

**ROK2.19**

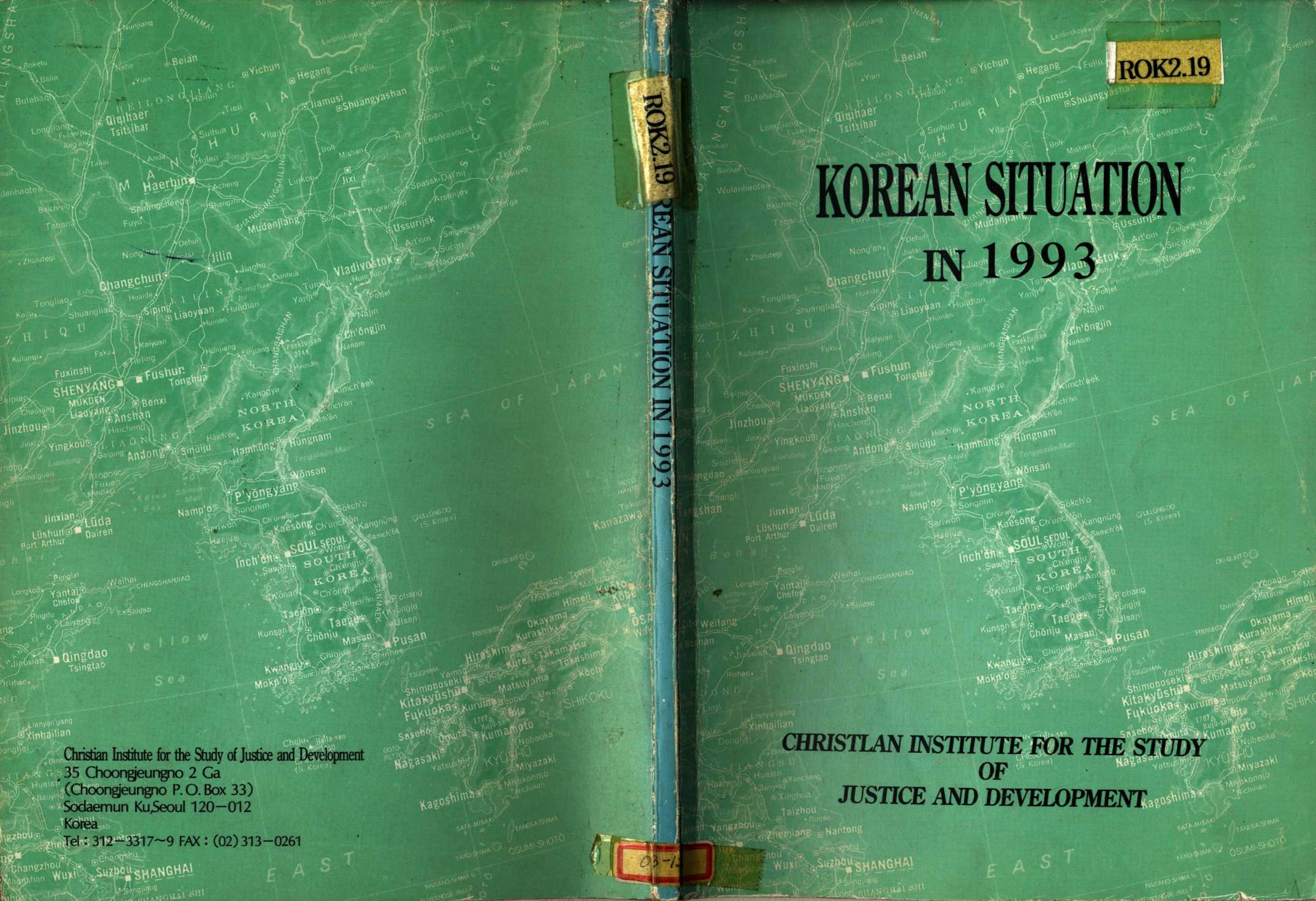
# KOREAN SITUATION IN 1993

ROK2.19  
KOREAN SITUATION IN 1993

Christian Institute for the Study of Justice and Development  
35 Choongjeungno 2 Ga  
(Choongjeungno P.O. Box 33)  
Sodaemun Ku, Seoul 120-012  
Korea  
Tel : 312-3317~9 FAX : (02) 313-0261

**CHRISTLAN INSTITUTE FOR THE STUDY  
OF  
JUSTICE AND DEVELOPMENT**

03-1



**KOREAN SITUATION  
IN 1993**

**CHRISTLAN INSTITUTE FOR THE STUDY  
OF  
JUSTICE AND DEVELOPMENT**

**KOREAN SITUATION IN 1993**

Published by CISJD

(Christian Institute for the Study of Justice and Development)  
35 Choongjeung-no 2 Ga, Sodaemun-ku, Seoul 120-012, Korea

Contributors: Lee, Sun-Tae

Chung, Kyung-Lan

Park, Jong-Ah

Cho, Pae-Won

Kim, Myeong-Ji

Choi, In-Suck

CHRISTIAN INSTITUTE FOR THE STUDY  
OF  
JUSTICE AND DEVELOPMENT

# CONTENTS

Preface .....	1
---------------	---

## PART ONE. POLITICAL SITUATION

Chapter 1. The Inauguration of Kim Young-Sam Government and the Change of Political Organization .....	5
Chapter 2. Reform Policy of Kim Young-sam .....	9
Chapter 3. The Fruits and Limits of President Kim's Reform .....	13
Chapter 4. The Truth of Reformation Policy and Transition to Institutional Reform .....	18
Chapter 5. Political Trend Since the Implementation of Real-Name Financial Transaction System and New Approach of Democratic Movement .....	23
Chapter 6. Resistance of People against Rice Market Opening and Reshuffle of Cabinet and Party Posts .....	29

## PART TWO. PEACE AND REUNIFICATION IN KOREAN PENINSULA

Chapter 7. South-North Relations and Tension around the Nuclear Inspection .....	37
Chapter 8. Kim government's New Reunification Policy .....	39
Chapter 9. North Korea's Decision to Remain in the NPT .....	42
Chapter 10. US-NK talks and Conservativeness of South Korea's Reunification Policy .....	44
Chapter 11. Prospect of DPRK-US Talks and Debate on Exchanging Special Emissaries .....	48
Chapter 12. Nuclear Issue at Its Turning Point .....	53

### PART THREE. ECONOMIC SITUATION OF KOREA

Chapter 13. Lowering Interest Rate and Opening of Rice Market .....	57
Chapter 14. Economic Policy of Kim Young-sam government: "100 Day Plan for New Economy" .....	59
Chapter 15. The Truth and the False of New Economic Policy and Labor Problems .....	61
Chapter 16. Launching of the Real Name Financial Transaction System and Labor Policy .....	63
Chapter 17. Step Back of Real-name Financial Transaction System and Tax Reform .....	66
Chapter 18. Conclusion of Uruguay Round and Crisis of Korean Agriculture .....	70

### PART FOUR. ECUMENICAL MOVEMENT

Chapter 19. Ecumenical Movement in Jan. and Feb. ....	75
Chapter 20. Ecumenical Movement in Mar. and Apr. ....	79
Chapter 21. Ecumenical Movement in May. and Jun. ....	82
Chapter 22. Ecumenical Movement in Jul. and Aug. ....	85
Chapter 23. Ecumenical Movement in Sep. and Oct. ....	88
Chapter 24. Ecumenical Movement in Nov. and Dec. ....	91

#### Conclusion:

Evaluation on the first year of Kim Young-Sam Government .....	94
--	----

#### APPENDIX

CHRONOLOGY OF IMPORTANT EVENTS IN 1993 .....	100
Members of CISJD .....	129

### Preface

The world has gone through drastic changes for the past 10 years. Although most of the international community members are enjoying the era of post-Cold War, local conflicts like Gulf war and Bosnian war are making people worried over instability in the world order that they so painfully achieved. Vestiges of the Cold War still lingers on in the Northeast Asian region, in particular on the Korean peninsula. The North Korea's nuclear issue has become an international concern and national issue that we Koreans should place the first priority to resolve.

All this changes and throes are accompanied with the process of establishing a new international order of the Twenty-First century. The Cold-War power structure is changing into a regionally separated structure based on economic interests. Last year, the Uruguay Round, which has been going on for the last 10 years - finally came to a settlement and replacing GATT and IMF system that prevailed for 50 years since the second World War. In the Asia-Pacific region, a new movement as a form of APEC is taking place to restructure the regional order.

Yet, the world requires a new move in the process of rearranging the world order that is still dominated by power and capital. People who aimed for People's Power should face a new challenge. To meet this very goal we have produced the "Korean Situation '93" continued from the last year's issue. In this publication, we have analyze whether Republic of Korean(ROK) government policies on democracy, economic development, diplomacy and reunification that are guided by power bloc and capital really accord with the interest of Korean people. We also studied the Korean society in relation to the change of the world.

The 1993 is considered a turning point in the modern history of Korea. The presidential candidate of Democratic Liberal Party, Kim Young-sam's victory in the election in December 1992 aroused much interest among the Korean people because he was the first civilian president ever to be elected in the reigning party. This is the reason why the slogan of "civic government" prevails in South Korea. President Kim's past career as a leader of opposition party before joining

the governing party raised high expectations on the part of people. His urge to, "establish a new Korea" to eradicate the remains of the military dictatorship that lasted for about thirty years was welcomed by the people. The reform drive launched at the early stage of the Kim Young-sam administration such as public unveiling of official's personal assets, military reorganization, cleansing of corruption raised bright expectation that President Kim's reforms would indeed satisfy the demand of the people.

However, his reform has not gone far through. Impending issues were hushed up without a clear reason or ended in smoke. The real name financial system, which was the symbol of economic reform, ended up a mere slogan thus devolving responsibility and burden on the people. Above all, being led by the logic of Big Powers like the U.S.A., the ROK government failed to obtain a significant result on the North Korean nuclear issue.

Through the four parts of politics, Economy, Reunification and Ecumenics in this book, you will see the futures of Kim administration's reform policy that moves forward and back.

The first part explains the political trend of Korea in 1993 through major political events dealt with in detail in several chapters. We can review the process and limits of the government political reform, and the activities of opposition parties as well as people's movements.

The second part is on the Korean economy, In this part we can trace the roots of economic problems in the inconsistency between the new and old economic reforms. We had concentrated in the real name financial system, analyzed the voice of Labor circles' opposition against the new economic plan and the worsened economic life of the people.

The third part deals with inter-Korean relations and reunification issue. It reviewed the ambitious reunification policy of the Kim administration at its outset and back-stepping measures in the course of responding to the North Korean nuclear issue.

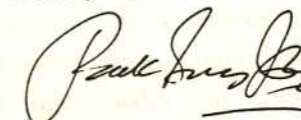
The fourth part is on Ecumenical movement. The Ecumenical movement has been devoted to democracy and reunification. We

examined the new tasks of the Ecumenical movement following the changes in political situations in 1993.

In the appendix, we summarized the chronology of main events in 1993. The chronology unfolded main events in politics, economy, South-North Korean relations, and movements of the people, and Ecumenics. It will also contribute to a vivid view of reality in Korea.

We hope this book would best serve people who want to have an objective understanding of the Korean situation and support the people's movement in Korea.

Feb. 28, 1994  
Seoul, Korea



Rev. Park, Sang Jung  
Director of CISJD

## PART ONE

# POLITICAL SITUATION

## Chapter 1.

### The Inauguration of Kim Young-Sam Government and the Change of Political Organization

#### 1) The Inauguration of Kim Young-Sam government

On February 25th, Kim Young-sam was inaugurated as the fourteenth president, officially beginning his presidency after two months of activities through the Government Transition Committee since the winning of the election in December.

Hope and resignation characterized the public's view on the new government. Newspapers and TV under the government's influence publicize daily the inception of the "civilian government," and public who sent him to Ch'ungwadae hoped that he carry on with reform as he promised during the campaign. His background as a former opposition party leader in the democratization movement also raised the already heightened expectation. The hoopla of the mass media was nothing new, however; In the past when generals took their uniforms off and became presidents, slogans of "New Era" and "New Beginning" covered newspapers and TV.

