

**Catalysts of Change Session 3**  
**Featuring Former South Korean President Kim Dae-jung**  
September 30, 2008

**Transcript** (as translated into English from Korean)

**Peter Stephens (Interviewer/Moderator, World Bank):** Good afternoon everybody and welcome to the KDI (Korea Development Institute) School of Public Policy and Management, where we are delighted to bring you another in the series of '*Catalysts of Change*', which is an open dialogue with the legendary leaders of Asia; those who helped shape the Asia that we see today as a prosperous and thriving community and whose decisions and leadership took the region through tough times and the great obstacles to bring it to the thriving Asia of 2008.

With me, today, on the podium, we are honored to have one of those great leaders, Former President Kim Dae-jung of Korea, whose time in office coincided with financial crisis, not unlike that which we see sweeping around parts of the world today.

To his right, we have Professor You (Jong-Ii) from the KDI School, and further down we have Dean Hahm Sang Moon of KDI, and to my left we have President Hyun Jung Taik who is the President of the Korea Development Institute.

Today, we have connected to this session 13 sites. We have Australia, Fiji, Indonesia, where we actually have, I believe, two sites. We have Japan, we have, obviously Korea, we have Lao PDR, Mongolia, Papua New Guinea, Singapore, Sri Lanka, Thailand, Vietnam, Hanoi, and Vietnam Ho Chin Minh City.

The format for today will vary a little from the published running order, in that we will be going to each site for just one question, rather than two to allow maximum time for President Kim to give his answers. We hope that will give us enough time, perhaps, to go back to each site, but we will certainly also be taking questions that are received over the Internet towards the end.

There will be a ten-minute break at the end of our brief question and answer at the beginning to allow each site to prepare questions and answers. With that, let me please turn to one of my distinguished colleagues here, Professor You of the KDI School to do

a formal introduction of President Kim.

**You Jong-Ii (KDI School of Public Policy and Management) :**

Thank you Peter. It is a great pleasure and honor to introduce President Kim Dae-jung for you. Since you already know him very well, I will be brief. President Kim Dae-jung has dedicated his whole life, as you know, to human rights and democracy in Korea and beyond. He went through unbelievable political prosecutions, including several political assassination attempts, house arrests, imprisonments, exile, etcetera before he finally got elected as the 15th President of Korea.

Even before he started his term, he got down to rescue the economy which was sinking deep in the middle of a terrible financial crisis, and as Peter mentioned earlier, now the US and many other countries that are experiencing financial crisis may have a thing or two to be taught by President Kim Dae-jung.

In 2000, he was awarded the Nobel Peace Prize in recognition of his contribution to human rights, democracy in Asia and his pursuit of policies to achieve inter-Korea reconciliation and co-operation. And he remained a strong advocate of these values even after he left office in 2003. Let me now present Honorable Former President Kim Dae-jung to you.

**Peter Stephens:** Thank you very much, indeed, Professor. Let me begin, if I may, President Kim by asking you a question that follows from what Professor You just said. You took office after so many decades of trying to win office, you finally took office right amidst the worst financial crisis that Asia had seen, and Korea was very, very badly affected at that time. What were the priorities that you established and how did you go about building a national consensus to overcome that crisis?

**Kim Dae-jung:** Currently the world is experiencing the US initialized global financial crisis. In 1988, Korea already suffered the financial crisis; so we already have learned a lesson, so I hope this helps us to withstand this crisis, and another priority is to gain national consensus. If we have national and global support, the big concept top priority to go through any turbulent times, fortunately, but then the public supported the government by campaigns such as the Gold collecting campaigns, and this helped us to go through those difficult times without big challenge.

**Peter Stephens:** With political opposition that was not necessarily supporting you in the early days and you had campaigns and one with actually a little over 40% of the votes, how did you manage to bring political leaders together at that very difficult time?

**Kim Dae-jung:** I think the most important thing is to gain the general public support. Back then, I was in the minority party, so this also was a challenge, and the opposing party was not supportive, that was another challenge. But as long as the public supports us and gives us strength, like then there were the IMF and the World Bank as well as other financial institutions and other countries that helped us. So with the support of these parties we could go through with the crisis. This is what I would like to share.

So that was how we have went through those three decades. And the trust and support from the public I believe was the most precious value for us.

**Peter Stephens:** At a personal level, they were very, very trying days for everybody. There was a lot of concern about the sale of assets, there was concern about southern clients and living standards, how did you personally handle the pressure of leading the country in a period like that? What did you do around like to make sure that you were able to lead properly?

