Right-wing candidate wins South Korean presidential poll

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For the first time in more than a decade, the candidate of the right-wing Grand National Party (GNP), Lee Myung-bak, won last week's South Korean presidential election. Far from being a vote of confidence in the GNP, however, the outcome reflected broad hostility towards the current president Roh Moo-hyun, particularly over his pro-market policies and commitment of South Korean troops to Iraq and Afghanistan.

Lee won 48.7 percent of the overall vote, including a majority in 13 of the 16 cities and provinces. Chung Dong-young, the candidate of the United New Democratic Party (UNDP), received just 26.2 percent and won only the city of Kwangju as well as the North Cholla and South Cholla provinces—all in the southwest region which has long been a stronghold for so-called liberal politicians. The UNDP was formed in August from sections of the Uri Party, which supported Roh.

Significantly, the turnout was a record low of just 63 percent, down from 70.8 percent in the 2002 president poll and 80.7 percent in 1997. While no breakdown is available for those who did not vote, undoubtedly many were younger voters who turned out in 2002 to support Roh who appealed to growing anti-US sentiment amid rising tensions with North Korea. Large sections of voters have concluded that none of the establishment parties represent their interests or address their needs and aspirations.

Lee immediately promised to take a tougher line against North Korea, saying he would change "the past government's practice of avoiding criticism of North Korea and unilaterally flattering it". But he made clear during the campaign that he had no intention of completely jettisoning the "Sunshine Policy" initiated by Kim Dae-jung and continued under Roh. In fact, Lee and the GNP have outlined ambitious plans for rebuilding the North Korean economy and infrastructure, as long as Pyongyong dismantles all of its nuclear programs.

The GNP is the party most closely connected to the pro-US military dictatorships that dominated South Korea until the late 1980s. Lee's attitude to North Korea is significantly more conciliatory than the GNP's previous stance, which called for the scrapping of the Sunshine Policy. The GNP's presidential candidate in 2002, Lee Hoi-chang, ran as an independent in last week's election, campaigning against the Sunshine Policy and as a "real conservative". He received 15.1 percent of the vote.

The issue of North Korea did not dominate the campaign as it did in 2002 when the Bush administration provoked a rapidly escalating confrontation with Pyongyang. Roh was able to come from behind to capitalise on fears of a war on the peninsula and resentment over the activities of US troops stationed in South Korea. Roh's support for the US occupations of Iraq and Afghanistan undermined the UNDP's ability to campaign on the issue. Moreover, as it prepared for a confrontation with Iran, the Bush administration has been forced, temporarily at least, to ease tensions with North Korea through a deal reached at six-party talks.

As a result, Lee was able to focus attention on the South Korean economy, which is growing at just 5 percent, and tap into concerns about economic insecurity, high housing costs and unemployment. Successive "liberal" presidents have implemented a program of pro-market reforms, particularly after the 1997-98 Asian financial crisis, that have effectively destroyed the longstanding policy of lifelong employment and produced deepening social inequality. Some 60 percent of voters put jobs and the economy as their top priorities.

Lee, a former CEO of Hyundai's engineering arm, galvanised support, particularly from hard-hit layers of the middle class, by promising to use his "practical business experience" to "revive the economy". He promoted a grandiose economic plan known as "747"—for 7 percent annual growth, per capita income of $40,000

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and South Korea to become the world's 7th largest economy—while making clear these were targets not promises. He also announced a vision of a network of transport canals and the creation of 300,000 jobs.

At the same time, Lee capitalised on his own rags-to-riches story. Born into a poor family, he had to work his way through university. He was imprisoned for six months in 1964 for leading protests against talks with Tokyo to normalise relations. After being blacklisted, he wrote to the president Park Chung-hee, head of the military-backed regime, pleading for clemency and was assisted with a job in Hyundai. He rose to become CEO of the conglomerate's construction arm at the age of 32. He subsequently fell out with Hyundai's chief and entered politics firstly as a parliamentarian, then as mayor of Seoul.

Lee's campaign was dogged by a corruption scandal involving the BKK investment firm that could yet prevent him assuming office. Prosecutors indicted a former business partner for fraud on December 5, but cleared Lee of any wrongdoing. Two days before the election, however, the UNDP passed a bill authorising an independent counsel to investigate the matter. The legislation sets February 25—the day of Lee's inauguration—as the completion date for the investigation. Although the outcome is unlikely to be clear-cut, confirmation of the allegations would bar Lee from office.

While his campaign exploited opposition to the impact of Roh's pro-market reforms, Lee's own pro-business agenda will only deepen the divide between rich and poor. He has declared that he will be "a CEO-style president" and pledged to end the "antimarket and antibusiness atmosphere". His promises include to lower corporate taxes, privatise state-owned banks and promote private equity and hedge funds. He is taking office amid growing international financial turmoil in the wake of the US subprime crisis and concerns of a global economic downturn.

Speaking to *Bloomberg.com*, Yang Jeung-won of Samsung Investment Trust Management commented: "Stocks could show some sparkle for one or two days as a direct result of Lee's victory. Of course, in the long term, we have to see how well he succeeds in reviving the economy. The election itself isn't enough to sustain an upward trend. The US, Chinese and global economies must be taken into consideration."

Commenting after his victory, Lee declared: "In this election, the Korean people opted for pragmatism over ideology." The remark, which reflects his own approach, points to the reasons underlying the GNP's softer stance on North Korea and greater openness to China. Any attempt to "revitalise" the South Korean economy will depend heavily on relations with China, which is now South Korea's largest trading partner, and its ability to tap into North Korea as a source of cheap labour.

Lee has made clear that his administration will rest heavily on the US-South Korean alliance. The GNP has been critical of Roh's plans to establish the independence of the South Korean military, which continues to be dominated by the Pentagon more than half a century after the end of the Korean War. But while there may be a shift in emphasis, Lee will be compelled to try to balance South Korea's strategic and economic interests along similar lines to Roh.

The Brussels-based International Crisis Group concluded in a report published on December 21: "Lee is believed likely to make greater efforts in the relationship with the US, which has been strained throughout the Bush administration, and to seek better ties with both Japan and China. However, he will be under the same constraints as his predecessors in all these relationships, which tend to be buffeted by events outside the control of the South Korean government."

This balancing act, however, takes place amid the destabilising impact of US militarism and great power rivalries in North East Asia and across the region. Lee's commitment to the US alliance, the continuing involvement of South Korean troops in Iraq, and demands from Washington for military support in new conflicts, such as with Iran, all have the potential to trigger political opposition. Popular hostility will only deepen as Lee's promises of a rosy economic future quickly prove to be illusory for working people.

Last week's victory could prove fleeting for Lee and the GNP which is counting on the outcome to boost its chances of winning a majority in National Assembly elections in April. The GNP currently has only 128 seats out of 299 compared to 141 for the UNDP. If the GNP fails to secure a majority, Lee faces the prospect of drawn-out political brawling to obtain approval for his key policies.

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