On the other hand, in the beginning there still persisted a view that his government was fundamentally a continuation of the past authoritarian regime. Although the new government was headed by a former opposition party leader, the power structure loomed to remain the same which ruled over the Korean people for the last four decades. The only difference is whereas the traditional power bloc had been organized around the military, the new government was headed by a civilian politician. However, the basis of that power structure is still the monopoly conglomerates and conservative politicians who ignored the democracy in the last forty years. The ruling party in which Kim Young-sam is the executive chairman is still dominated by hard-core conservative right-wing members; the election strategy employed by Kim Young-sam was also a strategy of name calling originated from anti-communism.

That Kim Young-sam was commitment to reform but had limitation was shown in the appointments of the new bureaucrats. Park Kwan-young, who was appointed to the former Chief Presidential Secretary, is an old confidante of Kim from the time of his opposition party; Hwang In-sung who was appointed to the former Prime Minister was a former military general who occupied important government positions under the governments of Park, Chun, and Roh. The new government at the first stage was filled with people from Kim Young-sam's personal circle of confidantes and conservative members of the ruling party. On the other hand, not traditional career bureaucrats, but reform-oriented individuals such as university professors were appointed to cabinet positions, announced on February 26th. It was quite unusual that a current university professor was appointed to head the National Security Planning Agency.

Several incidents signaled a limit to which Kim Young-sam had to maneuver: In January, the inauguration of "New Korea Committee" which was to start with the inception of the Government Transition Committee never took off the ground; Chun Byung-min, who was first named Senior Presidential Secretary for Policy, had to step down amid controversies over his "qualifications." This controversy appeared to do with his qualifications but basically originated from opposition within the ruling party. The formation of the "New Korea Committee" with its reform platforms also was indefinitely postponed by the resistance from conservative forces within the ruling party. These incidents reveal that Kim government is not free from internal resistance and opposition.

## 2) Competition within the Democratic Party (DP) and the Debacle of the United People's Party (UPP)

Kim Dae-jung left for England on January 26th, following his announcement to retire from politics after the election. Since then DP reorganized its structure for the election of its executive chair and Supreme Council at the convention scheduled to hold in the beginning of March. Lee Ki-taek, Kim Sang-hyun, and Chung Dae-chul announced their decision to run for the chair of the party, and 12 candidates registered to run for 8-member Supreme Council. The competition around the party leadership was fierce as it determines the future of party without Kim Dae-jung.

Regardless of the outcome of the party convention, DP had a mandate to restructure itself to face the challenge as the only opposition party, as UPP faced a virtual disintegration followed by the announcement of Chung Ju-yung's retirement from politics. In order for the DP to respond to public's demand for democratization and to check the ruling party's slippage into authoritarian path, it needed to expand its ability to initiate policy and carry out reform policies. At the same time, it must make efforts to expand its support base, especially in Kyoungsang-do areas.

The UPP, which had leaped at once to the second largest opposition party after the 14th general elections--causing a storm in the political scene--was now in a debacle as Chung Ju-yung retired from politics after the presidential election. After his retirement, most who started the party with him deserted it en masse, stripping the party of its right to form a parliamentary negotiating bloc. Majority of those who left the party with the exception of Kim Dong-gil were former members of either the ruling party or the opposition party. Their desertion returned the existing tri-party to the earlier two party system.

The rapid disintegration of the UPP resulted from the government's arrest without physical detention of Chung Ju-yung for having violated the Election Laws during the presidential campaign. The government also did not stopped its relentless attack on the Hyundai Group, the financial backer of Chung Ju-yung. UPP had been a thorn in the flesh to the ruling party and Kim Young-sam throughout the presidential campaign, taking away their votes. For this reason, the government did not stop its grip on the UPP, and Chung Ju-yung had to finally to hoist his white flag in surrender.

## 3) Kim Government and Tasks for Democracy

With the inauguration of Kim Young-sam government, the democratic movement faced a changing situation. Firstly, unlike the previous regimes, the new government was free from charges of illegitimacy. Kim won by getting 2 million votes more over the opposition party in a direct election that was not marred by charges of illegality. At least in formality, democratic process has been institutionalized, and the democratization movement needs to articulate its demands based on practical and realistic democratic process. The task is still formidable, as Kim's government is largely consisted of the conservative forces.



The major issues that the democratization movement has worked for at the early stage of the government, the abolition of National Security Law and the current Labor Law, amnesty and release of 1,000 political prisoners were to be continually fought for.



The Democratic party hastened the improvement of leadership to reduce the shock of failure in the presidential election. Rep. Sin Sun-bom (fat right) is weeping at the failure.

## Chapter 2.

### Reform Policy of Kim Young-sam

#### 1) Public Disclosure of Personal Wealth and Change in Political Scene

The first two months of the Kim Young-sam government was marked by a series of remarkable events. Faced with initial difficulties over his appointments in the beginning, president Kim lead a reform drive with intensity, starting with the public disclosure of personal wealth of high ranking officials and the members of the Democratic Liberal Party. The political reform of Kim took place in three areas: party and government organizations, security apparatuses such the National Security Planning Agency, and military.

The reform in the party and government took a form of either dismissing or convicting politicians with wrongdoing committed in the past which became public during the disclosure of their wealth. Also, a few representatives had to quit the party. As the impact of the public disclosure was spreading widely, party members and government officials suspicious of their wrongdoing in the process of accumulating their wealth have had to resign one after another. As a result, the position of the party members affiliated with the Democratic Justice faction (once powerful politicians from Taegu and Kyungsang-bukdo area) and Republican faction (loyal to Kim Jong-pil) was severely limited; on the other hand, the position of reform-oriented members of the Democratic faction (led by Kim Young-sam who merged with the present ruling party in 1990) was strengthened. Park Jun-kyu, the former president of the National Assembly, who was found to have illegally amassed his wealth and was pressured to quit the presidency was one of the leading members of the Democratic Justice faction who had been pushed out as a consequence of the reform drive. The weakening of this faction within the ruling party signified the weakening of the conservative force within the Kim government.

During the politicians' public disclosure of their personal wealth, the ruling party revised its bylaws, which eliminated the system of supreme

representative council but left the position of supreme council intact, thereby leaving Kim Jong-pil with no real power nor influence. The reshuffling also helped to strengthen the position of General Secretary and First Minister of State for Political Affairs, first filled by very close friends and former members of Kim's party, Cho Hyung-woo and Kim Duk-yong; this firmly established a leadership of trio. In light of the fact that the Kim's party was a product of the merger of three parties in 1990, and that Kim Young-sam was nominated in the party and won the presidency with the support--however minimal--of the members of former Democratic Justice and Republican factions, the reshuffling in the party signaled a power shift in the politics as a whole. Choi Hyung-woo's resignation on April 14th --due to an improper procedure of his son's admission to a college--did not provide any serious impact on the present power dynamics within the ruling party.

The reform in the National Security Planning Agency had been anticipated from the time of election campaign and when a former university professor was appointed to head the agency. Since the Kim government's inception, much of NSPA's activities has been curtailed, as shown in the suspension of political surveillance--one of the central activities of NSPA; instead, information gathering on North Korea and on overseas became its top priority. It is important to understand what these changes signify, when considering how deeply the NSPA had been involved in the domestic politics in the past. The fact that the former head of NSPA, Chang Se-dong, was arrested on charges of having directed the so-called "Yongpari Incident", was a symbolic gesture that indicates the government's determination to block the NSPA from interfering with politics.

Kim Young-sam also carried out a personnel shuffling in the military, effectively discharging generals belonging to "Hanahoe," a personal network within military with a link to former presidents Chun Doo-ghan and Roh Tae-woo; among the discharged were Kim Jin-young, the Army Chief of the General Staff who was considered the leader of Hanahoe. The new appointments in the important military positions such as the Military Information Command and the Army Capital Garrison Command in effect undermined the politically ambitious military generals and at the same time contributed to Kim's firm control over military. Traditionally the Korean military had been a womb and a backbone for

power; the new appointments signified an important change in that. Appointments at the level of divisional generals eliminated a number of generals known to have affiliated with "Hanahoe" which signaled a change in the system of military leadership. The recent incident in which a military general distributed a list of generals belonging to "Hanahoe" also indicated the stir the appointments created in the military.

Kim Young-sam's reform proceeded faster than expected and its implications has been widely felt. Consequently the public's support for him has increased; and popularity of Kim Young-sam and his party also rose. However, there also remained a question of legality regarding the way of the procedure of public disclosure, and the suspicion that it was a political purge designed to strengthening the political position of Kim Young-sam. There also remains the issue that no fundamental resolution has been offered or recommended by the government. As the criticism that Kim used the public disclosure to his own political advantage loomed large, the Democratic Party, the main opposition party, demanded a revision of the law regarding ethical conduct of government officials.

Although it is rather too early to evaluate Kim's reform policy, so far his reform has received positive appraisals. At the same time, however, the reform was limited to eliminating corrupted individuals within the upper echelon of the government and reorganizing the personnel network within the ruling bloc; it was not extended to establishing democracy at the level of citizens' life. There has been no policy regarding the Kwangju Democratic Movement, Although Kim government granted amnesty for some of the political prisoners at the time of its inauguration, there remains in prison still a sizable number of prisoners of conscience and there has been no amnesty granted for those in hiding. It is only when all the violations of human rights of the past governments are resolved that the Kim's reform drive will be on the right track.

## 2) Future of the Democratic Party

As Kim Young-sam's reform drive is clearly getting an upper hand in the Korean politics, the Democratic Party and "jaeya" (a

group of individuals who active in the democratic movement outside of political party system) have come out of the aftermath of election; however, they have yet to show any effective leadership. The Unification People's Party was almost dissolved since Chung Ju-young's retirement from politics, thereby providing very little if any voice at all. On the contrary, Kim government actively solicited participation of some of the former anti-government democratic camp, and as some did enter into politics, the confrontational structure of the government versus anti-government which marked the past no longer exists.

The Democratic Party elected eight new members to the Supreme Council and established the leadership of Lee Ki-taek in the last party convention; however, it is still uncertain if the gap created by Kim Dae-jung's departure has been filled by the new leader. Also, the outcome of the convention was such that the progressive elements sidestepped as conservative elements in the party took most of leadership positions, making it clear that the post-convention party has become distinctively conservative. Also, the confrontation between the "neo mainstream" group and the "non-mainstream" group, manifested during the convention, is likely to result in an unproductive squabbling between the two groups and a diminishing of effective exercise of leadership in the party.

As Kim Young-sam's reform drive has been clearly dominating the hegemony of the public, the Democratic Party needs to offer a more fundamental reform policy. In fact there was shown very little difference between the government and the Democratic Party on issues of Chonkyocho, economy, and reunification; on the contrary, it seemed that the government was more forward going on the issue of reunification. The most immediate task of the Democratic Party has been to consolidate its political position by becoming an effective policy maker, a task more urgent than obtaining more seats in the Assembly.

## Chapter 3.

### The Fruits and Limits of President Kim's Reform

#### 1) Achievements and Limits of the Reform

President Kim Young-sam, who received 42% of the votes in the last election, received 95% of the public support in a poll marking the first hundred days after his inauguration. Even considering statistical error, this was an impressive number, indicating that the Kim government's reform received considerable public support. However, there has also been criticism that the reform is being carried out rather arbitrarily, without any corresponding reforms in laws and institutions. At the same time, the reform drive reveals itself to be a form of power struggle to consolidate the power base of the Kim government. This political process has been coined a "civilian dictatorship"(called 'munmin dokjae' in Korean). Also, although the president declared that nothing would be exempt from the reform, no investigation has been initiated into the responsibilities of former presidents Chun and Roh, who were involved in corruption cases and the repression of the Kwangju People's Uprising.

Immediately after his inauguration, President Kim carried out a series of reforms intended to quell the public cries for change. He opened to the public the front of Ch'ungwadae (Blue House) and the Inwang Mountain, which have been closed for the last 25 years, demolished the inner houses in Ch'ungwadae which had been used for lavish entertainment, and converted into public facilities for culture and welfare some of the "little Blue Houses"(presidential vacation houses) scattered throughout the country. Also, he made available to the public the President-Only VIP room at Kimpo Airport, and announced that he would not accept any kind of political money, a gesture that gained him tremendous popularity. However, the foremost gesture that boosted his support was the public disclosure of the assets of National Assembly members and other high ranking officials. Investigations into corruption have forced some of the politicians into retirement or indictment. During the process of public disclosure of assets, the former National Assembly Speaker Park Jun-kyu was forced to resign, three members of the ruling

Democratic Liberal Party resigned, and five minister and vice-minister level officials had to quit. This caused a tremendous wave in the political landscape, and was a welcome surprise to the public who have been watching intensely.

