

South Korea's Election: What to Expect from President Lee

I. OVERVIEW

On 19 December 2007, South Koreans elected Lee Myung-bak as their president. Barring sensational developments in a scandal investigation that still dogs him, Lee, the candidate of the conservative Grand National Party (GNP or "Hannaradang") will be inaugurated on 25 February 2008 to replace Roh Moo-hyun, who is limited by the constitution to a single five-year term. A former top executive of the Hyundai conglomerate, he has pledged to be an "economic president who will revive the economy with his practical business experience". Although he has ideological differences with his liberal predecessor, he is unlikely to make dramatic changes in foreign or security policy.

Lee won 48.7 per cent of the vote, while Chung Dong-young, the candidate of the United New Democratic Party (UNDP) captured 26.2 per cent. Lee Hoi-ch'ang, the unsuccessful GNP candidate in 1997 and 2002 who stood as an independent this time, finished third with 15.1 per cent. Voter turnout was only 62.9 per cent, well off the 70.1 per cent in 2002 and a record low for a presidential election. Regional differences, a major factor in past elections, were clearly evident again.

Lee is believed likely to make greater efforts in the relationship with the U.S., which has been strained throughout the Bush administration, and to seek better ties with both Japan and China. However, he will be under the same constraints as his predecessors in all these relationships, which tend to be buffeted by events outside the control of the South Korean government. Progress is unlikely in the highly emotional territorial dispute with Japan. Lee has said he wants to see more South Korean investment in China and closer consultation on security issues, but any move toward Beijing is unlikely to be at the expense of the key relationship with Washington.

Lee is expected to continue South Korea's efforts at rapprochement with North Korea but to press more firmly for reciprocity than his predecessor. He has outlined a plan to narrow the economic gap by providing the North investment and help in creating an export manufacturing economy. There is widespread consensus in South Korea on engagement with the North, so the only change

anticipated under Lee is a greater emphasis on holding Pyongyang to its commitments.

The executive has strong powers in foreign policy, national security policy and inter-Korean relations. However, since democratisation in 1987, the National Assembly has become more powerful and assertive, and many presidential actions require its support. National Assembly elections will be held in April 2008, and the results could have a serious impact on President-elect Lee's policy agenda. Currently, the GNP has 128 seats out of 299, thirteen fewer than the UNDP.

II. THE ELECTION

A. RESULTS

Lee Myung-bak was the clear winner across the country except for the City of Kwangju, North Ch'olla Province, and South Ch'olla Province in the south west, where Chung received overwhelming majorities. In North Ch'olla Province, Chung polled 81.6 per cent to Lee's 9 per cent. On the other hand, the president-elect won 72.6 per cent in North Ky'ongsang Province, where Lee Hoi-ch'ang was second with 13.7 per cent and Chung had only 6.8 per cent.¹

Lee's margin of victory should give him a moderately strong mandate, unless an independent counsel, established by a law pushed through the National Assembly just two days before the election, validates claims of fraud and corruption against him. Given the size of his victory, an indictment is unlikely, and once inaugurated he would be

¹ "제 17 대 대선 개표 결과" ["Results from the 17th presidential election"], *Seoul Sinmun*, 20 December 2007; at www.seoul.co.kr/election/2007/localResult.php; Cho Ji-hyun, "Voter Turnout at Record Low", *Korea Herald*, 20 December 2007, at www.koreaherald.co.kr; Kim Ji-hyun, "Lee Myung-bak Wins in Landslide", *Korea Herald*, 20 December 2007, at www.koreaherald.co.kr; "제 17 대 대선 개표 결과" ["Results from the 17th presidential election"], *Seoul Sinmun*, 20 December 2007, at www.seoul.co.kr/election/2007/localResult.php.

immune to prosecution for the duration of his term, except for crimes of insurrection or treason.² Under South Korean law, Lee can select his prime minister and cabinet prior to his inauguration and can request the National Assembly, which must approve his appointments, to hold hearings on his candidates.³ This will give him an opportunity either to build good will with his rivals or to exacerbate the sharp partisanship now prevalent in the country's politics.

