the 2002 election, but has since become as useful for conservatives as progressives—Roh’s often high-handed style alienated many Koreans even from his own part of the political spectrum, to say nothing of the conservative opposition, as well as nearly all significant interests.

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in the Korean establishment: the mainstream media, the military, business leaders and leading universities. Roh became increasingly isolated in the last half of his presidency, governing principally through a conservative bureaucracy.

South Korea’s commitment to market liberalization has been a constant at least since Kim Young Sam’s policy of ‘globalization’ or segyewha in the mid-1990s, but the Roh administration’s enthusiasm for free trade, and particularly bilateral Free Trade Agreements, was unparalleled. Under Roh, FTAs were negotiated with forty-five countries in two years, no doubt a world record. But the Korea–US Free Trade Agreement signed in 2007 stood out, along with the decision to commit troops to the war in Iraq, as one of the most divisive foreign-policy issues of Roh’s presidency, especially among his core supporters. The KORUS FTA inspired some of the largest organized protests South Korea had seen since the early 1990s.\(^7\) Despite domestic opposition (and to much lesser degree, criticism within the US), the FTA was signed both by the Korean and by the US president.

**With and against America**

Popular opinion in Korea was even more strongly opposed to US military policies during this period—marking a distinct shift. For over forty years during the Cold War, the purpose of the US–ROK alliance had been seen by both sides as unambiguous: defending South Korea, as part of the ‘free world’, against the threat of the North, backed by China and the USSR. The Soviet collapse did not fundamentally alter this. During the early Roh–Bush years, however, and despite the ROK contingent in Iraq, America and South Korea differed not only in their view of the North Korean threat, but on the nature of US–ROK relations more generally. The nadir came in the winter of 2002–03, when tens of thousands of Koreans participated in candle-lit vigils calling for US accountability in the deaths of two schoolgirls accidentally killed by American military vehicles. The protests were embedded in a broader sense of unease. Statistics reflected a sharp change of attitude, in a country that had been almost unique in its overwhelmingly pro-Americanism a generation earlier. A poll taken by the Joongang Ilbo newspaper in December 2002 revealed that only 13 per cent of South Koreans viewed the US favourably, while 36 per cent viewed it unfavourably, and 50 per cent were neutral. Furthermore,

\(^7\) See the website of the Korean Alliance Against the KORUS FTA, www.nofta.or.kr.
72 per cent of South Koreans in their 30s, and 62 per cent in their 20s, wanted to restructure the US–ROK alliance to make it more equal.\textsuperscript{18}

While some observers attributed such shifts to a general rise of ‘anti-Americanism’ among younger South Koreans, they have arguably had more to do with the Bush administration’s sabre-rattling against Pyongyang and the war in Iraq, which many saw as a chilling precedent for an attack on North Korea. But the new level of tension in the US–DPRK confrontation also focused attention on the 37,000 US troops on South Korean territory, positioned near the border as well as at Yongsan Army Base, occupying prime real estate in the centre of Seoul; a presence no longer legitimated by the Cold War. The Status of Forces Agreement between the US and South Korea, and in particular the automatic American assumption of control over ROK forces in the event of war, was a further point of contention. The Roh Administration pushed for changes in both these areas. In June 2003, with American forces tied down in Afghanistan and Iraq, the Pentagon announced it would move troops away from the border, and re-deploy 7,000 soldiers out of Seoul to bases farther south.\textsuperscript{19} The following year, the two governments agreed on a reduction of about 12,000 US troops, and the handover to South Korea of wartime operational control of its own military forces by 2012—although there are as yet no concrete plans to remove US soldiers from the peninsula altogether.

\textit{Return of the GNP}

Such moves failed to secure more general support for Roh’s administration. By the end of his term in office he had become one of the most unpopular presidents since opinion polls began in Korea—although it should be noted that all presidents since 1987 have left office far less popular than when they began. Despite his free-trade policies, South Korea’s growth remained sluggish relative to its past performance, while employment stagnated. The post-97 recovery had been based on high-end exports to the US, in some instances routed via assembly plants in China; it was further boosted after 2000 by a domestic credit bubble. When this collapsed in 2004, after a credit-card accounting scandal, a


further bubble blew up in real estate. The result has been rising indebtedness and labour insecurity, accompanied by rocketing housing prices. Meanwhile the gap between rich and poor climbed to the third-highest in the OECD.20