**Kim Dae-jung:** During my political career, I had many challenges. I was abducted and I was tortured, I was imprisoned, and I was also sometimes slaved (ph). Fortunately, the situation did be a result and I got the support from the public. So my on wavering belief is that as long as I have the support and have the belief in myself, I can always succeed. That was the belief I hold on to. With that belief and trust it helped me relieve my tension and that was how I could receive the bail of \$2 billion, and all these helped me gain great courage.

**Peter Stephens:** You famously said during the financial crisis that you believed Korea would recover in a year-and-a-half. Do you think back to that now, did you believe that that was going to happen or was that more -- that that would happen?

**Kim Dae-jung:** As I mentioned previously there were many economic difficulties that I had to withstand, there was also political pressure. Despite such challenges I always believed in myself, I always had the 'Can Do' spirit in mind, so within a year-and-a-half I

trusted myself that I will resolve the situation and I will gain the support of the public and the global economy. I held the proactive spirit, and for that I had to have everything transparent.

And to fight corruption, that will gain the trust of the public and this in turn will lead to make everything possible. I was scared and concerned, but I tried to be confident and believe in myself and believe that I can do it. So trust is the most important value, and gaining the trust of the public, putting a commitment in practice through a stronger value, through a stronger courage and leadership was what made us go through those hard times.

**Peter Stephens:** One final question before we go to our sites for their questions, the discussions with North Korea and the effort to your Sunshine Policy, the effort to create a rapprochement on the Korean peninsula, how deeply was that connected to your overall approach to leading South Korea into the future? Was it part of a policy that you had of bringing Korea forward into the world that -- was there a link between that and the way you handled the financial crisis because they were two massive tasks that you undertook in this one term?

**Kim Dae-jung:** It was important to inform the world and gain their support. We had our Sunshine Policy in place, for peace and prosperity on the Korean peninsula and also dealt with situation in a peaceful manner. And in order to do that we needed dialogue.

That was the direction I tried to lead, so I asked what North Korea needed and what we needed, and I thought deeply, and when we held the Inter-Korean Summit in June 2000 this is what I said.

"If you promise peaceful development, words only are not enough, you have to put something into practice, you must give up any ambition of communisizing South Korea. And at the same time, we should also abandon any intention of an absorptive unification because in past five decades we have been hostile toward one another and if we unify the two sides all of a sudden. So we have no intention. So neither communisizing South Korea nor absorptive unification will be accepted, peaceful and gradual unification is the only way.

They were concerned that South Korea intends to absorb North Korea. So we made it clear to -- we assured North Korea that there are no intentions on our side. So that was how we achieved the

June 15th, Inter-Korean Summit successfully. And that was how we could turn the past five decades of hostility into a new era of co-prosperity and peace.

And even though there were turbulent and turmoil parts. We did come all the way through those difficulties up to the six-party talks of today. So the Inter-Korean dialogue and the issue of peace should follow this pattern to future.

We should ask Korea for reconciliation, and I visited North Korea with this tonight, we did gain much substance.

North Korean people are made to become envious of South Korea since they are more important. We should make the North people feel closer to South Korea, and already North Korea is getting closer to the South through cultural activities. We can see that in many examples, such as popular songs, films, and dramas.

The issue is that we have been unified country for over 1500 years, of a homogeneous heritage. So the process of unification itself should be based on peace. It should not be unification forced by one side to the other.

The June 15th, Inter-Korean Summit set this message in a clear reign to the North. I think that was the greatest achievement. And we gained the support of the citizens of North Korea. We gained a greater level of trust from them.

And peace and prosperity and reconciliation are the most important elements for unification, and the first level is peaceful curriculum and second is creating a peaceful federation and create a complete unification based on confederation and federations. So based on these three steps of confederation, federation and unification, we will bring a truthful unification and the process to be based on dialogue and this will help us resolve the Inter-Korean issue, and for that it's crucial for the six-party talks to succeed.

**Peter Stephens:** Thank you very much indeed President Kim and I am sure there will be many follow-up questions to these points from the sites that are connected.

[10 minute break]

**Peter Stephens:** Welcome back everybody.

The thrust of the discussion before was I think very valuable in touching on two big issues that are both very relevant to events of today. One is the approach to handling the financial crisis, as you know President took office in February 1998, right in the teeth of the financial crisis which was sweeping East Asia.