Many agree that the reform policy of the Kim government has contributed considerably to the eradication of the corruption that had been deeply rooted in the Korean society. Investigations into corruption in college entrance examinations, casino operations, military appointments, and the Yulgok Project, a defense buildup program, revealed how widespread and deeply rooted the corruption during the military dictatorship had been. All of these cases also revealed that the corruption involved the politically powerful and economically well-off. The investigation into casino operations resulted in the indictment of Um Sam-taek, a former high ranking official of the National Security Planning Agency (NSPA), Lee Gun-gae, a high official of the Supreme Prosecutors Office, and Park Ch'ul-un, a member of the United People's Party and a former public prosecutor. This indicated how deeply the immorality of politicians and law officials had been structured in the Korean society.

Although the Kim Young-sam government has shown resoluteness in investigation into the corruption and indictment of some individuals, it has also revealed its limits during the process. While these limits stem from the process and method of reform itself, it also originates from the power base of the government, which had been born with the alignment with the entrenched powers.

Firstly, most of the corruption cases have been terminated rather abruptly at some point. Ahn Young-mo, the president of Donghwa Bank, had been putting money away in a special emergency fund through a manipulation of receipts on commissions received for illegal loans from 1989 until February of this year. Some of these funds was known to be used for political money. However, the case was terminated with only Ahn Young-mo arrested and with no further investigation into the recipients of the money. This was because ruling party members of the Fifth and Sixth republics were involved in this case. The investigation into the corruption of military appointments, which resulted in the arrest of ten or more generals, also started with

much promises of thoroughness, but ended with an indictment without detention of some generals as protest began to rise within the military. Considering the fact that corruption within the military was widespread, what was revealed through the investigation was a tip of an iceberg. Moreover, the promise to carry the investigation into the army was never materialized; it stopped at the navy and air force.

Secondly, the Kim government has ignored the corruption of the former presidents. The persons ultimately responsible for the corruption in the Yulgok Project are former presidents Chun Doo-whan and Roh Tae-woo. It is common sense that the person with ultimate power to sign the purchase agreement is the president. However, the investigation avoided former presidents and concentrated on a few high-ranking military officers. That the Kim government has tried its best not to create any embarrassment for the past presidents was clearly shown in its official position on the December 12th military coup in 1979 and the Kwangju Democratic Movement in 1980. These two incidents were critical for the emergence of the then new military leaders Chun and Roh. President Kim in an announcement in May praised highly the Kwangju Democratic Movement, promising that the government would provide various compensatory measures for the victims and the family members; however, he took a vague position on punishing the people responsible for the killing, saying that a final judgment should be left only to history.

Thirdly, it has been pointed out that the reform has been targeting particular individuals such as President Kim's political rivals; Park Ch'ul-un was indicted as a result of investigation into the casino operation and Park Tae-jun was indicted in the tax evasion case of Pohang Iron and Steel. Most of President Kim's political rivals were indicted, including Chung Ju-young, indicted for having violated the election laws. Ruling Democratic Liberal Party members who had been ousted as a result of the public disclosure of their assets had been members of the former ruling party before the merge of three parties; politicians who had played critical roles in past governments have been indicted as a result of corruption investigations. All these indicate the extent of the corruption in the past government to the point that almost everyone was involved; but at the same time, it raises speculation that President Kim has used the political clean-up to expand his political base.

Fourthly, institutional reform has not taken place. This is why President Kim's reform has taken on the characteristics of a power struggle, although it has been popularly supported by the public. The activities of political clean-up have been carried out solely by the president's will and whim, without reference to objective standards or principles. As President Kim's reform has been focused on political reform, some of the more important economic reforms has been put behind. There has not been any progress in abolishment of laws such as the National Security Law, Labor Law, Political Fund Law, and National Security Planning Agency Law. There has to be a institutional reform in all areas through the activities of the National Assembly.

## **2) The Possibility of President Kim's Turn to Conservatism and the Meeting of the Leaders of the Two Parties**

Various changes took place within the political scene since the ruling Democratic Liberal Party loss in the recent parliamentary by-election in Myungju-Yangyang district in Kwangwon Province. Within the ruling party, the hitherto silent voices of the Democratic Justice faction and Republic faction slowly rose, and the so-called non-mainstream within the opposition party raised their criticisms against the performance of their leader, Lee Ki-taek, who had a meeting with the president Kim Young-sam on June 15th.

The result of the by-election, in which the ruling party's candidate, known to have close relations with President Kim, lost, signified several things. The ruling party won three seats in the last parliamentary by-election and also two seats in the second by-election, gaining in total five more seats in the Assembly. However, the shock from the loss by Kim Myoung-yoon, actively supported by President Kim, more than offsetted the victory in terms of gaining seats. That he lost the election was a critical blow to Kim Young-sam, as Kim Myoung-yoon was known to be groomed as a possible replacement for Kim Jong-pil, the supreme member and representative of the ruling party.

There have been moments other than by-election results by which conservatives within the ruling party raised their voice; they felt

threatened as the meeting between the US and North Korea on nuclear issues resulted favorably toward North Korea, and they criticized the government for having a lax attitude in foreign policy. Also the death of a riot policeman during the recent student demonstration provided a good opportunity to criticize the government. They demanded that the Kim government be more severe with the demonstrating students. That conservatives have raised their voice is nothing new; however, what is new is that President Kim's statements became more conservative. On June 16th he emphasized the importance of national security, commenting that public awareness on the importance of national security has slackened. On June 15th, at the meeting with the opposition leader Lee Ki-taek, Kim Young-sam announced that he would not revise the National Security Law. Amnesty International, on the Report June 1993, criticized that president Kim did not revise the National Security Law though he had been elected president after promising major improvements in the protection of human rights. The report indicated that there were many prisoners of conscience in spite of two amnesty on March and May. All of these contributed to the concern that perhaps the Kim government returned to a conservative line, more in tune with the characteristics of the ruling party.

The Democratic Party, whose role has been invisible in the reform drive of the Kim government, has slowly recovered its political role as they gained one seat in the recent by-election and as their leader has had a meeting with President Kim. Lee Ki-taek, the leader of the party, has been criticized for his lack of leadership and for the party's weak position. However, in the last by-election, the candidate belonging to his faction won, and he also managed to have a formal meeting with President Kim, enhancing the party's position. However, there rose a criticism within his party that the meeting with President Kim did not bring desired results. This has to do with the fact that there has not been a clear point of contention as before between the two parties, but also the fact that Lee did not gain much on the issues regarding investigation into the December 12 coup, the Kwangju Uprising, and revision of the National Security Law.

## Chapter 4.

### The Truth of Reformation Policy and Transition to Institutional Reform

#### 1) Faltering Reformation of Kim Young-sam Government

A series of inspections and reformative measures launched with the inauguration of Kim Young-sam Government stumbled over with the problems related to two ex-presidents. Institutional reform set forth with the real name financial system, however a lot of suspicions were raised during overall investigation into corruption.

Kim Young-sam's reform drive zoomed in on building power structure of the new government. Namely, the reform has been focused on breaking the former ruling structure shaped after the coup in 1980 by Chun Doo-hwan, Rho Tae-woo group. The reform policy has been executed to dissolve the former power bloc represented as TK group and establish a favorable political system for Kim Young-sam himself. The inspection contributed to eradicate corruption widely spreaded in political world, and provided basis and ground for overall political reform. However, it exposed limitations considerably in the target and way of it. President Kim Young-sam admitted there exists a sanctuary area beyond the target of his inspection and reform, saying that 'let's leave it to the history' or 'it's a ruling-level problem' about the unsolved issues which two ex-presidents were connected with. It was said that there existed a conflict between the government and the Board of Audit and Inspection on the investigation of two ex-presidents, and a controversy remained between the ruling and opposition party in the probe of Yulgok arms procurement program, Peace Dam construction, the DEC. 12, 1979 incident(12.12 coup'deta).

Kim's government expressed that the inspections at the supreme power level would lead to a delicate matter from the political standpoint, against the BAI's decision about the inspection on the two ex-presidents without exception. Therefore, the investigation on ex-presidents took a moderate way of sending a written questionnaire. However, the two

ex-presidents actually refused to give a satisfactory answer and just submitted a written explanation instead. The BAI confirmed that it accepted Chun's explanation as an answer, however it would not regard Roh's press release as an proper answer, so there was shown a conflict in the investigation on ex-presidents.

On July 12, The Democratic Party and other opposition lawmakers introduced a bill to invoke constitutional authority to probe state affairs in a bid to bring to light all the facts about the Yulgok, Peace Dam, and 12.12 coup'deta. It was surely connected with the investigation into the two ex-presidents and cleanup of the past. However, the Democratic Liberal Party turned the early direction of participating in the probe of national affairs into rejection of the activity after all. The background of this change was related to the expectation that Democratic Party would take the fruit of the probe because it had the initiative of the investigation. That means, if all the facts about the three past cases were revealed, the power structure of Kim Young-sam government built up by the three party merger would be shaken and factional strife within the ruling party be intensified.

While there increased resistance of the conservative wing in government, the ruling party, economic circles, and the press against President Kim's reform drive. They strongly blamed the government's reform policy on the labor dispute of Hyundai companies and North Korea's nuclear issue. Especially, both the former Democratic and Justice party, and the former Republican party factions within the ruling party were more seized with fear of being target of legal and political cleanup after reorganization of the political world through public nomination in the 15th general election, and the revision of the officials ethics law in the special session of the National Assembly.

Major factors which has made turbulence in the reformative political situation have been indicated as follows. First, President Kim Young-sam's inspection and liquidation work of the past has featured reorganization within the ruling circle, therefore conflicting interests and complaint have more come up. Additionally, a consistent program or orientation has not been fully loaded in the reform drive and inspections have been being performed unfairly for remodeling of power structure to lose effect finally. Second, in the power structure the reformative circle

is still weaker than the conservative wing in number and social footing that the former has faced a wall to break through even though there happened a reorganization work in the ruling circle. Third, Some mass media which can give much impact on public opinion showed conservative tendency to a great extent.

As the reform drive of Kim's government wavered during the summer of 1993, people's support became lowered. The Democratic and Liberal Party was perfectly defeated in the by-election in Taegu, and barely managed to win in Chunchon. In a bid to escape this crisis, the government had to introduce the real name financial transaction system ahead of schedule.

## **2) The Democratic Liberal Party defeated in Taegu by-election, Internal troubles in the Democratic Party.**

There held the by-election in Taegu and Chunchon on August 12. The voting rates are as follows. In Taegu, independent Soh Hoon obtained 45.5%, the candidate of the Democratic Liberal Party 27.5%, and the Democratic Party 8.1%. The Democratic Liberal Party won 37.5%, while The Democratic Party candidate got 34.0% support in Chunchon.

The result of the by-election in Taegu regarded as the home area of TK power implied breakup of the southeastern Korea, the major local footing of the current regime. The fact that the Democratic Liberal Party won about 30% of the votes in this region meant a danger signal to the present government, comparing with that Kim Young-sam gained 57% support in the last presidential election. Though the ruling party took the victory in Chunchon, the candidate of the Democratic Party staged neck-to-neck fight with the winner, in contrast with that he obtained only 5.7% of the votes in the 14th general election. It implied the change of general inclination of voting. The major support of each faction of a party has been usually regional foundations up to the present. Now the longstanding tradition of the ruling party's triumph in some areas except the capital and the Cholla-do provinces is on the verge of change. Besides, the shock of money politics and corrupt election left a scar to the morality of Kim Young-sam government. Especially, corrupt election

evented in Taegu went to excess as much as that of the 5th and 6th Republic, and it gave much burden to the ongoing reform drive. In addition, the atmosphere in election did not live up to the people's expectation. In this situation, President Kim Young-sam hinted a possible revision of the election law, which will model after the British way of election.