When faced with a choice between a closet pro-business president and an open one in the 2007 election, a plurality of South Korean voters chose the latter. Like Berlusconi and Thaksin before him, Lee Myung-bak succeeded in portraying his Hyundai background and his own rags-to-riches story as a basis for sound economic leadership. Lee did well among voters in their 30s and 40s, but his highest support came from those in their 20s—the least economically secure age group, and partly for this reason much more conservative than their immediate elders.21 Whether Lee’s economic policies can alleviate that insecurity is another matter. His ‘business-friendly’ position appears to be very pro-chaebol, and he has proposed policies that would reverse a number of legal constraints on chaebol expansion, such as limits on equity investment and the separation of financial and industrial capital.22 The ‘Big Deal’ initiated by Kim Dae Jung, never much of a big deal in the first place, is likely to be scaled back under Lee; the government and monopoly capital in South Korea are on more cooperative terms now than at any time since the early 1990s. As the June 2008 protests have revealed, however, Lee’s freedom of manoeuvre may be limited.

Similarly, Lee’s position on North Korea involves multiple contradictions. During his presidential campaign Lee made tough noises on the question, and on entering office criticized the policy of engagement as ‘unilateral appeasement’. He emphasized Pyongyang’s complete compliance with the denuclearization agreement as a precondition for future inter-Korean cooperation and, in particular, large-scale investment—such as the development of the Haeju-West Sea area, promised by Roh in the


21 In a recent poll of students from South Korea’s top universities, taken by the Hankook Ilbo newspaper, slightly more identified themselves as ‘conservative’ than ‘liberal’: 23 per cent versus 21 per cent, although most considered themselves ‘moderate’. When asked if they would join a movement for democracy such as the June 1987 uprising, more than 60 per cent answered ‘no’. ‘Shinsedae: Conservative Attitudes of a “New Generation” in South Korea and the Impact on the Korean Presidential Election’, East–West Center Insights, no. 2, September 2007.

8-Point Agreement signed at the October 2007 North–South summit in Pyongyang, which outlined a wide range of cooperative activities. But though he needs to demonstrate his toughness on Pyongyang to please his conservative base, given Hyundai’s record as South Korea’s largest corporate investor in the North, Lee would seem particularly well positioned to continue and deepen South Korea’s economic penetration of the DPRK. Cheap, disciplined North Korean labour provides an irresistible attraction to South Korean capital, which has invested hundreds of millions of dollars in the Gaesong Industrial Zone project (founded by the Hyundai–Asan company), and looks forward to future investment zones in other parts of North Korea.

While there are real differences on the question in Seoul, there is a general consensus that North–South cooperation is beneficial to both sides, that gradual reunification is preferable to sudden collapse and a German-style absorption of North Korea by the ROK, and that persuasion is preferable to coercion. Such views are, broadly speaking, shared across the political spectrum in South Korea, including much of the right. In June 2007 the GNP, long hawkish on the North, revised its policy to favour engagement, effectively aligning itself with the position of the two ‘liberal’ presidents, Kim Dae Jung and Roh Moo-hyun. A long-term strategy of maintaining South Korean influence and pulling North Korea more fully into the orbit of Southern capital calls for more economic engagement, not less. It remains to be seen whether the ideological or economically opportunistic side of Lee’s North Korea policy will win out.

**Peninsular diplomacy**

That Korea remains divided between North and South, nearly two decades after the fall of the Berlin Wall, is eloquent testimony to the sui generis character of the peninsula’s ‘division system’ which Paik Nak-chung discussed 15 years ago. The Cold War was a necessary but certainly not sufficient cause of this, and the longer Korea’s North–South divide persists, the clearer appear the differences between Korean and

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European partition. Above all, unlike the erstwhile German Democratic Republic, the DPRK—since its foundation in 1948, a staunchly nationalist regime profoundly different from the Soviet dependencies of Eastern Europe—has defied most outsiders’ expectations and obstinately refused to fade into historical oblivion. Not until the US and North Korea had pulled back from the brink of war in June 1994, at the climax of what we can now call the ‘first North Korean nuclear crisis’, did the US—and later South Korea—accept that the DPRK was not going to disappear soon, and had to be dealt with (in the words of Clinton’s Secretary of Defense William J. Perry) ‘as it is, not as we wish it to be’.