He spoke about the need to build a national consensus, particularly coming from minority party, and the way he was able to do that by emphasizing not just the inevitability of getting through the crisis, but transparency working to do deal with corruption. Dealing with issues that really showed the seriousness of his government in dealing with the crisis that was affecting ordinary Koreans. And in return he had very strong support from the public and there were famous episodes such as ordinary Koreans providing gold that they had to help support the government in the efforts to restore economic vibrancy to South Korea.

It famously did get through the economic crisis rapidly in about a year-and-a-half and paid off its debts to the IMF about as I recall three years early. So it was the success story in sense of the financial crisis.

The other which he spoke very passionately about, was in a way similar; the Sunshine Policy and the steps to rapprochement with North Korea which he led and for which he received the Nobel Prize in 2000. And that he spoke of as something which continues to this day which is important for both Koreas, and which wasn't a policy-based, very much more on reconciliation, on gradual trust building, on shared historical values rather than any sense that there was going to be a takeover or a sudden move to unite countries into one. That's a policy as I say that continues to this day and you have seen the residual of that with the six-party talks and the efforts of peace building on the Korean peninsula.

I hope my summary does justice to a much more eloquent presentation that President Kim gave us, but it will give you a snapshot. With that I would like to invite the three sites Australia, Lao PDR and Hanoi in order. We will take a question, it will be translated, President Kim will answer.

**Question from Australia:** How much impact do you feel the Sunshine Policy has on the current north-south relations? And what sort of time-frame do you expect for unification of the Korean

peninsula to happen in?

**Kim Dae-jung:** The Sunshine Policy is promoting dialogue towards the peaceful resolution about the parties involved on the equal basis. No parties shall be isolated, no parties shall will be punished, and the preconditioned for, I guess, success of the Sunshine Policy is to have a shared benefit which is win-win.

My unification policy has three steps of peaceful co-assistance, peaceful federation and peaceful confederation. Finally, it will lead to complete unification. Even though it takes some time, we will wait until we have a consensus and full agreement.

South Korea would make a commitment that this country will not pursue unification by absorption or by other means, by force. In return the North Korea should make also commitment that it will not have a dream of communizing the South Korea. That should be agreed by the host parties. Since the June 15 Summit meeting in 2000, inter-Korean relations have been shifting from Cold era status to rapprochement and cooperation.

**Peter Stephens:** Thank you! Let us go, if we can please to Lao PDR.

**Question from Lao PDR:** Mr. President, in your opinion how should countries especially in the East Asia region to best prepare for the possible worst ethics of current global financial crisis given your Republic of Korea's experience in the past? Thank you!

**Kim Dae-jung:** When the financial crisis hit Korea at that time Korean foreign currency reserves was only \$3.9 billion which is almost an empty state. But when I left the office the result rose to \$130 billion which is the first largest foreign currency reserve in the world.

I believe our experience of overcoming the financial crisis can be helpful for the United States to overcome the economic crisis as of today. In order for Korea to overcome the economic crisis we took a very bold restructuring. At that time 16 out of 30 big companies or businesses are shut down or experienced the change of ownership. There were some many companies who went through merges and acquisition. Many businesses, big companies and financial institutions recorded drop in their balance sheet. Financial institutions including banks suffered from bad loan, a lot of bad

loans.

So the government established Korea Asset Management Company and they sell donation of bonds to create fund. With the fund the government took over the bad loans plaguing the Korean banks. With the measure Korean banks were free of unhealthy loans. So they can return to a normal and healthy business management. All these efforts were supported by the people of Korea and international community.

Finally, now Korean companies are enjoying surplus in their balance sheets and Korean banks have less than 1% of bad loans in their balance sheet. That is how Korea overcame the economic crisis. All these happened just in one-and-a-half years since my inaugurations.

Behind success there are three factors. One is national trust and confidence, and second is the effort from the outside including IMF, the World Bank, the United States and European countries. Third, there was governmental leadership along with people's approach and world trust. The government led older approach way out of the financial crisis.

At that time the US Treasury Secretary, Rubin, made a statement that the older credits of the -- success of overcoming the economic crisis is not coming from the United States or the IMF and other institutions older credits should be taken by the government and its leadership and the nation's approach.

