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# Institute for Global Economics and The Korea Foundation

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**Proceedings of  
the Fourth Forum**

# **International Next Generation Leaders' Forum**

**Sep. 1 - 6, 1997  
Seoul, Korea**

**Institute for Global Economics  
The Korea Foundation**

■ **M. Lobo:**

I think that we should promote both economic and political international cooperation, as well in other aspects. The question is not whether we should promote international cooperation, but how to promote cooperation between countries of different origins, interests, temperament and views.

■ **E. Simpson:**

One thing we have been talking about is the similarities between the Middle East and this area in terms of regional tensions and animosities. Obviously, there are differences between the two areas. But if we look at the history of the Middle East, we might be able to derive some lesson on how to promote cooperation. The example that comes to my mind is the example of Sadat offering in 1976 to travel to the Israeli Nesseset, which is the same as the South Korean National Assembly. And he did so, totally surprising the Israelis and the unprecedented move helped to stimulate cooperation and peace talks leading to Camp David accords. I was thinking what kind of similar gestures could be made here. Today, the United States is sending antibiotics to North Korea. I mean sending aid is one way to go about making the gesture towards cooperation. However, what you need to do is something that is unilateral, something Gorbachev-ian in a sense that it is very evident that this is an example of international cooperation, something that would try to catalyze a downwards arms spiral. So what occurred to me is that in December, South Korea could propose

to undertake to rid the DMZ of land mines. The most important would be not to deploy another division of American or South Korean troops to compensate for that. One can argue, as Kenneth Waltz did on Monday, "North Korea's external behavior has sometimes been ugly, but certainly not reckless. It's regime has shown no inclination to risk suicide." I think some Koreans would feel less secured and Americans as well, but in the long run, we will feel more secured. We have to recognize that South Korea is backed by the United States, Canada and Japan, so this is the kind of initiative I would propose.

■ **I. Maor:**

Having heard of Jane speak on terrorism, I must agree that international cooperation is something that is needed today. Many countries understand that we need to first deal with the immediate threat: terrorist organizations which put all of our loved ones in danger. This is something which has to be organized between governments. On the other hand, what has to be dealt must be done so with reason: what makes a sixteen year-old girl or a sixty year-old man blow themselves in the middle of the street? Usually, it's someone who is alone, who doesn't have a job or a house, someone who has nothing to lose. These things have to be handled at the same time the terrorist organizations are handled. We can't make terrorism disappear, but can certainly try to lessen its impact on the global community.

I agree with what Erika said about Sadat and making a

there are no such parties in the North. There is only one power in the North, and that is Kim Jong-Il. Lastly, the North Korean army has no power, all it has is man power. Without Kim Jong-Il, there is no army. We can anticipate the fall of Kim Jong-Il and the North's regime itself, but the question is, who will be the next unknown leader? It really doesn't matter: the main point is, even without Kim Jong-Il, there will be someone to take over the position.

■ E. Simpson:

George van Driem mentioned that the Cold War ended rather quickly, but if you take a look at the history of the end of the Cold War, it really began in 1984 with some small initiatives by Gorbachev which reflected his "new thinking". The problem with the small initiatives was that they were not really noticed by the United States because of their very strong enemy imagery. So what we have learned from the end of the Cold War is that it took a bunch of unilateral initiatives by Gorbachev before we even started to realize we had to reply. Then it became almost a race, with George Bush having to respond because of public opinion and withdrawing from 400,000 to 100,000 forces. I read an article that compares this method of conflict resolution to an idea that was put forth in 1960's by Robert Osgood called Graduate Reciprocal Intention Reduction. What Colonel Kim is saying is to wait for the collapse of the North Korean regime. However, I would disagree. I think we should take small initiatives: the South needs to de-mine the DMZ, and to reduce the readiness of the South's forces. The

ask a question. I have been impressed by the level of the South Koreans of the possibility of a new war between the two Koreas. I am wondering whether a possibility of a new conflict is over-exaggerated in the South. How do we know about the state of preparedness of the North and of the possibility of them striking the South?

When talking about the collapse of the North Korea. This has several dimensions: the fall of Kim Jong-Il; collapse of North Korea (party and army); and disintegration of North Korea itself. Some say that the fall of Kim Jong-Il will lead and ultimately lead to the disintegration of the North Korea. Others say that it is very unlikely to happen: there is no alternative to Kim Jong-Il. I want to challenge the assumptions that 1) Kim Jong-Il is unable to become the next leader of North Korea; 2) there are some conflicts between the moderates and hardliners in the North; and 3) the North's army has no voice, budget, and power, and in the case of the fall of Kim Jong-Il, the army will become autonomous. According to a recent defector from the North, all of these assumptions are in fact, false. First of all, Kim Jong-Il is the only person with power, designated by their now deceased father of Kim Il-Sung. Kim Jong-Il is a very shrewd individual who is maintaining the illusion of being voted the leader. Unless there is a sudden collapse of the North and of Kim Jong-Il, he will undoubtedly become the next leader. Secondly, there are no conflicts between the moderates and the hardliners, because

two million armed forces are active. Seoul is only 16 miles from the DMZ, too close for comfort for anyone's taste. When I was in Berlin in 1988, I was able to watch the east German broadcast of the '88 Olympics. However, even exchange of mass communication and broadcasts is prohibited. This is the kind of circumstances both North and South Koreans live under.