The symbol of this changed American view of North Korea—and perhaps vice-versa—was the October 1994 Framework Agreement, which froze North Korea’s plutonium programme in exchange for energy assistance and movement towards normalizing political relations. But even after the June 2000 summit between Kim Dae Jung and Kim Jong II, a major agreement to resolve the nuclear question and move forward on Washington–Pyongyang normalization never materialized. The incoming Bush administration, reflexively opposed to much of Clinton’s foreign policy—not least its ‘appeasement’ of Pyongyang—adopted a more confrontational stance. A second nuclear crisis erupted in October 2002, when the US accused North Korea of carrying on a secret uranium enrichment programme in order to evade the 1994 ban. As hardliners in the Bush administration had long hoped, the 1994 agreement soon collapsed. But the DPRK itself did not, and in April 2003, through the mediation of Beijing, the US, North Korea, South Korea, China, Japan and Russia entered into six-way talks on the North Korean nuclear issue.

The Six-Party talks proceeded in fits and starts. In November 2005 a fifth round was ended by the US, who announced it would freeze North Korean assets at the Banco Delta Asia in Macau. Eight months later, on 5 July 2005, Pyongyang ended a self-imposed missile moratorium in place since 1998 and test-launched seven ballistic missiles; on 9 October 2005, it announced it had successfully carried out an underground nuclear test. Both actions were condemned by UN Security Council resolutions, with China’s agreement, but no retribution took place. Eventually the

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US backed down, offering a set of incentives for North Korea to return to the Six-Party talks; the result was the agreement of 13 February 2007, which called for the DPRK to shut down and abandon its Yongbyon reactor, invite back IAEA inspectors, and reveal the full extent of its nuclear programme. In exchange, the US and Japan would move towards normalization of ties with the DPRK, and offer energy and humanitarian assistance. In October 2007, Pyongyang promised to fulfil the agreement by the end of the year, and reaffirmed its commitment not to transfer nuclear materials, technology or know-how. Less than a year after the DPRK’s nuclear test, the mood had changed from visions of the apocalypse to hopes for peace and economic cooperation. Even its failure to meet the 31 December deadline for full disclosure was dismissed as a relatively minor inconvenience by the American negotiators; North Korea continued to hand over key documents in the first half of 2008.28

Most South Koreans today neither fear a North Korean invasion nor desire a North Korean collapse. While there are a small number—mostly younger and concentrated in the long-disenfranchised South Jeolla region—who admire the Kim Jong Il regime and especially North Korea’s independence, strident nationalism and refusal to submit to the will of the US, the general attitude might be described as a desire for ‘containment’: keeping the North alive but at bay, if necessary through economic assistance, so long as it is not too costly for the South. This is a far cry from the fervent hope for unification that motivated South Koreans for decades after the initial division, but it follows logically from the economically pragmatic world-view that dominates contemporary South Korea.

**Korea in the world**

Most foreign visitors to South Korea today arrive at Incheon airport, a spectacular new facility on an island in the Han River estuary west of Seoul, not far from the site of General Douglas MacArthur’s famous September 1950 landing that changed the course of the Korean War. Currently the fourth-busiest airport in the world by cargo, Incheon Airport is one of the most visible symbols of South Korea’s hopes for a central role in the economic dynamism of Northeast Asia—due, especially, to Korea’s proximity to China. The country’s strategic position between the empires of China, Russia and Japan, long seen as its main weakness, came to be reimagined as a unique source of strength.

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From the outset, the Roh administration sought to focus on South Korea’s active role in regional economic integration, dubbing Korea the ‘hub economy’ for Northeast Asia. In his February 2003 inaugural address, Roh asserted that ‘the Age of Northeast Asia is fast approaching’, adding that he had long dreamed of ‘a regional community of peace and co-prosperity . . . like the European Union’. Japan, the world’s second largest economy, fitfully emerging from a ‘lost decade’ of stagnation in the 1990s; China, the world’s fastest-growing economy and both Korea’s and Japan’s top investment market; and Korea together comprise an increasingly integrated regional economy. Ties are strengthening in other areas: more Korean students now study in China than in the US, while South Korean popular culture—principally its films—has become all the rage in Japan, China and Southeast Asia. Japanese culture, long banned by the South Korean government, has similarly taken off in Korea. In the area of security, a region divided for decades by Cold War confrontation has been coming together, paradoxically perhaps, over the North Korean nuclear issue, through the vehicle of the Six-Party talks. Bystanders for over a century, as more powerful countries decided the peninsula’s fate, Koreans are now active participants in negotiations, alongside their regional neighbours and the Americans. The Roh government went so far as to suggest that South Korea could play the role of a mediator in disputes between Japan and China, and between North Korea and the United States.