B. PRESIDENTIAL POWERS

South Korea has a strong presidential system of government, but executive power has weakened since democratisation and constitutional revisions in 1987.⁴ The president, who is limited to a single five-year term, is the commander-in-chief of the armed forces and has the power to issue decrees "as necessary to enforce laws". The president also has strong emergency powers to intervene in national security affairs or the economy but must promptly seek National Assembly approval. The executive has the further power to submit bills to the National Assembly and national referenda to a popular vote.

The president prepares and submits the annual national budget to the National Assembly for approval and appoints the cabinet and Supreme Court justices with the consent of the National Assembly. Members of that bench serve six-year terms, and President-elect Lee will have the opportunity to appoint all twelve justices and the chief justice during his time in office.⁵ The president also has the authority, with National Assembly consent, to appoint justices to the Constitutional Court. The terms of all but one of those justices will expire during Lee's tenure in the Blue House.⁶ National Assembly elections are due in April.⁷

C. LEE'S BACKGROUND

Lee Myung-bak, 66, is a former Seoul mayor (2002-2006), National Assemblyman (1992-1998), and CEO of Hyundai Engineering and Construction, one of the South's largest construction firms. He was born in Osaka, Japan, but went to Korea with his family shortly after it was liberated from Japanese colonial rule in 1945. His hometown is P'ohang, North Kyöngsang Province, in the country's south east, where his political support is strongest. Lee was the fifth of seven children (four boys and three girls). An elder sister and his youngest brother were killed during a U.S. bombing raid in the Korean War. He and his wife, Kim Yun-ok, have three daughters and one son.⁸

Lee was raised in poverty but graduated from Korea University with a degree in business administration in 1965. He served six months in jail in 1964 for leading protests against talks between Seoul and Tokyo to normalise diplomatic relations, and his subsequent blacklisting made it impossible to find employment. He wrote to President Park Chung-hee pleading his case and was given another chance after meeting with a Blue House staffer. He won an entry-level position with Hyundai Engineering and Construction in 1965 and rose to become its CEO in only twelve years.⁹

After a split with his long-time boss, Hyundai Honorary Chairman Chung Ju-young, who had established a new party and stood unsuccessfully for president in 1992, Lee entered politics that same year. He won a National Assembly seat on the national proportional list as a member of the Democratic Liberal Party,¹⁰ a forerunner of the GNP.¹¹ In 1996 he stood for a district seat in Seoul and defeated the incumbent, Yi Chong-ch'an, and President Roh Moo-hyun. However, he resigned his seat in 1998, ostensibly to stand for Seoul mayor, as he was under investigation for having violated election laws. He was

² If an indictment were brought before the inauguration, however, Lee would have to stand trial.

³ Brian Lee, "Food Tests, Traffic Lights among Lee's New Perks", *JoongAng Ilbo*, 20 December 2007, at <http://joongang.daily.joins.com>.

⁴ See Crisis Group Asia Report N°89, *Korea Backgrounder: How the South Views its Brother from Another Planet*, 14 December 2004.

⁵ The chief justice serves a single six-year term, but justices can be reappointed. For information on the Supreme Court, see the ROK Supreme Court website, www.scourt.go.kr/scourt_en/index.html.

⁶ For information on the Constitutional Court, see the ROK Constitutional Court website, <http://english.court.go.kr/>.

⁷ All 299 seats will be at stake.

⁸ "동정민, "'샐러리맨 신화'서 '대한민국 신화' 도전" ["From the 'salary man myth' to challenging the 'Republic of Korea myth'"], *동아일보 [Donga Ilbo]*, 21 August 2007, at www.donga.com; Ser Myo-ja, "Lee's Ascent Marked by Persistence", *JoongAng Ilbo*, 21 August 2007, at <http://joongang.daily.joins.com>.

⁹ Ibid.

¹⁰ The National Assembly has 243 district seats, and 56 national at-large seats. Citizens cast a single vote for a candidate in his or her district and a separate vote for a party, which offers a list of candidates for the 56 national seats. The national seats are distributed according to the proportion of votes received by each party.