**Peter Stephens:** Thank you very much indeed. Let us go to Vietnam, Hanoi. Question from you please.

**Question from Hanoi:** Hello, Mr. President, we do have some questions relating to educations and incentive policies on how to develop, how to maintain the talents and how to create best conditions for them to develop. At the same time we want to understand the three policies of Korea that you adopted at that time to avoid the brain drains and to nurture talents in your country. Thank you!

**Kim Dae-jung:** Excessive brain-drains should be stopped in a sense, but I believe free exchange of talents should be promoted. The talents from different environment, with different religion, with different experience of policies, have to mingle together, that will be

the very foundation for the development of economy and culture of our country.

In Rome era, the Rome actively exchanged human resources with its colonial countries. If the people from the colonial countries have excellency then they were given citizenship of Rome. That is the lesson that we can take.

The reasons behind the strong U.S. power in the world is because the country actively accepted the immigrants from the outside. Immigrants in the United States worked hard and they educated their children very hard. So before the U.S. economy was developed based on the labor provided by the many immigrants, but currently the U.S. economy is developing based on the knowledge and technology held by the outside immigrants.

So I said that the excessive brain-drain should be stopped, but a forceful curbing of that flow is not favorable. So the important thing is that we have to create an environment that can attract a right talent to stay. If talent wants to leave the country then we have to allow them to do so, but also we have to prepare and create an environment that can attract the outside talent so that they can contribute to our development.

**Peter Stephens:** Thank you very much indeed. We have remarked many times in the World Bank that no country has ever used the World Bank's knowledge better than Korea, so very good question.

Let's go straight to Indonesia, followed by Papua New Guinea, and then Singapore. Indonesia please.

**Question from Indonesia:** Hi, good afternoon, Your Excellency. We are interested in your leadership value. You mentioned about gaining trust and there needs to be a commitment in practice, so in Bali we are having a huge number of Korean tourists starting from the years of your Presidency. Was there a specific policy that you implemented to boost the increase of Korean to travel overseas after the financial crisis or despite the financial crisis, and if yes, was it related to trust and commitment in practice as you have mentioned in your leadership? Thank you.

**Kim Dae-jung:** In the past many foreigners actually entered Korea, and it contributed a lot to Korean foreign currency reserve, but currently the situation has been reversed to the other way around.

Korean people spend a lot of money in foreign countries.

But my point is that whatever it will be; whether it can be tourism, whether it can be some other purposes of travel, going abroad is a good thing, because when people visit other countries they have contact with different culture, different lifestyle, different way of thinking, and different studies. So I believe that those experience can be considered as a foundation for us to go through the globalization era. With that we can be armed with a new sense of culture.

As you know, there is a Korean wave. Korean wave was initiated when I was in office. At that time I opened our country to Japanese culture. In anyway I believe the shut door policy of the culture should not be allowed.

So whether the tourism can bring about deficit or a surplus, the important point is that knowing outside world, the important point is how to know the outside world, or if you go abroad, if you make a travel to overseas countries, you come back with a fresh mind, with new sight. So you can create any constructive ideas as well. So it could be tourism, it could be studying a road, it could be inspection of some industrial facilities, I believe that is good.

**Peter Stephens:** Thank you very much. Let us go to Papua New Guinea please.

**Question from Papua New Guinea:** Thank you very much the President and Peter Stephens for hosting the session. We are very pleased to hear about the talk of the President about fighting against corruption and stabilizing this nation, therefore our question to the former President is, what strategies did you utilize to fight against corruption and to unify and stabilize the country and the region? Thank you.

**Kim Dae-jung:** In terms of anti-corruption strategy, both people and the leaders have to work together, however what is most important part is coming from the people part. People should not allow any corruption setting in, and also, when they experience any corruption practice they were bold enough to make a report of their practice. So the people monitoring, people watching, should realize.

On the other hand, the government should set an example, especially the President or the government should make a thorough

clean example that others can follow. So people and the government have to work together toward anti-corruption.

**Peter Stephens:** Thank you very much. Let's go to Singapore please.

**Question from Singapore:** Hi, good afternoon His Excellency. Here we are interested in your views on the future of Asia. In the 20<sup>th</sup> century the Asia economy was very much driven by the four Asian tigers, which included Korea, but today Asia is very much centered on the growth of China and India. Hence we would like to ask what is your opinion in terms of the roles of the Asian tigers in the future of Asia. Thank you.