The idea of Korea’s advantageous centrality in this new regional order was most fully articulated by the scholar and foreign-policy advisor Bae Kichan in his bestselling Korea at the Crossroads, allegedly one of President Roh’s favourite books. Bae argued for South Korea to become a ‘balancer for peace and prosperity in Northeast Asia’, an affluent and neutral middle-ranking power that could be the ‘Switzerland of Asia’. Ultimately, Bae suggests, the deepening economic linkages on the peninsula, the defusing of military tensions between the Koreas, and the common aspirations for ‘peace and prosperity’ among the major powers would lead to a politically unified Korean peninsula playing a central role in a cooperative and increasingly integrated Northeast Asia.

The Lee Myung-bak government has rejected much of this neutralist vision, seeing the country as a pro-US partisan, not a ‘mediator’. Lee has

29 Bae Kichan, Korea at the Crossroads: The History and Future of East Asia, Seoul 2005.
promised to improve relations with Japan, but this is a tough sell in both
countries, while the ROK’s relations with China have encountered new
difficulties. Russia, although South Korea has substantial investments
there, is hardly considered a close ally. Northeast Asia may not after all
be the EU of the future, with Korea at its centre (perhaps Belgium is a
better analogy than Switzerland). Even before the end of the Roh admin-
istration, in fact, the notion of Korea as a ‘hub economy’ had been quietly
dropped from official discourse. There is widespread recognition among
South Koreans that their country’s time in the sun may not last. The
ROK’s economy is well behind that of Japan, and will probably remain
so for the foreseeable future. Its population is far smaller than that of
Russia or China, even if its economy is larger than the former’s and
more advanced than the latter’s. In any case, given the PRC’s extraordi-
nary economic growth—reminiscent of ‘Korea, Inc.’ in its 1980s heyday
but on a far larger scale—South Korea’s technological lead over China
may not last much longer. Furthermore, as technology transfer to China
accelerates, South Korea runs the risk of losing out between low-wage
China and high-tech Japan. The hopes pinned on Korea as a ‘gateway’ to
the PRC, and on the creation of an entirely new free-trade-oriented city
on Korea’s west coast to encourage foreign investment—the so-called
Songdo Ubiquitous City, a joint project between the New Jersey-based
Gale Company and POSCO, South Korea’s iron and steel giant—beg the
obvious question: why would foreigners invest across the Yellow Sea
from China when they could invest in China directly?30

Northeast Asia is not likely to become Western Europe anytime soon.
In Korea’s part of the world, the logic of market integration has yet to
trump historical animosities. Textbooks downplaying Japanese atrocities
in World War II and Prime Minister Koizumi’s visits to the Yasukuni
Shrine regularly stirred up popular outrages and government protests in
South Korea as in China. A historical dispute over the ancient kingdom of
Koguryo—whether it was ‘ethnically’ Korean, as Koreans believe, or part
of China, as the Chinese claim—led to a major diplomatic row in 2004.31

China and the ROK have also become rivals, especially over economic
influence, in North Korea. South Korea’s ‘China boom’, beginning in
the early 1990s when the two countries established diplomatic relations,
has recently become tempered by the realization that the PRC could be

30 Pamela Licalzi O’Connell, ‘Korea’s High-Tech Utopia, Where Everything Is
an economic threat as well as an opportunity. The Roh administration’s energetic pursuit of a free trade agreement with the US represents one attempt to counterbalance Chinese power and influence.

**Mixed weddings**

The end of the developmental state in South Korea has also had unexpected domestic consequences. As in Japan, capitalist affluence has challenged Korea’s mono-ethnic insularity. As recently as two decades ago, the only substantial groups of foreigners in South Korea were its dwindling ethnic Chinese community and American soldiers. Most of the latter remained in or near the US military bases that dot the Republic like an inland archipelago—the largest being at Yongsan, formerly the home garrison of the Japanese colonial army, now occupying several hundred acres in the heart of Seoul. Just east of Yongsan is the notorious Itaewon district, once the exclusive domain of American soldiers and the prostitutes and merchants who served them, and now a major tourist destination. Even respectable middle-class Koreans, long barred from the area both out of self-respect and by South Korean law, can be found slumming it there, some of the men soliciting the favours of East European prostitutes in the new ‘Russian clubs’.