¹¹ The GNP was established in November 1997 when the New Korea Party and the Democratic Party merged.

convicted and fined for having exceeded campaign spending limits and withdrew from the mayor's race.¹²

Lee spent eighteen months in the U.S. before making his political comeback by winning election as mayor of Seoul in 2002. He is widely credited for able management in that post, especially the reconstruction of Ch'onggyech'ŏn, a stream through the downtown heart of the capital, which had been paved over in the 1950s and is now a popular recreation area.¹³ He is also praised for reorganising the bus system, over strong initial opposition, and for improvements in parks and greenbelt zones.

In August 2007, Lee barely won his party's nomination in a tough battle with Park Geun-hye, the former GNP leader and daughter of ex-President Park Chung-hee. Relations between the two camps were severely strained, and there was speculation that Park would run as an independent or not support Lee's candidacy, but she ultimately backed him.

D. THE BBK SCANDAL

After winning the GNP nomination, polls indicated that Lee held large leads over his potential rivals, but doubts began to emerge after a former business partner, Kim Kyōng-jun, accused him of involvement in a scandal surrounding the "BBK" investment firm. On 5 December 2007, Prosecutors indicted Kim for fraud but cleared Lee of any wrongdoing, virtually eliminating any hopes his rivals had of defeating him in the election.¹⁴

Many of Lee's opponents refused to accept the ruling, and a public opinion poll showed that 47 per cent of South Koreans supported further investigation by an independent counsel.¹⁵ The United New Democratic Party (UNDP) submitted a bill on 12 December to create such an office;¹⁶

¹² "Vacant Assembly Seats to Be Filled 21 July", *The Korea Herald*, 27 May 1998; "이명박씨 서울시장 후보경선 불참" ["Mr Lee Myung-bak will not participate in the Seoul mayor primary"], *매일경제* [*Maeil Kyōngje*], 30 April 1998.

¹³ A majority of Seoul's citizens view the restoration as a successful urban renewal project. See the Seoul metropolitan government's Ch'onggyech'ŏn website, <http://english.seoul.go.kr/cheonggye>. For an alternative view, see Hisup Shin, "Uncovering Ch'onggyech'ŏn: The Ruins of Modernisation and Everyday Life", *Korean Studies*, vol. 29, Honolulu, 2005, pp. 95-113, 175.

¹⁴ Ser Myo-ja, "Prosecutors Clear Lee Myung-bak", *JoongAng Ilbo*, 6 December 2007, at <http://joongangdaily.joins.com>; Choe Sang-hun, "Opposition Candidate Cleared in Time for Korean Vote", *The New York Times*, 6 December 2007.

¹⁵ Kim Yon-se, "47% Back Special Probe of Frontrunner", *The Korea Times*, 13 December 2007, at www.koreatimes.co.kr.

¹⁶ Ser Myo-ja, "Bill to Impeach Three Prosecutors Submitted", *JoongAng Ilbo*, 13 December 2007, at <http://joongangdaily.joins.com>;

the National Assembly passed it on 17 December, two days before the election, 160-0 (the GNP boycotted the session), and President Roh announced he would sign it. A day earlier a video emerged from a lecture in October 2000 in which Lee said he had established BBK earlier that year, apparently contradicting his claims that he had no ties to the company.¹⁷

Under the law, President Roh will select one of two independent counsels recommended by the chief justice of the Supreme Court to lead the investigation, which will re-open the BBK case and look into allegations that Lee is the owner of real estate registered to someone else in Seoul and of an auto parts firm linked to BBK. It will also examine allegations that he submitted a false report of his assets when he registered his presidential candidacy. The law sets 25 February 2008 – inauguration day – as the deadline for the investigation to be completed.¹⁸

E. LIBERALS IN DISARRAY

The liberals were hopeful that division in the conservative camp, signalled by the late entry into the campaign of Lee Hoi-ch'ang, the GNP's unsuccessful presidential candidate in 1997 and 2002, would give them a chance for an upset victory. Some analysts believed he was standing as a backup conservative candidate in case the BKK scandal forced Lee Myung-bak to withdraw, but he vowed to stay in the race until the end and form a new conservative party to contest the April 2008 National Assembly elections. Conservatives severely criticised their former standard bearer, fearing he would split their natural vote and deliver the election to the UNDP candidate, Chung Dong-young.