**Kim Dae-jung:** Many people said that Asia will rise as the strongest economic force in the world. It is also said by the Vice President candidate of U.S. Democratic Party, Mr. Biden, but this statement is nothing new. In 1820, experts said that at that time China took 27% of world GDP and also India took 14% of global GDP, the United Kingdom only 5% and U.S. took only 1%. But China and India were left behind in modernization. They ended up in semi-colony states, however the UK and the United States continue their modernization, at first coupled with Imperialism, so finally they became the ruler of the global economy.

But I believe that Asia will rise again as the very economic force in the world, there is no doubt about it. But the problem is that -- the key is that the people in Asia should develop their intellectual power. The world, we went through the feudalism and every cultural economy and the industrial economy, and finally we entered a knowledge-based economy.

In knowledge-based economy the number of people is important, but the more important thing is the quality of knowledge and how bright the people are, that will determine -- that will make or break the fate of a country.

I am sorry to repeatedly talking about our country. But in 1998 when economy crisis hit the Korea, and I became the President, we could overcome the economic crisis, but at the same time we developed knowledge-based economy, and also we promoted information technology. That made Korea to take a leadership position in many fronts. For example, ship building.

Korean companies build better ship faster at cheaper price than any other makers, that's why Korean companies can win the competition.

Asia also went through agriculture economy, industrial economy, they are moving forward. So finally they have to arrive at knowledge-based economy. Asia has very longest history and has great tradition in religion and studies, various studies. So each country have to focus on knowledge building and education, in that way they can find a way to become the world leaders and economic leaders. Not only China and India, all of the Asian countries will become the leadership position in terms of economy if they have knowledge and technology.

**Peter Stephens:** Thank you very much. Let us move quickly to Mongolia and your question please.

**Question from Mongolia:** Thank you. His Excellency, Mr. Kim Dae-jung, question from Mongolia. You have done great achievement in terms of the rural development in Korea by implementing so called New Village Program. So our question, how would the characteristic or the concept of the New Village Program in today's development context, especially in Asia where the urbanization has taken place largely in today's world? Thank you.

**Kim Dae-jung:** When I came into the office Korea was deep in the economic crisis. At that time, along with the efforts to overcome the economic crisis, the government also pursued informatization, which means the information technology promotion.

This at first was well accepted by the Korean people, and that led Korea to stand before many other countries in many fronts. I believe that our efforts could be successful because Korean people have very high intellectual level and also they were educated very highly.

The 21<sup>st</sup> century will be characterized by knowledge-based economy. In order to succeed in the economy we should have talents, many talents. That's why I initiated the New Knowledge campaign, among many others. There are new knowledge over this in the businessman and also employees working in big companies. So new talent can contribute to development of economy and promotion of excellent culture. So in the 21<sup>st</sup> century I thought that knowledge should be the key so I decided to groom new talents with right

knowledge.

**Peter Stephens:** Professor You, any questions?

**Professor You:** Sure. We have a number of questions from Korea, but I am allowed to ask only one. This might be a little bit sensitive. Since you left office the next government led by President Roh inherited your Sunshine Policy. However, the current government is taking a somewhat different approach, a little more critical of North Korea. The Inter-Korean relations have been experiencing some difficulties these days. So what is your view on the current situation, and what do you think should be done?

**Kim Dae-jung:** The legitimacy of the Sunshine Policy is well approved by the world. Sunshine Policy is promoting the reconciliation and cooperation between South and North, but pursuing win-win; the mutual benefit. It's like a sun distributes evenly to everyone. Then is there any other options than pursuing Sunshine Policy?

As you see that the United States used containment and sanctions against North Korea, but to no avail. I have worked with President Clinton and Bush, respectively for two-and-a-half years and two-and-a-half years. President Clinton publicly supported my Sunshine Policy, while President Bush opposed the policy and he used a hard-line policy against North Korea.

In six years in Bush administration, what is the legacy do you think? North Korea gave up its membership of NPT. It expelled IAEA inspectors, and also they launched long range missiles which were in a moratorium. Finally in October, 2006, the state tested nuclear weapons, which means it became the nuclear state obviously.

When I met with President Bush I persuaded him to have a dialogue with North Korea. I said to him that, President Bush, you said that you will not have a dialogue with bad guys, there is no reward with forces that are doing evil, but think about it. President Reagan did dialogue with Soviet Union; the country which he has termed as a evil state, and also dialogue led through the Helsinki process which changed European countries once and for all. President Eisenhower were engaged in negotiation with the enemy even in the war, which is Korean War.