Equally remarkable is the presence of guest workers from South Asia and Africa. On a Friday evening, Pakistani and Bangladeshi men can be seen walking past the hostess bars towards Seoul’s main mosque, which like most things foreign is sequestered to Itaewon, while West African workers emerge out of the clubs onto the streets. Without the presence of these guest workers sewing clothes and handbags in the local factories, South Korea’s garment-export industry, already battered by competition from South Asia and Latin America, would collapse. The transformation of Itaewon is a microcosm of South Korea’s shift from a garrison state superintended by the American military to participant in a kaleidoscopically transnational division of labour.

These mostly undocumented and badly treated foreign workers number in the hundreds of thousands, and although Kim Dae Jung briefly sought to address their plight, their position—in a country where economic insecurity affects wide sections of society—is still quite precarious. The largest group of undocumented immigrants by far consists of ethnic Koreans from China, whose appearance and command of the
Korean language enable them to work undetected, occupying many of the ‘Three-D’—dirty, difficult and dangerous—jobs that many South Koreans refuse. Occasionally a spectacular event, such as the warehouse fire that killed a dozen Korean-Chinese in January 2008, draws attention to the situation of these migrants. For the most part, however, they operate invisibly on South Korea’s economic margins.

Immigrants also provide a more intimate service in twenty-first century South Korea. As the society has urbanized, women have flocked to the city from the country, leaving behind the young men, who are expected to continue working on the family farm. A disproportionate number of single men thus remain in the countryside, unable to find brides. The solution has been to import women from the poorer parts of Asia, especially China and Southeast Asian countries (Vietnam, sharing a Confucian cultural heritage with Korea, is seen as a particularly attractive source of brides). By 2004 approximately 27.4 per cent of rural South Korean men were married to non-Korean women. In some villages, the rate of ‘international marriage’ is over fifty per cent. Only in the major cities, especially Seoul, are the overwhelming majority of Koreans married to other Koreans; the countryside is now far more cosmopolitan than the city. Along with the presence of some one million foreign workers, this high rate of intermarriage has helped to undermine Korea’s long-held self-perception—shared with few countries other than Japan—as an ethnically homogeneous nation. It remains to be seen how successfully South Korea can adapt to this new multi-cultural environment; the Japanese precedent does not offer a very promising model.

Two decades after the ‘Great June Uprising’ of 1987 which brought down the military government of Chun Doo Hwan, and ten years after the 1997–98 Asian financial crisis that threatened to unravel South Korea’s economic ‘miracle’, the country finds itself facing considerable anxiety over its economic future. A changing relationship with the United States is reflected in the still-unratified Free Trade Agreement and the question of the redeployment of US military forces. Deepening engagement with North Korea, despite the ongoing war of words on the peninsula, and an

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33 Lee Hyo-sik, ‘One in Four Rural Bachelors Marry Foreigners’, *Korea Times*, 27 June 2005. Of these foreign women, the vast majority (over 90 per cent) were from eastern Asia, the largest group being ethnic Koreans from China, followed by Vietnamese and Filipinas.
unprecedented economic stature in East Asia, is coupled with profound uncertainty about its place between a resurgent Japan and an increasingly assertive China. In many ways, the country is still searching for its place in the world.

Korea has not existed as a unified, independent nation-state since Japan annexed the peninsula in 1910. North Korea tried to overcome the disaster of colonization by rejecting all forms of dependency, including dependency on the Soviet Union which inspired it and helped bring it into being. Following a self-declared path of ‘self-reliance’, the DPRK demonstrated impressive industrial growth in its early years, but descended into economic catastrophe and famine by the 1990s and shows little sign of recovering soon. South Korea, following a very different model, was slower to get on its feet but ultimately became one of the few countries outside the Euro-Atlantic core to achieve the status of an ‘advanced economy’. The political economy of South Korean development was in many ways harsh, and it was the desire to alleviate that brutality which motivated one of the twentieth century’s most remarkable democratic movements. But if the goal of that movement was to create ‘capitalism with a human face’, it seems that ten years of ‘progressive’ presidential rule—under the macro-economic tutelage of the IMF—have produced, instead, growing insecurities and inequality. Yet as the June 2008 protests have shown, the South Korean people may not be willing to countenance the deepening of that neoliberal paradigm.