However, Chung was unable to produce a unified liberal candidacy, despite broad agreement on major policy issues between the UNDP, the Democratic Party (DP) and the Creative Korea Party (CKP). On 11 November the UNDP and the DP announced they would merge and field a single candidate, but the agreement collapsed.¹⁹ Chung then

joins.com; "Prosecutor Impeachment Bill Submitted to Parliament", *Chosun Ilbo*, 13 December 2007, at <http://english.chosun.com>.

¹⁷ Ser Myo-ja and Chae Byung-gun, "Lee Investigation a Matter of Time", *JoongAng Ilbo*, 18 December 2007, at <http://joongangdaily.joins.com>; Song Sang-ho, "Assembly Approves Inquiry into Frontrunner", *Korea Herald*, 18 December 2007, at www.korea Herald.co.kr.

¹⁸ Ibid.

¹⁹ "Two Liberal Parties Set to Merge into One", *JoongAng Ilbo*, 12 November 2007, at <http://joongangdaily.joins.com>; "UNDP Factions Oppose Merger with DP", *Chosun Ilbo*, 14 November 2007, at <http://english.chosun.com/w21data/html/news/200711/200711140009.html>; "DP Breaks Off Merger Talks with UNDP",

approached Mun Kuk-hyŏn, the CKP's candidate, but that effort also failed.²⁰ He even pleaded during the last two days before the election for an "anti-corruption coalition", calling Lee "the second Nixon" in reference to the disgraced U.S. president of the 1970s, and offering to join Lee Hoi-ch'ang in the effort.²¹

Chung's detractors criticised him for having a "leadership problem", and his potential allies probably believed he was unelectable even as the single liberal candidate.²² Potential allies concluded that he would take the blame for the liberal camp's defeat in the presidential election, and aligning with him could damage their prospects in the National Assembly elections.

III. DOMESTIC ISSUES AND THE ECONOMY

Domestic issues, particularly the economy, dominated the campaign, and Chung Dong-young was never able to separate himself from the public's negative view of Roh. Chung, a former television news anchor, served as a unification minister and chairman of the Uri Party during Roh's presidency, but Roh's unpopularity caused him and other party members to bolt and form the UNDP in August 2007.²³ Nevertheless, the Roh government's reputation for being aloof from the average citizen's economic concerns proved costly.

The UNDP promised a number of populist measures such as reductions in fuel taxes, education costs and

Chosun Ilbo, 12 December 2007, at <http://english.chosun.com/w21data/html/news/200712/200712120021.html>.

²⁰ Lee Min-a, "Liberals' Last-ditch Merger Talks Fail", *JoongAng Ilbo*, 14 December 2007, at <http://joongangdaily.joins.com>.

²¹ Kim Jung-ha, "Chung in Call for Anti-Lee Alliance", *JoongAng Ilbo*, 18 December 2007, at <http://joongangdaily.joins.com>; "박창규, '鄭 '李는 제 2의 닉슨'" ["Chung says 'Lee is the second Nixon'"], *Seoul Sinmun*, 18 December 2007, at www.seoul.co.kr.

²² Chung was chairman of the Uri Party in 2006, when it suffered the worst electoral defeat of a South Korean ruling party in history, winning only one of sixteen races for provincial governors and big city mayors. He immediately resigned. See Choe Sang-hun, "South Korean Leadership Crushed in Local Elections", *The New York Times*, 1 June 2006. Officials from the DP and the Democratic Labor Party both described Chung as having "leadership problems", Crisis Group interviews, Seoul, 20 November 2007, 29 November 2007.

²³ "What Caused the Ruling Uri Party to Fail?", *The Hankyoreh*, 18 August 2007, at http://english.hani.co.kr/arti/english_edition/e_national/229754.html; Kim Sue-young, "Uri Disbands to Merge With Liberal Party", *The Korea Times*, 19 August 2007, at www.koreatimes.co.kr/www/news/nation/2007/08/116_8571.html.

telecommunications taxes,²⁴ while Lee marketed himself as an outsider who would change the way politics works in Seoul.²⁵ Ultimately, the electorate concluded Lee's business background would make him a better economic manager.