On the other hand, this election gave the opposition side an aftermath. The opposition parties made a political coalition for July 12 by-election. The Democratic Party, People's Party, New Korea Party had a talk in July 16 and agreed to take joint steps in the forthcoming political situation. They agreed on the four following items. Cooperation of opposition parties, joint management of legislative activity, collaboration in by-election, and joint response to the retaliatory inspection and unfair investigation. However, the candidate nominated by the coalition of opposition parties was beaten in the election, and it proved the incompetence of opposition circle.

The Democratic Party which is the main opposition party severely experienced factional conflicts as the result of the election. The party has pursued internal democratization within the party through competition for top representatives and the floor leader after Kim Dae-joong's retirement. However the general political orientation of the party turned to be more conservative after the national convention. The election process of top DP officials and reorganization of DP's hierarchy disclosed irrational aspects, which were the reality of factional politics.

Some party officials' complaint on the reshuffle burst into flame right before the by-election to occupy the headquarter office of the party and stage a sit-down demonstration. Besides, the leading faction and non-mainstreamers showed severe differences in the nomination for by-election. Therefore, the attack of anti-mainstream group to DP leader Lee Ki-taek were strengthened.

## **3) Real-Name Financial Transaction System launched**

President Kim Young-sam announced the introduction of the real-name financial transaction system On August 12. One side criticized that the

new system has enough causes for itself like negative attitude of government toward the North Korea's nuclear issue, the ruling Democratic and Liberal party's failure in the by-election of August 12, aimed and retaliatory inspection. Yet, another said it's a part of the reform program carefully being driven by President Kim Young-sam. The latter assertion grounded on the coincidence between deadline of registering private assets of public officials and launching time of the real-name system. However, people showed a growing suspicion on the truth of Kim Young-sam's reform policy because the government hastily suggested the system which had been prolonged.

The inspection and reform contributed to get away from the undemocratics of military-authoritarian regime, however it has not reached to the institutional reform which can shatter the existing conservative ruling system modeled by pre-military authoritarian regime in governmental, political and social area. Therefore, the real-name system seemed to take a significant role in terminating corruption, abnormality of underground economy, and business-politics collusion. If the political condition gets better with the real name system, it is expected that the argument on the revision of politics-related laws would be more activated. So, the beginning of the real name system can be regarded as the starting point of legal and institutional reformation.



President Kim Young-sam declared in August 12, at 8:00 pm "All financial transactions will be performed only with real name," invoking an emergency economic and financial order.

## Chapter 5. Political Trend Since the Implementation of Real-Name Financial Transaction System and New Approach of Democratic Movement

### 1) Political Trend Since the Enactment of Real-Name Financial System

#### ① Disclosure of Government Officials' Personal Properties

Main focus of Kim Young-sam government's reform has been on military reformation and liquidating bureaucratic corruptions. The reform has been centered by politically neutralizing the military, which had been the core of authority under the era of military regimes, and recovering the moral consciousness of politicians through cleansing the corrupted structures.

On September 7, the government disclosed personal assets of government officials, which was different with what Kim Young-sam government had done earlier at its beginning stage. The first one had caused criticisms in terms of its procedure since it gave the impression of political purge to strengthen new government's political clout, while the second round was legally processed according to the Public Officials Ethics Law.

As a result of the disclosure, the average amount of assets per a government official turned out to be some 1.44 billion won. According to the statistics, 533 government officials, which took 46% of the total number disclosed, own 2.05 million pyung (or approximately 1,660 acre) of farm lands nation-wide, worthy of 119.8 billion won, by using names of themselves, their spouses or children. Case of officials in local areas was nothing different, which was disclosed on October 3. The result shows that the number of officials with properties more than 5 billion won reached up to 150, and that 40 of them own more than 10 billion won. Thus, it can be noticed the fact that most of government officials are not the subjects of the reform but the objects.



Taking the opportunity of property disclosure, assessing process was expanded to the juricature, the prosecution authority, and to the ruling Democratic Liberal Party(DLP). As its result, the Prosecutor General, who was categorized as 'TK' faction, resigned, and so was the Chief Justice, followed by some other personnel changes. Personnel changes, however, could never reach to its fundamental reform, since the government still employed large number of persons who had been strongly involved in December-12 -incident(military coup of 1980 led by General Chun Doo-hwan) and inauguration of the Fifth Republic. DLP, for another instance, 30 of its lawmakers were supposed to be punished for corruption, but only one of them was deprived from his party rights and five others just recieved private warnings. After all, the assessing process just showed clearly once again the limitation of reformation in terms of punishment and personnel reconstruction. And treatment of those personnels related to the corruption was utilized to make them to follow Kim Young-sam regime, rather than to cleanse the past and to realize blue-print of the reform.

On August 31, the parliamentary inspection of government offices was conducted on the issues in relation with December-12-incident, military's Yulgok project and Peace Dam. The inspection raised broad public attentions since it was considered as a chance that suspicions of irregularities under the Fifth and Sixth Republic could be dealt at the level of National Assembly. Before the parliamentary action, inspection by the Bureau of Audit and Inspection on those issues already clarified the facts that the Peace Dam had been used nothing but for security of the regime, not for national security, and that, regarding the Yulgok project, final responsibility for changing fighter jet types had lied on the former president. Nevertheless, the parliamentary inspection on those issues was ended up with no achievement at all due to the strong opposition of DLP against accepting former presidents for testifiers before the subcommittees. As president Kim Young-sam addressed, "we must not be so obsessed with the past as to halt the march into the future", all that was because current regime has been so lukewarm to cleanse the past.

## ② Debate on Politics Related Laws and National Inspection on Government Offices

Kim Young-sam government has stressed its will for stronger political reforms since the implementation of real-name financial system, which can be viewed as the government reflected public demands for structural reforms in political sectors through legislative measures. Political reform is expected to be visualized by revising politics related laws at the 165th regular session of National Assembly.

Laws under the debate are such as Election Law, Political Fund Law, and etc. Ruling DLP combined Presidential Election Law, General Election Law, Election Law for Local Assembly and that for Chairmen of Local Autonomic Organs, and created a bill of 'Law of Public Officials Election and Corruption Prevention'. Major point of the amendment of election law is expanding public management of elections to some degree and strengthening punishment for violations of election law. Regarding the election system, the amendment maintains the minor constituency system, and adopted, regarding the current proportional polling system, ratio based on vote gains rather than that based on the number of parliamentary seats. Regarding the Political Party Law, the DLP amendment eases the essentials for establishing a party so that reduces the number of necessary district party chapters from 45 to 15, allows journalists' membership to political parties, and increases the number of legal political fund raisers.

Different with the DLP, the opposition Democratic Party(DP) proposed, in terms of election laws, double votes per voter system, in which a voter votes not only for a candidate of small electoral district but also for a party to elect a candidate of national constituency. Regarding political fund laws, DP proposed abolition of Designated Deposit System, and establishment of System for Issuing Certificate of Political Fund Donation.

Amendment of both parties on politics-related laws can be said to epoch-making. If the amendment is accepted as it is, effect of political sectors' conversion is expected, and systematic apparatus can be established for the future advanced politics. However, it leaves something to be desired, since the DP amendment, in terms of Public Management

of Electoral System, only includes managing the system publically but not election expenses. In addition to that, essentials for dissolving political parties should be eased.

Overall atmosphere of the National Assembly has changed by debates on politics related laws. National inspection on government offices was performed from the period from October 4 to 23. Result of the inspection, however, did not meet public expectations, since there were no clear answers nor proper measures regarding the disputed issues of absurdities in Yulgok project, evaluation of real-name financial system, overall easy-going mood in bureaucratic society and price policy. Members of the National Assembly, however, put important points on policy issues, which is quite different with what had happened before. National inspection showed different phase as it had performed for the people in terms of public welfare, national security and human rights, although there was no distinctive achievement.

## **2) Issue of Chunkyojo (Korean Teachers and Educational Workers' Union) and Worry of Democratization Movement**

Political layout has been changed since the departure of Kim Young-sam government. Opposition parties and democratization movement sectors has changed in terms of dynamic relations and the phase within the government.

On one hand, current reform of Kim Young-sam government has not far proceeded forward to practical democracy, which should reflect and realize social and economical interests of various levels of Korean society. On the other hand, the reform has been going right direction to institutionalize procedural democracy although externally. As political liberalization goes on under the current government, control over the grass-root people in terms of corporatism also gets consistently stronger. Under the circumstances, such control, on one hand, increases bargaining power of grass-root people upon the government, but, on the other hand, also decreases it dramatically. Control structure based on corporatism causes transfer of 'total' exclusion of people to 'selective' exclusion.

Opposition parties still do not have any distinctive counter measures to become a ruling party. Opposition parties under authoritarian regimes were relatively advantageous comparing to ruling parties which had ruled forcibly and oppressively. Current opposition DP, however, fails to respond with strong counter-measures against government reform policies, and to reflect interests of the mass. DP is also lack of practical blue-prints for economical democratization as shown in its counter action against supplementation of real-name system. DP is nothing but serving for reforms lead by the government. And it is time for opposition parties to be renovated, and it is gradually expanded the recognition that opposition parties should perform their own renovation to become a ruling party, under the situation of strong supports of people for the government.

In addition to that, strength of democratization forces is getting weaker. They have played strong role in political democratization based upon morality under authoritarian regimes, but now they are divided. Current government seems to accept demands of democratization movement as a whole, so that it makes movement organizations either become a part of its control structure based on corporatism, or become isolated from the mass and become powerless. It should be noticed that the government employed some members from movement sector into its structure to disrupt democratization movement organizations. Therefore, it becomes increased the necessity for democratization movement forces to actively confront against the government's control structure based on corporatism.

On October 15, Chunkyojo (Korean Teachers and Educational Workers' Union) officially announced that it would accept the government demand to withdraw its membership to make dismissed teachers be reinstated. Teachers of Chunkyojo, who had led real-education movement for the last four years, went back to their schools. Decision of Chunkyojo, however, is considered as giving up justification for gaining practical profit. Although the decision to return to schools expressed that teachers go back to school to realize 'humanization education and grand reform of education', it contains danger of being simply belonged to the government's control structure. Therefore, it should be doubled the efforts of Chunkyojo to realize grand educational reform in order to prevent such situation from happening.

Other sectors of the movement, such as civil movement and movement centered by the urban middle class, are under expanding. Those organizations are escalating their bargaining power based on the support of the press and the government. It can be easily recognized the case of Citizen's Coalition for Economic Justice, which mediated dispute between Korean Oriental Medical Association and Pharmaceutical Association. For the future, civil movement may become conservative, but depending on its relations with democratization movement, it can be also progressive.

Even under changing political phase, role of democratization movement is still very important to build real democracy with support of the mass against strong state power. Major question of movement forces is to build immediately internal leadership of the movement and overall leadership of the mass. To realize it, it is necessary for the movement forces to prepare overall and general counter measures, and to develop programs which reflect interests and concerns of the mass and induce participation of the mass. It has to also take into consideration the solidarity with civil movement.



As Education Minister Oh, Byung-moon announced that teachers only withdraw from Chonkyojo would be reappointed through a screening, the Chonkyojo problem returned to the starting point. However, dismissed teachers continued a strife through rally and demonstration to go back to school.

## Chapter 6

### Resistance of People against Rice Market Opening and Reshuffle of Cabinet and Party Posts

Reform policy of Kim Young-sam government has been heading to institutionalize superficial democracy politically, and to obtain hegemony in the reform. Hope for democratic government, however, was disgraced as shown during the course of regular session of National Assembly when some of bills were snatched to pass. Socio-economically, the government has maintained its basic policy in favor of plutocrats, and supported, secured and expanded the vested rights of conservatives. Attitude of the government regarding the issue of rice market opening, specifically, was just deceiving the people rather than collecting demands of them.

#### 1) The 165<sup>th</sup> National Assembly

Kim Young-sam government's first National Assembly finished its regular session of 100 days on December 18, 1993. During the session, there were serious debates between the ruling and opposition parties on the bills to amend laws concerning public security such as Law of National Security Planning Agency and Law of Protecting Privacy of Communication, laws concerning politics such as Election Law, Political Parties Law and Law of Political Funds, etc., and those concerning budget such as various sorts of tax laws.