■ E.Simpson:

We did indeed discuss the land mine issue in our group. I just want to remind people that land mines kill or maim a person every 22 minutes. So while we are sitting here for the next hour and a half, at least 3 people will be killed. They kill 500 people a week, 22,000 people a year. That figure is just for the land mines that exist now, so there's around 60 million of them. The problem with the Ottawa Process is, to some extent, that it is being stymied by the fact that the Koreans do want to keep the land mines. Canada is looking into an interim agreement to allow Korea to keep land mines for some time. However, that is just being done behind the scenes. What I wanted to mention was that at least the United States has joined the land mine process, which was important, and we welcome that initiative.

We have to recognize that need to undertake some Gorbachevian initiatives with North Korea. One thing that was proposed was that we unilaterally de-mine part of the demilitarized zone--not the whole thing. I wanted to clear up some criticism of that notion. You need to remember that with more than 400,000 soldiers, South Korea is a very strong force,

more so with Canada, Japan and the United States backing

We also talked about whether North Korea is insane enough to commit suicide by attacking the South. According to Kenneth Waltz, a renowned international relations theorist, North Korea is not a type of a regime that is going to undertake an insuicide attack. I would argue that it is very unlikely that North will attack and they will be deterred by the fact that Korea has a very formidable military; the land mines are good deterrence. Looking at it from a cost-benefit analysis, cost, if we do not get rid of the mines, is that we can achieve a world-wide ban on land mines.

■ M. Lobo:

Talking about land mines, I think we should take into account the international legal situations. In international relations, when you negotiate a treaty, reservations and exceptions are allowed in international law. It means, it is perfectly possible to reach an international agreement banning land mines, except DMZ. However, these kinds of exceptions or reservations some countries will make the agreement weaker. One exception will lead to more exceptions, making the agreement virtually powerless. I think we should take into account the legal requirements for such an agreement.

■ Dr. SaKong:

We are not here now to make the decision on this, but in the coming years, you will be the decision-makers, so wh

I personally still believe that at an early stage of development, the best social welfare policy is generation of job opportunities and inflation because inflation only helps those who have properties and wealth. So, that is what we did since early 1980s: we put first priority on stabilizing the economy.

■ E. Simpson:

On the topic of pursuit of development, I just wanted to point out that South Korea right now leads the world in terms of construction of nuclear reactors and building of new nuclear reactors. Korea already has 11 and is in the process of building nine more. I am just raising this point because it just happens that Canada sells nuclear reactors and our best customer is South Korea.

Two weeks ago, we suddenly had to close 7 of our nuclear reactors, which is nearly all, not because the reactors themselves are faulty, but because of "managerial inefficiency". Our top managers, some of the best, most brightest, capable, and highly paid, were suddenly deemed completely inefficient and fired because they could have caused nuclear accidents. Why do I bring this up? How can we be sure that the South Koreans will also manage their nuclear reactors properly? How can we be sure about the Chinese? Can we be confident that we will not have some Chernobyl-type of accidents in this small area of the world? As leaders of the future, I think this is something we have to be concerned about.

■ E.H. Ahn:

We also talked about bankruptcies of Korean banks and seems to me that the Korean government will not allow that to happen. Do you think it is a good policy for the Korean government and what about the foreign banks working here? If they fail, will then the government interfere? If we do save them out of the trouble, wouldn't the international community think that we are discriminating against their banks in Korea?

■ Dr. SaKong:

We have many foreign banks and institutions in Korea. The problem of Korean banks is that foreign financial institutions are too competitive. Regardless of the WTO, the new financial agreement, and our membership in the OECD--and keeping the standard of the OECD, we have to open up our financial markets. Our problem is how to make our financial institutions, particularly, banks, to be competitive enough to face external competition. I don't think we should worry about that possibility. The possibility is that non-Korean financial institutions are very efficient and competitive. One of the reasons why Korean banks are inefficient is because it has inherited a legacy as a government-utilized public enterprise, a kind of a de facto public enterprise. They were more of rationing agents, not a business entity. They didn't have any chances to do business. Korean banks and financial institutions are now in that process of learning. Unless you put market mechanism in the market.