Lee claims that his plan for the domestic economy – he calls it "747" – will produce 7 per cent annual growth rates and a per capita income of \$40,000 and advance Korea from the world's twelfth largest economic power to its seventh in ten years. Other campaign pledges on the GNP website include the creation of 600,000 jobs, a 10 per cent reduction in fuel taxes and a 30 per cent reduction in living costs for the middle class.²⁶ However, Lee told the *Chosun Ilbo* newspaper that his 747 plan is a "vision", not a promise.²⁷ He has also pledged to build canals across the nation to improve transport links and create 300,000 jobs.²⁸ The proposal is estimated to cost \$17 billion and has been criticised by environmentalists and fiscal conservatives as harmful and impractical.

IV. FOREIGN POLICY

The election was decided by domestic issues, but the new president can be expected to play a dominant role in issues that concern the international community. The GNP and candidate Lee criticised the Roh government for a foreign policy that "has worsened relations with the United States, weakened the U.S.-ROK security alliance and failed to prevent North Korea's nuclear test". However, radical changes in South Korea's foreign policy and approach toward the North are very unlikely.

To the extent personalities of senior political leaders matter, many expect an improvement in Seoul's ties with Washington following the disastrous March 2001 summit

²⁴ UNDP website, www.undp.kr.

²⁵ "홍석준, '국민이 저를 지켜줬다.... 경제 살리기로 감동 줄 것'" ["The people defended me.... I'll give an impression by reviving the economy (interview with Lee Myung-bak)"], *Chosun Ilbo*, 7 December 2007, at http://news.chosun.com/site/data/html_dir/2007/12/07/2007120700115.html. Lee charged that the way politics is presently conducted hinders national progress and development.

²⁶ "실천약속: 서민생활 직결 5대 정책공약" ["Practical promises: five big policy promises that directly affect the lives of the common people"], Grand National Party website, www.hannara.or.kr.

²⁷ "홍석준, '국민이 저를 지켜줬다.... 경제 살리기로 감동 줄 것'" ["The people defended me.... I'll give an impression by reviving the economy (interview with Lee Myung-bak)"], *Chosun Ilbo*, 7 December 2007, op. cit.

²⁸ Kim Ji-hyun, "Champion of Open Economy Soft on N. Korea", *Korea Herald*, 5 December 2007, www.koreaherald.co.kr.

between George W. Bush and then-President Kim Dae-jung and the awkward relationship between the Bush and Roh administrations over the past five years. Lee's preference for more deregulation and more reliance upon market forces will certainly be welcomed in Washington, since Korean barriers to U.S. firms will be expected to fall. However, approval of the stalled bilateral free-trade agreement (FTA) will require National Assembly approval, as will any significant deregulation.

China is now South Korea's largest trading partner, and Lee recognises the importance of that relationship. He would like more South Korean investment in China and a "more mature bilateral economic relationship based on global standards".²⁹ His camp believes the six-party talks over North Korea's nuclear program have established a multilateral framework that Seoul must use to establish greater trust with Beijing on security issues and that this can be accomplished without causing friction with Washington. Lee accepts the "one China principle" but respects and will support Taiwan as a democracy, and his new administration will cooperate with the U.S., Japan and other countries to reduce tensions in the Taiwan Strait.³⁰

Lee "hopes that Korea can have a more mature and interdependent relationship with Japan, and that historical issues between the two countries can be resolved".³¹ The president-elect recognises the importance of the economic relationship and will seek to avoid diplomatic conflicts over emotional and symbolic issues such as Japanese textbooks and visits by government officials to the Yasukuni Shrine. However, domestic politics and strong nationalism usually trump pragmatism when these issues emerge, and any South Korean president will take a hard line in any dispute over the Tokdo islets (Takeshima in Japanese), which are also claimed by Japan.³²

Lee has announced an "MB [Myung-bak] Doctrine" that includes the following themes and principles for foreign policy:

- promote strategic policies that will induce North Korea to abandon its nuclear program and that will bring real change in the North;
- practice a utilitarian foreign policy based upon the national interest and not ideology;
- find a way to strengthen and improve the U.S. alliance based on a long tradition of friendly

relations, common values and mutual benefit, and develop a new U.S.-ROK "strategic master plan";