On Dec. 2, the ruling Democratic Liberal Party(DLP) suddenly snatched the Budget Bill for passage in the Executive Committee and Special Committee, which totally disgraced the hope of people for stable National Assembly under the democratic government. On Dec. 7, as pressure against opening rice market increased, the DLP agreed with the opposition party upon Budget Bill, amended bill of National Security Planning Agency Law and Law of Protecting Privacy of Communication, and finally passed them.

Amendment of National Security Planning Agency Law, specifically, raised critical public opinions, as it was linked with the Board of Audit and Inspection's(BAI) investigation on manipulating case of presidential message to North Korea. The incident was revealed by an opposition Democratic Party(DP) member that Mr. Dongbok Lee, then a special aids to the director of National Security Planning Agency(NSPA), had manipulated president's message to the 8<sup>th</sup> high official talk between South and North Korea of September 1992. As its result, the need to control NSPA, which had been, for long, beyond the government control, became much more apparent.

Core of the amended NSPA Law was to abolish NSPA's investigation rights on violation of Failure to Inform, and Encouraging or Praising an anti-State organizations, which are defined under National Security Law(NSL). NSPA also has to open its intellegence and investigation activities as well as budget items to the newly constructed National Assembly's Intellegence Committee, and they have to be examined and controlled by the Committee. Hence, elementary legal measure was finally taken to eliminate the origin of maneuvering politics. However, NSPA's investigation rights on violations concerning conspiracy and forming an anti-State organization still remain in effect, which had been abused by former dictatorial governments to maintain their regimes. Therefore, there is still high possibility for NSPA to abuse such investigation rights.

On the other hand, President Kim Young-sam made an official speech in front of regular session of the National Assembly, and then reported the result of Asia-Pacific Economic Cooperation(APEC) Summit to the public so as to lift up the phase of National Assembly. Members of National Assembly also showed matured attitudes in criticizing policies and suggesting counter-plans, and tried to create a new image of the National Assembly.

Three past suspicions of Dec. 12, 1981 Coupd'etat (otherwise known as 12.12 incident), military Yulgok project and construction of Peace Dam were left veiled, although they were supposed to be cleared by parliamentary probe. Arms deal fraud by Defense Logistics Agency also taught us a lesson how urgent is the task of cleansing the past suspicions. The incident was revealed while parliamentary inspection on

military Yulgok project was halted. It turned out that the amount of some US\$ 6.7 million disappeared during the course of purchasing artillery shells. It is suspected that this case of fraud may have a number of possibilities, and they are: possibility of a false business to have arms deal with enemy States; possibility that the money was converted into political funds since the arms deal had been planned and conducted during the Sixth Republic; and, possibility that it was a fraud case of Defense Logistics Agency in connection with international black arms dealers. The incident is nothing but deep-seated absurdities in and around military modernization plan such as Yulgok project. It should be also considered as a critical issue for it revealed fundamental problems of military itself. As one knows, order and report is a key to military structure.

As suspicion on arms deal fraud was amplified, Defense Ministry decided a plan to have special inspection on military Yulgok project. According to the plan, the investigation was focused mainly on Δ procurement of P-3C Orions anti-submarine aircraft for the Navy, Δ a naval tactical command and defense system, known as Korean Naval Tactical Data System(KNTDS), Δ a project to upgrade the F-4E Phantom fighters or Korean Phantom Upgrade(KPU), Δ a naval warship fittings procurement program, and Δ military affairs (moving military camps to suburban areas).

A bill of laws concerning politics, which had been the hottest issue during the National Assembly session, was transferred to the next term. Amendment of such laws raised public interests for it was closely related to the government's reform program, like disclosure of government officials' assets, enactment of Public Officials Ethics Law and Real-name Financial Transaction System, but was finally postponed due to the immediate crisis to deal with the rice market opening.

What caused a problem during National Assembly session was DLP's opportunistic attitude on rice market issue. On November 18, at a plenary session, DLP, unanimously with opposition DP, accepted a bill to refuse opening of basic agricultural products imports, including rice. Nevertheless, DLP suddenly changed its position, without any explanation, from 'impossible rice market opening' to 'inevitable rice market opening', which caused people's resistance.

DP, on the other hand, struggled with its internal conflicts on taking position on the issue of cleansing the past. Rep. Lee Ki-tack's, the party leader, claims for future-oriented strategy rather than cleansing the past created a stir within the party. His new approach can be interpreted in two ways. One is a strategy to survive under a new condition, so that the opposition party should also change. And the other is to ensure his hegemony within the party and to bring up his own image as the next presidential candidate. In fact, he made up his political mind for the future rather than dealing with the past to build up his new image for the conservative middle class.

Separately with National Assembly, Ch'ungwadae(the presidential residence) put pressure on activities of BAI and tried to control over it. It has been quite often that Ch'ungwadae checks and puts pressure on BAI since the departure of new government. Conflict between Ch'ungwadae and BAI was amplified specifically due to Ch'ungwadae's refusal of BAI's position to investigate former presidents regarding Peace Dam and Yulgok project and to investigate people involved in hi-speed railroad project of Seoul-Pusan. Recently, Lee Hoe-chang, former chief of BAI, was appointed for a new prime minister. He played a leading role for BAI to be independent, and now people are curious how the role and status of BAI will change.

## 2) Rice Market Opening and Resistance of *Minjoong* Movement

Kim Young-sam government, which had been supported by majority of people, recently had to face strong anti-government demonstrations regarding rice issue. The government officially announced opening rice market under the pretext in order to avoid being alienated from global society, and to go forward for globalization and the future. The announcement just invalidated what president himself had promised to the public, "I will prevent rice market from opening at the risk of my position as president". It was also a result of the US-subordinating diplomacy following the APEC meeting.

Issue of opening rice market has been raised critically due to the Uruguay Round. The government, however, had controlled all the

informations regarding the matter, and insisted unilateral policy on agriculture rather than set up a counterplan with people. During negotiations with the United States, the European Community(EC), for an example, made an achievement to postpone the issue regarding audio-visual programs and screen quota. To the contrary, the result for Korea just showed dishonesty and irresponsibility on the part of the government as well as the ruling party, which repeated the slogan "impossible to open" without any proper measure.

Government's plan to open the market for 14 basic agricultural products including rice even intensified the anger of farmers as well as people in general. Farmers got wrath already due to government's policy on rice purchase and support for damages due to cold weather. National Federation of Farmers declared 'anti-US week of farmers', boycotted US products and burned US flags, and announced that it would struggle for refusing taxes and repayment of loans if the government went on for opening agricultural products.

Further on Dec. 4, representatives from each political parties, except DLP, and dissident organizations got together and organized 'Emergency Committee To Block Opening Imports of Rice and Basic Agricultural Products'. On Dec. 7, 'National Rally to Block Opening Imports of Agricultural Products' was held in front of Seoul Railroad Station with some 30,000 people, farmers, citizens, workers and students. Participants cried for 'No more US' and 'No more Kim Young-sam', and scolded the government for its immorality and irresponsibility. The 'Emergency Committee' is moving forward with its plan to struggle against ratification of National Assembly. The Committee plans to call National Assembly members from each local electorates to have signature of them not to ratify the protocol of Uruguay Round. It also planed to initiate petition drive for referendum, and to have national rally of farmers in January, 1994. There is a reason for the Committe to take such position. Taking this opportunity, government policy on agriculture has to be changed to 'Farmers-oriented one' rather than that sees agriculture just as a part of industrial structure. Throughout such struggle, farmers try to make fundamental changes in agricultural policy such as changing existing officials in agricultural administration, restructuring government organizations such as National Agricultural Cooperative Federation, and establishing distribution and processing system of agricultural products.

### 3) Reshuffling Cabinet, Party Posts and Establishing 'Pro-government' System

Kim Young-sam government tried to ride the storm caused by rice market opening by government reshuffle. Current reshuffle was meaningful because it would be responsible for the second year of Kim Young-sam regime and prepare future political schemes such as upcoming national convention and local autonomy election. Thus it was even more necessary for the government to be reshuffled with persons of the reform-oriented. The result, however, came out that the reshuffle was not with the reform-oriented but with conservatives, and focused on establishing 'pro-government' structure. On Dec. 21, president Kim Young-sam appointed 14 new ministers. Major characteristics of the reshuffle were, first of all, its 'return to conservatism' as it replaced a reformist Han Wan-sang, ex-Minister of Unification Board, and Lee In-jeh, ex-Labor Minister, with conservatives. Second is it strengthened its pro-government structure. New ministers such as Choi Hyung-wu of home affairs, Kim Woo-seok of construction, Suh Sang-mok of health and social affairs, Nam Jae-hee of labor, and Suh Chong-won of first political affairs are all belonged to pro-government factions. Appointment of Choi Hyung-woo as home affairs minister, especially, is understood as president Kim's plan to prepare local autonomy election of 1995. In fact, it reflected democratic faction's plot to overwhelm democratic justice faction by numbers in the election by grasping local administrations.

Ch'ungwadae claims that the reshuffle was to rearrange the cabinet members so as to respond effectively to international atmosphere under the era of globalization and opening markets, and to increase international competitiveness. Reality, however, turned out that the government just showed its conservatism rather than will to reform. Overall structure of the government is that reformist prime minister Lee Hoe-chang leads the cabinet, shares political burden of the president, and cabinet members from democratic faction assist the president.

Regarding the reshuffle of DLP posts, Democratic faction took a seat for secretary general while sought harmony with Democratic Justice and Republic factions. Remaining of Kim Jong-pil as the party chief, who was a key leader of May 16 military coup of 1961, specifically shows limitation of current regime. Reshuffle of presidential secretaries also

played the role to establish pro-government structure of Kim Young-sam regime. A typical example was appointment of Lee Won-jong, ex-vice minister of Information Ministry, to chief of secretaries in political affairs. Consequently, Ch'ungwadae succeeded to construct its far front with members from democratic faction as placing Choi Hyung-woo into cabinet, Lee Won-jong as political affairs chief of secretaries and Moon Jung-soo as secretary general of DLP.

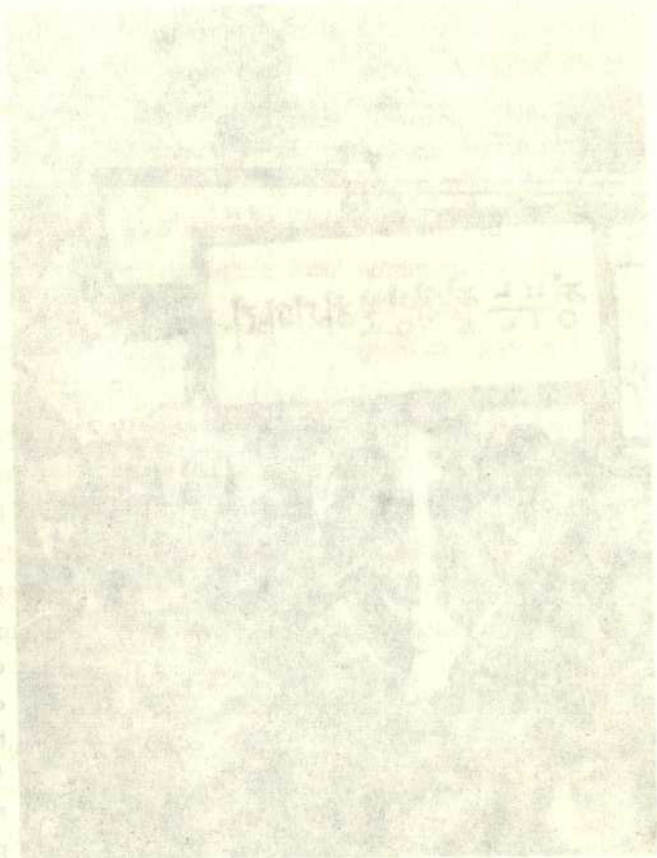
It seems that it is difficult for reshuffled cabinet and party posts to settle down the existing problems within the government and the party, considering their will for reform, expertism and ability to manage crisis. It is because there are more conservative faces than progressive ones. After all, the government constructed 'neo-conservative' and pro-government structure through reshuffle of cabinet and party posts. It means that power structure shifted from Taegu-Kyungbuk to Pusan-Kyungnam faction, and that objects of reformation rather took seats for subjects to reform.



