



## **Finding a new center or a zigzag? Elections and FTA negotiations with the U.S.** by Jin-Hyun Kim

There may be more dramatic developments in South Korea after two upcoming elections (May 30 local elections this year and Dec. 20 presidential election in 2007). The result could be a “happy ending” if two new rising powers, the New Left and the New Right, converge into a new center.

The intellectual and theoretical New Left is gaining power, NGO activists are withdrawing support from President Roh Moo-hyun, and other majority party candidates for next year’s presidential election are keeping a distance from Roh and the so-called 386 generation. This is all taking place at breakneck speed.

The New Left considers the Roh regime a failure. They now emphasize the practical aspects of the economy and regret that they had belittled economic growth. They also regret that conventional progressives are overly nationalistic, did not raise the North Korea human rights issue, and held back criticism of the North Korean regime. Majority party members’ support for Roh is dwindling. Moreover, due to his weakening authority and leadership, discontent within his party is accelerating.

President Roh’s popularity was 80 percent at his inauguration, but has since dropped to around 20 percent and does not show any signs of improving.

Most experts say that Roh will not accept his falling popularity or lame duck status. Some think that, to restore his leadership, Roh would hold an inter-Korean Summit and he will propose new agendas and issues that could require a revision of the Constitution and an adjustment to the North-South diplomatic relationship. They add that Roh would try to transform the current two-party system into a new political matrix led by himself. Some connect this to the recent appointment of North Korea expert Lee Jong-suk, as the Minister of Unification and Six-Party Talks representative Song Min-soon, as a Blue House diplomatic aide.

It is likely that the minority Grand National Party (headed by former President Park Chung-hee’s daughter) may gain power due to the fall in the majority party’s popularity (also around 20 percent according to a survey); the GNP’s popularity is around 40 percent, but many people believe that number is high. Among minority party candidates, the mayor of Seoul is currently leading in the polls, but there remain many variables such as whether the opposition party can unite and whether they can receive support from the New Right.

Korea’s New Right movement is a great energizer for Korea’s conservatives. If the Korean right wing, which lacks ideological confidence and self-reliance as a political party, engages the New Right’s new experiences and can transform itself into “reformistic conservatives,” a new chapter will open

for Korean conservatives and there will be a possibility that they can take power again. The formation of a new conservative group led by the New Right or a convergence between the New Right and the conventional right has not yet occurred, however.

Regarding the Korean economy, it is expected that GDP will grow about 5 percent in 2006 (after a 4 percent growth in 2005), mostly based on expectation that domestic consumption will rebound after a three-year contraction. However, the continuous rise in oil prices and the rapid appreciation of the Korean won is a double burden for the export-oriented Korean economy. If oil prices continue to rise and the won appreciates even more with China’s yuan appreciation being delayed, it is doubtful the economy can achieve a 5 percent GDP growth.

News that Korea will initiate free trade agreement (FTA) negotiations with the U.S. in May will have very positive effects on the assessment of the Korean economy and on the domestic business atmosphere. The Japanese visa waiver agreement for less than a 90-day stay also adds to a better business environment. It is hard to believe that more favorable factors can be added to such an amicable atmosphere.

If Korea successfully concludes a FTA with the U.S., its significance and effects will be epochal. There will be not only economic effects but also positive influences on security. It might seem that Korea-U.S. conflicts regarding security and handling of North Korea have been tied to the FTA. If the FTA negotiations fail, these conflicts could increase pro-North Korea, anti-American, nationalistic sentiment in South Korea. Those who insist on the U.S. troop withdrawal will mobilize not only students, religious activists, and NGOs, but also farmers, laborers, actors, and movie producers in the name of opposing the FTA.

While there is a high possibility that populism will grow as a result of the upcoming elections, there is much doubt about whether President Roh, the two main parties, and corporate leadership can overpower the camp opposing the FTA deal. It is not easy to be more optimistic given past disputes on FTA and WTO issues.

The FTA could spur negotiations between domestic interest groups and become a testing ground for political leadership rather than negotiations between two countries. If President Roh can exert leadership during the FTA negotiations, he will be able to contribute positively to the formation of a new center of power, on which the New Right and the New Left converge, and regain a certain role and authority. Nevertheless, he must be prepared to lose more of his former comrades.

If he goes in the opposite direction, he would break away from the past with a risky scenario that uses the North Korea card. However, this would not easily succeed either. After

three years in power, he has made known the limits of anti-U.S., pro-labor, and pro-North Korea forces in Korea. The problem is that he has made this contribution not in a positive manner but in a negative way.

The most tragic scenario in Korea would be, as some extremists close to Roh advocate, a complete divorce from the past and opting instead to embrace anti-American, pro-North Korea, pro-China, and anti-market tendencies. In the final analysis, this negative shift is not likely to occur, as we witnessed during the last three years of experiments. Moreover, such a change of policy does not meet the interests of Korea and the Korean people. There is, however, a possibility that during this zigzag process, the political, economic, and military resources of Korea will be wasted and North and South Korea may collapse at the same time or one by one.

Korean politics until 2007 will provide a dramatic turning point for Korea. If we head toward an optimistic scenario, the Korea-U.S. relationship will turn into a mature alliance. Otherwise, U.S. troops will withdraw from Korea and Korea will become a continental nation. Korea's politics have risen to the surface as a significant variable in Northeast Asia. There is a high possibility that this dramatic situation will come to an end in late 2007.

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