- increase cooperation and expand the South's diplomacy in East Asia to create a "great Asian era in the 21st century";
- strengthen the South's contribution to international society so that it can take a responsible international role commensurate with its position as a major world economy;
- maximise the South's "energy diplomacy" so it can join the world's most advanced economies, and build a national "energy cooperative belt" through a new "energy silk road"; and
- aim to create a "cultural Korea" based on mutual exchanges and openness, practicing cultural diplomacy and the globalisation of Korean culture.³³

The MB Doctrine is unclear on implementation details, but a foreign policy adviser said it differed from the approach of other presidential candidates in not viewing the objects of foreign policy as limited to North Korea, China, Japan and the U.S. The Lee administration, he said, will have a global perspective and intend to extend the country's influence on a wide range of security, economic, energy, natural resource and cultural issues. To help achieve these objectives, it wants to increase Seoul's role in international peacekeeping operations and official development assistance (ODA).³⁴ However, doing so will require the still uncertain cooperation of the National Assembly.

V. NATIONAL SECURITY POLICY

The most pressing national security issue for the incoming administration is North Korea's nuclear and weapons of mass destruction (WMD) programs. All the presidential candidates agreed that a nuclear North is unacceptable, but the issue must be resolved peacefully. They also agreed that the six-party talks are the proper instrument for achieving the North's denuclearisation and that Seoul should play a greater role in convincing Pyongyang to abandon its nuclear ambitions. They disagreed, however, on methods and on who is most qualified to persuade Kim Jong-il. At a press conference the day after his election, Lee said his government would remain actively involved

²⁹ Crisis Group email interview, Lee Myung-bak adviser, 10 December 2007.

³⁰ Ibid.

³¹ Ibid.

³² For background information and analysis of the Tokdo/Takeshima dispute, see Crisis Group Asia Report N°108, *North East Asia's Undercurrents of Conflict*, 15 December 2005.

³³ "한나라당 대북정책" ["GNP North Korea policy"], 정책위원회 [Policy Committee], GNP website, www.hannara.or.kr.

³⁴ Crisis Group email interview, Lee Myung-bak adviser, 10 December 2007.

in the six-party process and cooperate to improve bilateral relations between Washington and Pyongyang.³⁵

The GNP and Lee Myung-bak have offered a plan called "Denuclearisation and Opening 3000" to continue engagement with the North and seek to increase its per capita income over ten years from about \$500 to \$3,000. It proposes that the South help develop the North's human resources so as to establish five free economic zones and foster 100 firms that will each export at least \$3 million worth of goods per year. The North would be able to make use of the South's Korea Trade-Investment Promotion Agency (KOTRA), as well as its educational institutions.³⁶

The plan seeks to raise \$40 billion to finance North Korea's economic rehabilitation, including loans from international financial institutions such as the World Bank and the Asian Development Bank and the government's North-South cooperation fund, foreign direct investment and an agreement to normalise relations between Tokyo and Pyongyang that would include some financial compensation for Japan's colonial rule in the first half of the twentieth century. It would likewise cover refurbishing dilapidated infrastructure, as well as energy and humanitarian assistance.³⁷ But everything would be contingent upon Pyongyang's denuclearisation.

Lee Myung-bak has said that the next president is not necessarily committed to implementing the broad agreements that the Roh government concluded during the October 2007 summit in Pyongyang and that he will carefully review all the proposed projects. As long as denuclearisation is on course, the engagement policies pursued by his two predecessors are likely to be continued or even expanded. Nevertheless, there may be some delays in 2008, since the six-party talks are moving toward more difficult and contentious issues, and the U.S. will be increasingly focused on its own presidential election cycle.

The GNP and conservatives have been critical of the Roh government's handling of the alliance with Washington. In particular, many have been alarmed by plans to transfer wartime operational control of South Korean forces from the UN Commander (always an American general) to the ROK, and the termination of the U.S.-ROK Combined Forces Command now scheduled for 2012. Lee will revisit these plans, but again, any changes are likely to be

contingent upon North Korea's denuclearisation. The main presidential candidates all agreed that the South should strengthen the U.S. alliance, and bilateral security cooperation should continue. However, deployment of ROK military personnel on missions outside the country requires National Assembly agreement, and this type of support for the U.S. will not be automatic.