Tension climbed up as farmers organizations, dissident groups and opposition parties held a mass rally in front of Seoul railway station and staged a parade in December 7.

## PART TWO

# PEACE AND REUNIFICATION IN KOREAN PENINSULA



## Chapter 7.

### South-North Relations and Tension around the Nuclear Inspection

As North Korea refused to accept International Atomic Energy Agency (IAEA)'s special nuclear inspection early this year, the issue probably seemed to be handled at the Security Council of UN by February 1993. There was raised a strong possibility that the simultaneous inspection of North and South would become an international issue.

The internalization of the nuclear issue has been a ominous development. This indicates not only danger, if indeed North Korea possess the nuclear weapons development capacity, but also that military tension still surrounds the Korean peninsular in spite of the signing of the South-North Accord and of the international atmosphere of break-down of cold war. The South Korean government has kept the following policy on the presumption that North Korea's nuclear development capacity has reached a worrisome level.

First, There cannot be any economic exchange nor exchange of separated families without resolving the nuclear issue. Second, South Korea supports the transfer of issue to the UN Security Council, if necessary to make North Korea accept the nuclear inspection. Third, In addition to IAEA's nuclear inspection, there must be a mutual, simultaneous nuclear inspection of North and South.

This position of South Korea contains several problems. First, South's assessment of North's level of nuclear capacity has been very ambiguous: it also has changed with the changing political situation. Furthermore, various government agencies differ in their assessment, and their basis of argument also differs. If indeed they felt that there existed such a danger in North's nuclear capacity, then they cannot now escape the criticism as to why then did they go ahead with the signing of the South-North Accord and the declaration of the Free-Nuclear Korea?

It must be pointed out that no one then confirmed nor had any material evidence to prove that North actually possessed the nuclear capacity. Only that North refused IAEA's special inspection, and that US

and other foreign intelligence agencies expressed their concern about North's supposed nuclear capacity. In light of the fact that US's materials on North's nuclear development varies with different agencies, this issue needs to be dealt more seriously and cautiously between North and South.

Another problem is that South maintains its high-handed position that it would not deal with issues such as North-South economic exchange and separated families unless and until the nuclear issue is resolved. However, this reflects an anachronistic, cold-war mentality, as quite a number of business persons, specialists on North Korea, and public wish for quick settlement of the two issues.

This position of South Korea's government has all the more puzzled when considering the fact that South-North economic exchange has had expanded steadily through indirect trade, and when even a conservative scholar such as Prof. Scalapino suggested that isolating North who already faces severe economic difficulties would not contribute to the stability of Northeast Asia nor achieving the reunification.

The government's position has been also antinomical as it has showed a very lukewarm response to the Japan's nuclear development. Although Japan's import of plutonium sent a worrisome message about its nuclear capacity, South Korea has not mentioned even once about the danger of Japan's nuclear development and the possible revival of militarism.

For these reasons, quite a number of specialists on North Korea expressed their suspicion that South Korean government and the US has pursued a policy of "isolating North Korea to induce its internal breakdown." Even when North accepts the nuclear inspection, South and the US may persist in getting North's surrender by insisting on issues of its chemical weapons and human rights. The main basis for this analysis is that since the liberation in 1945 the US has categorized North as an enemy and has maintained its policy of isolating North at the lightest pretext. For this reason, for the deadlock faced between North and South, we must also question the unjust political and military pressure of the USA on the North as well as the North's nuclear possibility. Both Clinton and Kim governments strongly criticized the human rights abuse in North, confirming North's strong suspicion that the US and the South Korean government would isolate her on the pretext of her human rights abuse even if North accepts the nuclear inspections.

## Chapter 8.

### Kim government's New Reunification Policy

The series of international tensions following the North Korea's withdrawal from the Non-Proliferation Treaty(NPT) right after Kim Young-sam's inauguration became the testing ground for his foreign and reunification policy. The past governments had been consistent in their dependency on the US and in their policy of isolating North Korea. Although Roh Tae-woo initiated a northpolitik and agreed to sign the North-South Treaty, it was not a change in the direction of policy. In Korea, a reform in foreign and reunification area is all the more difficult than a reform in domestic politics, due to the political and military influence of the US which is incomparably more significant than the influence of the conservative force within the ruling bloc.

As North Korea withdrew from the NPT protesting the IAEA's request for a special inspection of her nuclear facilities, the nuclear issue has gone over to UN. It has thus far responded with a caution, calling North Korea to rescind her decision and to accept IAEA's inspection; at the same time, however, it is seeking a stronger measure such as an economic sanction against North Korea. South Korean foreign minister's visit to the US at this time suggested a change from previous governments in that he emphasized persuasion and mediation on the part of UN before deciding on counter-measures. The fact that the UN stopped short of calling for anything more aggressive than the statement at the Security Council reflects this changed position of the South Korean government as well as the position of China, a member of the Council.

The new reunification policy prepared by the Reunification Institute, which was submitted to president Kim Young-sam on March 15th, centers on two themes; the "nationalness(minjok)" and "co-existence and co-prosperity." It calls for a policy that is based on the following three principles: put the national welfare as a priority; induce North Korea to reform and open rather than isolate and blockade North Korea; induce citizens' consensus and participation. The Institute has also outlined the following three issues as most urgent: issue of nuclear, separated



families, economic exchange. It also expressed that when and if there is a progress on the nuclear issue that it will move to a positive step toward an economic exchange. On the most important issue of economic exchange, South Korea has a policy of raising the trade level so that she will become North Korea's biggest trade partner --South Korea ranks third now--and has plans to develop a sea route to North Korea.

This policy, which was reported to the president amidst the confusion brought about by North Korea's decision to withdraw from NPT, has several important points. First, in spite of domestic and foreign pressure for a stronger measure against North Korea, the South Korean government is willing to negotiate through a dialogue with North Korea. The decision to send the former North Korean journalist back to North in spite of an opposition from the conservative element within the ruling bloc signals a change and is likely to contribute positively toward the North-South relations.

There exists a number of obstacles, however, that the Kim government must overcome, to mark a clear break from the previous governments. First, there must be a turnabout from the previous governments' dependency on the US in the area of foreign policy. This may prove to be difficult to achieve.

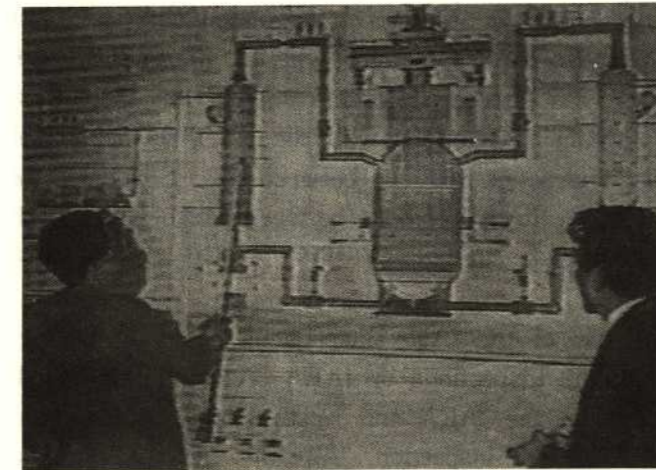
For the control of reunification policy by the Reunification Institute, the critical issue is dependency on the NSPA for information. It is necessary that the Institute equip itself with apparatus for information gathering, and to establish a way to share information with the NSPA. The cold-war mentality that is widespread in the personnel of government and its agencies, including the NSPA, and the mass media's conservatism that fosters such mentality, is also an obstacle for the reconciliation between the South and North.

As the nuclear issue lay before the UN, and as the South Korea's reunification policy is not firmly anchored, North Korea's President Kim Il-sung announced on April 7th "The Ten Points for National Unity." What it says principally is a reiteration of what North Korea has consistently emphasized over the years, that North and South should resolve the issues from a national point of view. Kim's announcement is noteworthy, however, in that it took a character of a response to South's reunification policy.

It indicated that North is responding positively to Kim Young-sam's inauguration statement which declared that "no ally can be better than the same national" and the Reunification Institute's policy of putting forth the national welfare as a priority. Kim Young-sam's response to this overture will become a test for his government's reunification policy.



North Korea informed UN that it decided to withdraw from the NPT in the seventh session, ninth plenum of Central People's Committee in March 12. a specialist of IAEA is checking a North Korea's nuclear facility before the decision of withdrawal.



An agency of IAEA looks into a nuclear reactor in North Korea.

## Chapter 9.

### North Korea's Decision to Remain in the NPT

The international isolation which North Korea faced as she announced her withdrawal from the NPT on March 12th entered a new phase as the meetings between the North and US took place on June 11th. On the last day of the fourth meeting, the North and the US announced a joint statement in which the US promised that it would not use nuclear arms against North and the North announced that it would stay in the NPT. With this announcement, the confrontation surrounding the nuclear issue was resolved temporarily, and as North Korea and the US agreed to holding a meeting of high-ranking officials at vice ministry level the political relationship was expected to develop progressively.

What was revealed during the negotiation process between North Korea and the US was that the most important reason that the North withdrew from the NPT was that it wanted better relations with the US. The issue of fairness on the part of IAEA in its request for inspection and the removal of the nuclear threat by the US which the North demanded at the time of its withdrawal from the NPT was accepted by the US. For this reason, North Korea was considered to gain diplomatically.

What is most significant about the North Korea-US high level talks is that the two countries, who had been locked in confrontation for the last four decades, for the first time in history paved a way for developing political relations in the future in the form of announcing a joint statement. Of course North Korea-US relations will not improve at one step and the nuclear issue has not been totally resolved; but there has been a move toward normalizing relations with the US that the North Korea has been seeking. The better relations between the US and North Korea is supposed to affect positively relations between North Korea and Japan and the North and South.

Since the issue of fairness of the IAEA inspections came up during the high-level talks, the future inspections by IAEA seemed to be based on procedures agreed between the IAEA and North Korea, rather than the current form of IAEA-led inspection. Already the IAEA has

expressed that it would not insist on the special inspection and that it would re-evaluate the issue, looking more for actual content and effects and not bound by the terminology of "special inspection". Accordingly, it seemed that IAEA would approach differently the issue of nuclear facilities in Youngbyon, the focus of recent tension, possibly requesting for a joint inspection of North and South or a general inspection.

On the other hand, as the North's nuclear issue was resolving, there was increasing optimism for better North-South relations. However, although the North and South exchanged more than ten telephone messages in the months of May and June, there has not been a significant improvement in setting the agenda. Amidst this, North Korea suggested a inter-Korean summit talk through exchange of special emissaries. At this suggestion of exchanging special emissaries instead of high level talks, the South was not sure how to respond immediately. Some members of the government and conservative forces within the ruling Democratic Liberal Party had been vocal in their opposition to the Unification Minister Han Wan-sang, and thus the reunification policy of the government wavered for a while. Conservatives in the ruling party and the government who had been silent in the wave of political reform then raised their voice on the issue of reunification, and the government has drifted.

There have been opinions expressed that the North's proposal of exchange of special emissaries should be considered as a more realistic alternative to the current high-level talks or joint commission on nuclear control, as the operation of these have been pointed out to be inefficient. President Kim Young-sam has already proposed in his inauguration speech an inter-Korean summit talk, which leaves very little room for the government to reject North's proposal. As the final terminus of the government's reform-drive should be the issue of reunification, the government should be more actively engaged in reunification issue, transcending political considerations.

## Chapter 10.

### US-NK talks and Conservativeness of South Korea's Reunification Policy

#### 1) The Second Round of US-NK talks and North Korea's Nuclear Issue

The second dialogue was held from July 14 to July 19 in Geneva to settle North Korea's nuclear problem after the first talk last June in New York. Both sides agreed to resume the next meeting in September. The items agreed between two countries outlined as follows.

1. exclusion of use or threat of armed force including nuclear weapons
2. US approval of North Korea's import of light-water reactor
3. Resumption of dialogue with IAEA for North Korea's nuclear inspection
4. Beginning of South and North dialogue to discuss mutual inspection
5. Resumption of US-NK meeting in the coming two months to discuss nuclear issues and improvement of relation.

Both sides were relatively satisfied with the result because North Korea accepted US demand on a meeting for nuclear inspection and South-North dialogue, and the Washington guaranteed approval of North Korea's import of light-water reactor and exclusion of use of nuclear weapons. And also, North Korea established a foothold for improvement of relation with US by the third planned meeting with US.

However, this result would not perfectly settle down the conflict concerning North Korea's nuclear issue. North Korea agreed to negotiate with the IAEA, however the 'fairness' on the part of IAEA raised by North Korea still remains and North Korea has proposed a different opinion on the way of special inspection. As the result of Geneva talk, North Korea and IAEA agreed to resume their meeting for 5 days from August 31. At this meeting they treated the process of inspection on the nuclear facility of Yongbyon area, which has been at issue and the regularization of general inspection on North Korea's nuclear facilities and special inspection.

It is a good method to replace North Korea's reactors with light-water reactors for settlement of North Korea's nuclear issue. There is no possibility of weaponizing because it is impossible to extract plutonium from light-water reactor. North Korea affirmed that it would give up reprocessing plants if their reactors to be replaced with light-water reactors from the first nuclear inspection on North Korea on June 1992. US also considered carefully it would be rational to replace North Korea's nuclear facilities with light-water reactors to solve the North Korea's nuclear problem. However, in the process of replacement with light-water reactors, if US provided North Korea with technological and economic cooperation, this actually means US economic cooperation with North Korea and furthermore, future possibility of normalization of political relation between two sides.

This contrasts with the existing US policy for North Korea. This fact has made US become more careful about their position. The improvement of relation with North Korea needs adjustment of opinions within the Washington government and that of Japan and South Korea.

It is favorable that North Korea's nuclear issue showed signs of being solved positively through two US-NK meetings. It is also advantageous that US hostile policy towards North Korea changed into more rational and moderate one for the easing of tensions and the establishment of peace on the Korean peninsula. North Korea has been trying to vary international relations after entry to UN in 1991 and this is necessary for peace in this area. South Korea government should change the past competitive diplomacy and help North Korea to enter the international society.

#### 2) Conservative Swing of Government's Reunification Policy and Nongovernmental Reunification Movement

The major problem in solving North Korea's nuclear issue rather lies in the South and North relation. Discussions about exchanging special emissaries have brought nothing but communication papers and no product. South and North relation has been being cooled off because North Korea repeatedly has suggested exchange of special emissaries after the second US-North dialogue and South Korea has always stucked to the reoperation of joint committee for nuclear control. The

ongoing confrontation between South and North is related to the inconsistent policy-making of South Korea caused by the conservative swing of reunification policy.

Kim Young-sam government showed more progressive attitude than any other regime before in the reunification affairs from the beginning of the new presidency. However, reunification policy of Kim Young-sam government has moved back by the North Korea's nuclear problem. At the early stage, South Korea had followed US hard line toward North Korea in the name of maintaining international cooperation system. As the result, South Korea could not exert any influence on the US-NK negotiation. Rather, President Kim Young-sam expressed dissatisfaction with the result of the first US-NK talk by saying that 'US should not make additional concession to North Korea' in an interview with BBC on Jun 25. This saying contrasted with the positive estimation of Ministry of Foreign Affairs and implied a confusion in government's reunification policy. Attack of conservative politicians and mass media on the ex-minister of Unification Han Wan-sang showed this confusion as ever. Several conservative scholars and politicians submitted a written opinion demanding dismissal of Minister Han to President Kim Young-sam to obstruct Han's reunification policy.

President Kim Young-sam presented 3 basic ideas of reunification policy - respect of democratic procedure, the principle of coexistence and coprosperity, the spirit of national welfare at the inauguration ceremony of the 6th advisory committee for democratic and peaceful reunification on July 6. His reunification policy seemed to be changed into conservative one to the great extent. Respect of democratic procedure replaced national consent which was significant at the early stage. This meant the procedure of governmental approval on nongovernmental reunification activity became fatal through simplification of the door for unification policy like in the two ex-presidents period. The notions of coexistence and coprosperity, national welfare have been modified. Early days, coexistence was emphasized, but in this address coprosperity was even more stressed. Reunification is for coprosperity, however the spirit of coexistence should be more accentuated. National welfare has to be common benefits for all the people on the Korean peninsula beyond the ideological difference, as well written in the inaugural address. However, He stressed on North Korea's opening for national welfare in the former address.

The conservative aspects of Kim Young-sam government's reunification policy have been showed on the discriminative treatment to nongovernmental unification movements like pan-national rally. And some organs of press showed conservative tendency by objecting "Human Chains for Peaceful Reunification" which was allowed by the government. Government officially announced its unapproval of pan-national rally on July 24. The organizing group of the rally wanted to hold the event smoothly through dialogue with government not likely past years, however the hard line of government was never changed.

"Human Chains for Peaceful Reunification" on August 15 showed another possibility of nongovernmental reunification movement. The performance was proceeded successfully under the auspice and allowance of government, while 60,000 religionists and citizens attended. The government position was to support a relatively moderate reunification movement. Government's discriminative treatment to nongovernmental reunification movements seem to be continued, so new approaches are necessary for nongovernmental activity.

Government's reunification policy should be based on national consent, and various discussions for reunification and exchange between South and North on the nongovernmental level can enrich the content of reunification process. Korean churches acclaimed the principle of emphasizing civilian's participation in the dialogue and process for reunification. Only when people become the main body of reunification activity, truthful reunification which can provide a national interest will be achieved.

## Chapter 11.

### Prospect of DPRK-US Talks and Debate on Exchanging Special Emissaries

#### 1) DPRK-US Talks, the Only Key to Settle Down the Nuclear Issue

North Korean nuclear issue, of which resolution had been under question, headed toward a turning point for settlement by re-opening DPRK-US talks. Resolution for the issue had been under rapid progress by twice of DPRK-US high official talks, but faced difficulties when DPRK-IAEA talk was ruptured in September. In October, however, unofficial contacts between DPRK and the US were continued, talks between South and North regarding exchange of special emissaries were under progress, and thus prospect for future resolution of North Korean nuclear issue seemed bright for a while. Debates regarding the issue have showed clearly the intention of North Korea to strengthen its bargaining power against the US by utilizing nuclear card.

The 37th regular convention of IAEA held on September 27 when DPRK-IAEA relationship became the worst. At the convention, a letter of Boutros Ghali, the General Secretary of UN, was released urging the special nuclear inspection of DPRK. DPRK criticized that the letter had been manipulated, since the letter "was written even without knowing of the General Secretary Ghali himself, and does not have signature of his own", and that the letter failed to use official name of Democratic Peoples Republic of Korea (DPRK) and used North Korea instead.

Although conflict between North Korea and IAEA is not a matter of recent story, North Korea gave up negotiations with IAEA, while IAEA appealed strong policy for resolving North Korean nuclear issue. At that time, IAEA was under the position that it had to change films and batteries for surveillance cameras by the end of October for minimum degree of inspection on North Korea. Knowing the situation of IAEA, it was not necessary for North Korea to continue negotiations with IAEA any longer, which had insisted special inspections only and

never provided any flexible bargainings. Even the United States once pointed out the premature bargaining tactics of IAEA. There were also public opinions raised that the US should go for direct talks with North Korea to settle down the nuclear issue. All these caused emergence of consecutive unofficial contacts between North Korea and the US. North Korea and the US had twice of unofficial contacts of their representatives on October 19 and 20, and proceeded discussions on the resolution for nuclear inspection of North Korea and on the expected 3rd stage of NK-US talks. Key discussion of the meeting was the issue concerning level and method of nuclear inspection. According to the facts known to the public, Huh Jong, Deputy Ambassador of North Korean Mission in UN, delivered to Quinones, Officer in charge of North Korea at the State Department, with North Korea's position to allow technical inspection for maintaining and repairing surveillance equipments along with visit of inspection team for routine and temporary inspection. Although IAEA Director-General, Hans Blix, expressed his strong position that any technical inspection at the level of what had been done in August would not be necessary at all, compromise was expected to be made in any ways within the month of October.

Position of the United States, which have been active for negotiation with North Korea, shows that there has been confidence building to a certain degree on the nuclear issue through those twice of high official talks. It is known that the US figured out, throughout those talks, that North Korea abandoned developing nuclear to improve relationships between the two nations. It is also known that the US takes positive positions on North Korea's persistent calling for end-up of '94 Operation Team Spirit, disclosing US military bases in Korea, and clear verification of no nuclear weapons in South Korea. As long as North Korea's staying in NPT (Nuclear Non-Proliferation Treaty) is insured, it is expected for the US to clearly respond to some of North Korea's demands. And there was a blue signal on, as a Japanese newspaper reported, "agreed to discontinue ROK-US Operation Team Spirit". Although the report was denied officially, the US would give up the Team Spirit, if North Korea accepts nuclear inspection at proper level.

Under such circumstances, possibility of holding the 3rd stage of NK-US talks, in the middle of November, became very high. It is

because prerequisites of the talks, nuclear inspection of North Korea and improvement of South-North relations, have been visualized to a certain degree. Anything of all, North Korea needs improving its relationship with the US, while the US has deep interest in North Korea's remaining in NPT. What is left is change of ROK government's policy on North Korea.

## 2) Debate on Exchanging Special Emisaaaries and Internal Conflicts of South Korea Government Policy

There are two links regarding North Korea issue. One is unofficial contacts between North Korea and the US in New York regarding nuclear inspection, and the other is working level contacts between South and North at Panmunjeom regarding special emissaries exchange. South-North talks, centered by exchanging special emissaries issue, have important meaning, since the most important strategic goal of North Korea is improving relationship with the US, while the US clarifies the improvement of South-North relations as prerequisite to the 3rd stage of NK-US talks. South Korean government, however, has not been able to play its role as a key counter-part in resolutions for the issue of either North Korean nuclear or reunification. It is because North Korea puts more weight on improving its relationship with the US than on exchanging special emissaries itself.

In October, South and North had three times of working level contacts. At the third session of negotiation on Oct. 25, South and North confirmed principles of exchanging special emissaries, and showed smooth proceedings in general, except for some disagreements on several working level issues. North Korea repeated, as it used to, the twoconditions of termination of the Operation Team Spirit and giving up international cooperative structure against North Korea, The issue of exchanging special emissaries has still been going under progress, and the issue of Team Spirit was expected to be discussed at the ROK-US Annual Security Council Meeting(SCM) of November.

Since the US precondition of improving South-North relations for the 3rd stage of DPRK-US talks is just at the level of 'special emissaries

exchange agreement', as long as South-North working level contacts just come to an end with such agreement, then condition for NK-US will be established, and the talk will accelerate the issue of exchanging special emissaries. Therefore, demands of both sides -that of South Korea and the US for nuclear inspection and special emissaries exchange, and that of North Korea for end of the Team Spirit and holding the 3rd stage of DPRK-US talks- should not be dealt as a sequential issue but as a simultaneous one.

Since the beginning of Kim Young-sam government, there have been criticisms on its inconsistent reunification policy. Issue of inconsistency has not been resolved, and causes internal conflicts to be amplified. At the National inspection of October 20 on the Board of Unification by National Assembly Foreign Affairs and Reunification Committee, Rep. Lee Seh-ki of DLP made false charge against moderate policy of the Board.

Against the statement of Han Wan-sang, the former Minister of the Board, "...we do not have to and should not isolate North Korea", Rep. Lee claimed his conservative view of reunification, "...we have to make it stronger the international cooperative structure to settle down North Korean nuclear issue".

Kim Young-sam government has not been able to suggest distinctive reunification policy, since there have been conflicts regarding the policy internally since its beginning stage. Needless to say, there has been no agreement made with opposition parties on reunification policy, which clearly tells us the fact that reform policy of Kim Young-sam government on national reunification has been worn out.

'Declaration of Nuclear-free Korea' issue was raised again during the course of the national inspection. It is because the Minister of Science and Technology, Kim Shi-joong stated before the national inspection committee, on October 8, "reprocessing of nuclear fuel is inevitable, as long as it is used for peaceful purposes", and said that he would propose the change of nuclear-free declaration to the President. In the following day, at the meeting of Security Related Ministers, President Kim Youn-sam badly rebuked the Minister Kim, and the incident was settled for the moment although not permanently. In fact, both ruling DLP and

opposition DP take the issue of changing nuclear-free declaration into consideration.