The six-party process includes consideration of the concept of a multilateral security mechanism in East Asia, which the Lee government can be expected to support. However, it is extremely unlikely to pursue or accept any multilateral security mechanism that would exclude the U.S. or be dependent on termination of the bilateral alliance. There is a broad national consensus of support for a peace treaty to end the Korean War, as long as South Korea is included, and it results in the North's denuclearisation and disarmament.

North and South Korea have begun to hold high-level military talks to implement the agreements reached at the Roh-Kim summit in October 2007, and the Lee government can be expected to continue them. The two sides have agreed to provide security guarantees for inter-Korean economic projects but have failed to reach an agreement on the establishment of a peace zone in the West Sea and a joint fishing area. The western sea boundary between the two Koreas (the Northern Limit Line, NLL) is a complex and contentious issue that will probably not be resolved soon. Failure to make progress on it (eliminating the NLL or moving it south from Pyongyang's perspective) or some other unforeseen issue could give the North a pretext to boycott further military talks, which could damage efforts to establish confidence-building measures and advance inter-Korean arms control.

In sum, there is a broad consensus in South Korea behind continued engagement with the North but divergent views on conditionality and reciprocity. Crisis Group anticipates that the Lee government will demand and expect greater reciprocity from Pyongyang than the Roh government did but that overall there will be more continuity than change in Seoul's North Korea policy.

VI. CONCLUSION

The new president may enter office still burdened by a scandal around his business dealings, and his mandate is not as strong as the size of his victory might indicate, since he owes his election more to disappointment with his opponent's performance than to enthusiastic support for his own policies. His focus is likely to be on the economy, which no longer enjoys the impressive growth of previous decades and faces demands for better services and living standards. As an experienced executive and government administrator, however, he should be more

³⁵ "추당선자 '북미회담 성공위해 적극 협력'" ["President-elect Lee 'active cooperation for successful U.S.-North talks'"], Yonhap News Agency, 20 December 2007, at www.yonhapnews.co.kr/election/2007/12/20/3001000000AKR20071220077100001.HTML.

³⁶ "한나라당 대북정책" ["GNP North Korea policy"], 정책위원회 [Policy Committee], op. cit.

³⁷ Ibid.

comfortable with these challenges than many new presidents would be.

Lee is unlikely to make any sudden moves on foreign and security policy. Relations with the North are improving in a halting way, and Seoul has emerged from a period of bad-tempered disagreements with Tokyo and Beijing. Lee can be expected to focus on building economic ties with the North and using the process of the six-party talks to improve regional security. Some of the presidency's powers have been limited by the demands of the National Assembly over the past twenty years, however, so his room for manoeuvre on foreign and security policy will depend substantially on the April elections.

The results of the independent counsel investigation Lee faces over the next two months will have an impact on those elections. Lee's clear exoneration would most probably produce a backlash against the UNDP and allow the GNP to win a majority of seats. Confirmation of the allegations, though unlikely, could nullify Lee's victory and bring about a new presidential election within 60 days. This would also hurt the GNP at the polls in April. If there are lingering doubts after the investigation, the public will remain deeply divided over the issue, and no party would be likely to capture an absolute majority. The resulting divided government could then make it difficult for Lee to control the policy agenda.

Seoul/Brussels, 21 December 2007

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International Headquarters

149 Avenue Louise, 1050 Brussels, Belgium • Tel: +32 2 502 90 38 • Fax: +32 2 502 50 38
E-mail: brussels@crisisgroup.org

New York Office

420 Lexington Avenue, Suite 2640, New York 10170 • Tel: +1 212 813 0820 • Fax: +1 212 813 0825
E-mail: newyork@crisisgroup.org

Washington Office

1629 K Street, Suite 450, Washington DC 20006 • Tel: +1 202 785 1601 • Fax: +1 202 785 1630
E-mail: washington@crisisgroup.org

London Office

48 Gray's Inn Road, London WC1X 8LT • Tel: +44 20 7831 1436 • Fax: +44 20 7242 8135
E-mail: london@crisisgroup.org

Moscow Office

Belomorskaya st., 14-1 - Moscow 125195 Russia • Tel/Fax: +7-495-455-9798
E-mail: moscow@crisisgroup.org

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