Major issue of the nuclear-free declaration is article 3 which states provision of 'abandonment of concentrating and reprocessing facilities'. And thus any debate on its changes should be considered to be very dangerous. As shown in Russia's nuclear wastes dumping into the east sea, issue of stability of nuclear energy itself is even under debate. Furthermore, any changes of nuclear-free declaration will stimulate nuclear arms race and escalate military tension around Korean peninsula. Therefore, it becomes just a groundless idea to take nuclear hegemony by changing nuclear-free condition. The issue might be discussed again after the establishment of perfect peace structure not only in Korean peninsula but also in surrounding nations.



As delegates of 5 nations agreed in May, 1993 in Pyongyang to establish a business company to carry forward a project for the development of Too-man river, the plan is about to go forward. Foreign investors look around Najin port which North Korea plans to develop as a major harbor in the Northeast Asia.

## Chapter 12.

### Nuclear Issue at Its Turning Point

North Korea's nuclear issue had been the most critical point regarding reunification issue of Korean peninsula for the year 1993, and finally we see a sign of a turning point. In November, North Korea suggested a 'package deal' for complete settlement of nuclear issue to the United States, and the US responded with a 'comprehensive solution'. Both parties moved toward finding out some points of agreement. Towards the end of December, they had unofficial meetings and made a breakthrough by agreeing upon inspections on 7 reported facilities. Although there were some shaking moments, South Korean government became degraded as a third party in the process of solving North Korea's nuclear issue. And it is expected big changes in South-North relationship and political situation in south-north Asia depending upon the result of DPRK-US negotiations.

If we look back last November, when general assembly of United Nation passed a resolution against North Korea to accept IAEA's nuclear inspection, it seemed the situation went into serious stage and was very foggy. And the first breakthrough appeared when North Korea suggested 'package deal' on Nov. 11. The statement, released under the name of Kang Soek-ju, foreign vice-minister, North Korea demanded suspension of military operation Team Spirit, that of US nuclear threat to North Korea, respecting North Korea system and support for constructing light-water reactors, and agreed accept IAEA's nuclear inspection and progress of South-North relationship by exchanging special emissaries. Key to the statement was North Korea's position to solve demands of South Korea and the US, and those of its own to improve relationship with US simultaneously as a package.

The statement was released before the APEC of Nov. 11 and the ROK-US summit of Nov. 23. Upon the proposal of DPRK, US government made positive comments, but prepared counter-proposal of 'comprehensive solution'. Key to the US 'comprehensive solution' was that North Korea accept IAEA's regular inspection and confirm reopening of South-North talks first, at the same time, US announced suspension of Team Spirit, and then held the 3rd stage of DPRK-US

high officials meeting to discuss current issues to improve mutual relationships, including special inspection of non-reported facilities.

Proposal of US made a turning point for it showed the US position to accept North Korea's demands for the first time, although it still suggested solutions in steps. The US policy, however, was changed once again at ROK-US summit of Nov. 23. At the summit, president Kim Young-sam insisted very conservative position, which conflicted with US policy. Finally, the US government ended up with some ambiguous policy of 'thorough and broad approach' on North Korea's nuclear issue with two pre-conditions of IAEA's inspection and exchange of South-North special emissaries. Such change caused confusions in its interpretation, but the core was that US repeated its existing tough policy that there would be further progress to the next steps only when DPRK accept the two pre-conditions.

After the summit, it seemed that solution to North Korea's nuclear issue became complicated again. On Dec. 3, however, North Korea proposed to 'accept conditional and temporary inspection' to the US. The proposal can be summarized as the following seven clauses: (1) allows unrestricted approach to 5 nuclear facilities among 7 reported to IAEA, (2) allows only exchanging films and batteries for surveillance cameras in two facilities with the reactor and laboratories, (3) but continues discussions with IAEA regarding inspections on those two facilities, (4) simultaneously with the arrival of inspection team to North Korea, both US and South Korean governments make an official announcement of suspending Team Spirit, (5) DPRK and the US decide schedule for the 3rd stage of high officials meetings by the time the inspection team arrives, (6) DPRK takes measure for exchanging special envoy after the joint announcement regarding ROK-US joint military exercise, and (7) South Korea stops calling out international pressure.

On Dec. 10, upon 'conditional and temporary inspection', US delivered its amended proposal at unofficial contact with DPRK in New York. The proposal was to urge DPRK to guarantee sufficient inspections on the two facilities and to show more positiveness in South-North talks. The US also clarified if DPRK accepted the proposal, US could announce suspension of Team Spirit and schedule for the 3rd stage meetings, simultaneously with the arrival of inspection team to Pyongyang.

Amended proposal of the US implies that the US government returned its position to what had been before the ROK-US summit. It has been known that, on Dec. 7, president Clinton asked president Kim Young-sam to agree upon flexible approach of US before the government delivered the proposal to North Korea. Thus it can be understood that South Korean government agreed upon what US asked. It is also known that North Korea is approaching positively to the proposal of US. In fact, North Korea suggested through unofficial meetings with the US at the end of December, that it would accept inspections on 7 facilities.

It is expected there will be active contacts between IAEA and DPRK again in the beginning of 1994. There will be also South-North talks for exchanging special emissaries. During the process, role of South Korean government is getting more important. It will be very crucial progress for the settlement of peace of Korean peninsula that North Korea and the US improve their relationship. If South Korean government exercises its stubborn policy on North Korea again, it will never be beneficial to anybody. There is high possibility for South Korean government to express dissatisfaction to the improvement of DPRK-US relationships, as unification minister was newly appointed with a conservative one by cabinet reshuffle of December and there are strong conservative mood within the government. People are curious about what the final direction of Kim Young-sam government's policy will go. The government has maintained co-existence and co-prosperity of South and North and national interests.



## PART THREE

# ECONOMIC SITUATION OF KOREA

## Chapter 13.

### Lowering Interest Rate and Opening of Rice Market

#### 1) Korean Economy and Lowering Interest Rate

The government announced on January 26th a comprehensive and sweeping policy of lowering interest rates effective for the whole financial market. Decried for the first time since 1982, this policy reflected the government's objective to solve the financial difficulties of business in general, although the impact of this policy, that is, whether it would induce more active investment, was questioned. Economic growth rate in 1992 marked 4%, lowest in 12 years, and unemployment rate reached up to 3% at the end of 1992. All of this invited severe criticism against the government's stability-oriented economic policy. Lowering interest rates had been one of the persistent demands of large corporations. Therefore, this policy had twin purpose: recovering economy and guaranteeing the interest of the conglomerates. The largest recipient of this policy were conglomerates, as small and medium sized companies had had difficulties getting loans from regular financial institutions. Also, with the lowering of interest rates, individual savings' interest was also lowered, which results in transferring the loss of public to the advantage of conglomerates who received borrow with lower interest rate.

No one believed seriously that the Korea's economic difficulties would be resolved by lowering interest rates. Even after the policy went into effect, there has been no visible sign of rising investment. The economic think tank of the Kim's government was replaced by "growth-oriented" bureaucrats as opposed to "stability-oriented" bureaucrats of the Roh government. The leading economic policy of this government was "free and active civilian economy" led by large corporations. The lowering interest rate which took place right before Kim's inauguration indicated the future economic policy would be oriented toward revitalizing economy

through growth led by large corporations. This contained a danger as it might have concentrated on growth again, ignoring the structural problems that needed more fundamental solutions such as industrial restructuring and strengthening international competition through improving technology.

## 2) Opening the Rice Market

As negotiations of Uruguay Round fell into a quagmire by failure to reach an agreement between EC and the US, the opening of Korean rice market became a major issue. The issue surfaced a few years ago, but it faced a critical moment as a decision needed to be made in the first half of 1993. With Clinton government taking a more aggressive stance, a controversy arose in December 1992 when Korea's representative to the negotiation publicly suggested an opening of the market. Kim promised during the election that he would not open the market, but his party members

bureaucrats privately circulated their opinion that it was inevitable. The rice market was most critical issue for the US in the Uruguay Round negotiation, for which there might be a possibility that through mutual consultation the issue might be resolved, which again would call for more active role of the citizens demanding a firm policy on the part of the Korean government.

As the rice market issue was at the forefront of domestic issues, on February 15, close to 10,000 farmers gathered in Seoul expressing their opposition to the opening. It was followed by a preparatory meeting to organize a nation-wide campaign to oppose the opening. Not only farmers' organizations but a various civic and religious organizations participated in the movement.

## Chapter 14.

### Economic Policy of Kim Young-sam government: "100 Day Plan for New Economy"

The one of the biggest problems of the Korean society in the 1990s is the economy. The engine of "high growth" stopped running at the end of 80s and a recession settled in from the beginning of the 1990s, and there has been no sign of recovery.

Therefore, economy was one of the central issues during the presidential campaign; that Chung Ju-young without a particular political basis had figured so largely in the presidential campaign had much to do with the fact that he was a jaebol (conglomerate). In order for Kim Young-sam's "New Korea" to be created, the economy must be recovered, and this has been the most challenging task since his inauguration.

President Kim announced on March 19th a statement titled "A new leap toward new economy" and announced on March 22nd "100 Day Plan for New Economy." According to these, the New Economy means an economy fit for the newly democratized Korean society. New Economy referred to an economy run by citizens' voluntary and creative participation, unlike during the previous authoritarian governments. What appeared frequently was the slogan, "Sharing the pain." The government froze the salary of public employees, as well as that of officials of large corporations; government and corporations agreed to raise the wage only up to 5%.

This new policy of "sharing the pain" seemed to cause a great deal of tension in the future. For the ordinary people who no longer had anything to "share," the slogan of "sharing the pain" was no different from the "growth first" policy of the Park Chung-hee government. The new policy has ignored the problems of distribution. The price has gone up with the increase of public fees, the wage freeze will only intensify the suffering of the ordinary people

The government's advocacy of citizens' voluntary participation is only possible when it is preceded by a social consensus; this is possible when labor unions are activated and negotiation between the labor-management takes place based on a normal and established procedure. However, the labor movement in Korea has been seriously weakened and the level of unionization low, seriously handicapping the ability of workers to negotiate with management.

Voluntary participation would not be possible if this condition persisted. As revealed in the disclosure of politicians' personal wealth, the size of wealth of some politicians was beyond ordinary citizens' imagination. "Sharing of pain" in this context amounted to nothing more than a "false ideology."

The main aim of the government's economic policy has been to revitalize the economy. Some of the new government's economic policy resemble that of the Park Chung-hee; the policy of lowering interest rates implemented in January mainly boosted large corporations. All of the following measures were for revitalizing large corporations: lowering interest rates, flexible management of currency, earlier execution of public expenditures, focus on growth of export and manufacturing, relaxation of administrative regulations, relaxation of regulations on land usage. So the early stage of the government's economic reform focused on those with a quick result, as opposed to a structural economic reform.

## Chapter 15.

### The Truth and the False of New Economic Policy and Labor Problems

#### 1) Interim evaluation of the Truth of New Economic Policy

The new government's economic reform started with a relaxation policy on administrative regulations. This policy contributed to the relaxation of the government control in the economic development that characterized the Korean economy since the 1960s, although its side-effects has been considerable: the concentration of investment in Seoul, worsening of working conditions, and environmental problems. The policy also contributed to finance liberalization, making it possible through a change in the selection of bank presidents; previously appointed by the government, now they are elected.

However, the government's economic policy which puts emphasis on growth still contains many problems. The government has lowered the interest rate, emphasizing the importance of revitalizing the economy, expanded the distribution of currency, and has concentrated on spending this year's government budget earlier in the year. Through the slogan "sharing the pain", the government has frozen its own employee salaries and has been calling for stable wages. What the government hoped to do was to ask for the public's endurance--"sharing the pain"--while living cost and wages went up inevitably as a result of its own policy. That growth-first policy is against the interest of workers and public in general has been verified in the past years. The labor disputes once spreaded in large corporations also attested to the problems contained in the government's policy of the New Economy.

Despite the international trend of defense budget reductions, there has been no attempt to reduce the south Korean defense budget, which accounts for 25% of the national budget. That the government has not even put the issue of budget reduction on the agenda when both the government and corporations have struggled to find a way to mobilize investment sources for strengthening industrial competitiveness shows that there is a fundamental limit in Kim's economic policy.