So after the talk President Bush declared that he can have dialogue

with North Korea, but he could not put in practice, unfortunately. But belatedly now I see the change in Bush's attitude toward North Korea. He said that currently he is doing the direct dialogue with North Korea and he is promoting alleged processes with the state and also action-to-action. Even though it is belated I believe that is a welcoming change.

Sunshine Policy is not only good for Korea but also it was effective in changing Soviet Union and other communist countries in the past. The containment of 50 years never changed Soviet Union and the European countries. Only through the dialogue those countries were assured of security and they found ways to revive their economy and they experienced cultural exchanges.

In that way people in the Soviet Union realized that their country is not a paradise and also the other system in the outside world could be good, not necessarily bad. So that gave the motivation that they can change their system.

I believe that China and Vietnam can follow the suit that Soviet Union and European countries have taken in the past. Already you see the result.

So finally, those countries will work along the democratization on a peaceful mean. The change has already been witnessed by the people.

Even in change there are great changes. At the end of President Jiang Zemin era, the government changed the communist party chapter. The communist membership was given to businessmen and intellectual people who are middle class. They were given the membership because they contribute to our national economy.

China opened a system to market economy a little bit, so market economy gave rise to the burst of middle class, which changed the political system, which opened the country to the outside world.

So I believe not only Korea but also the world can benefit from the dialogue for mutual benefit. This principle can apply to many situations involving a religious conflict, in tackling the poverty, in everything. The Sunshine Policy can serve as a one principle to resolve differences.

**Peter Stephens:** Thank you very much. I am going to ask Japan,

followed by Sri Lanka and Vietnam (Ho Chi Minh), to give us their questions one after the other. Then I will ask President Kim to mold his answer around the three of them, in the interest of time. So Japan first.

**Question from Japan:** Good afternoon Your Excellency. At the time of the inauguration, your country was deeply mined in recession and chaebol dominated countries, both economically and politically. So what's your step-by-step action plan to prevent chaebol's power? Thank you.

**Peter Stephens:** Let us go to Sri Lanka, please.

**Question from Sri Lanka:** President Kim, given that the U.S. \$700 billion bailout plan has been rejected by the legislature there, despite the lobbying of President Bush. Given also that South Korea has been extremely successful and in an admirable fashion restructured and repositioned its institutions in 1997-1998. Given that the U.S. crisis will have contagion effect on East Asia. What specific advice President Kim would you give the current Treasury Secretary, Henry Paulson, Federal Reserve Bank Chairman of the U.S., and in particular, President George Bush, given the political convergence you were able to seek and obtain in 1997-1998? Thank you

**Peter Stephens:** Thank you Sri Lanka. Ho Chin Minh City please.

**Question from Vietnam, Ho Chi Minh:** Your Excellency, President Kim. For many years with the restructuring of chaebol, and before that, during the crisis in 1998, you gave a major loan to bank in the process of restructuring the chaebol, like you force banks to sign a contract with 64 chaebols to -- in terms of their plan to restructure and lower their finance leverage.

Do you have any contingency plan that if that plan was not successful, then in what kind of contingency that you may want to deploy in that situation, please? Thank you.

**Peter Stephens:** Thank you very much indeed. As I understand your question, Ho Chin Minh City, if the plan to restructure the chaebols had not worked, what was the fall back plan, what was plan B?

**Ho Chi Minh:** Yes, correct.

**Kim Dae-jung:** I expected the questions to get easier, but it is the other way around, the questions are getting harder. As I said before about the restructuring of conglomerates, 16 out of 30 conglomerates experience the change of ownership or split of ownership. Many ownership was taken by the government because the government took over their shares of weapon.

Before the financial crisis, if people said that only one conglomerate shutdown its business then it can effect the whole Korean economy, but 16, the number is very daunting. The 16 companies were on that operation table to go through the restructuring.

The restructuring was successful because the government understand the people. The Korean people were very angry about the secret ties between the government and the business, which was all the practice of the Korean business and industries.

When I pointed out, this secret ties were the main source of the business to the chaebol, chaebol could not resist my request to go through the reform.

Also, the IMF and World Bank also said that if the Korean government does not pursue the strong restructuring of our conglomerates those institutions would not make an investment or lending to Korea. That also helped for me to have a strong initiative toward the reform.

In the process I did not fight with the chaebol, actually I convinced them to stick on their own. I pointed out that chaebol were big businesses, you are responsible for these consequences. You had relied on collusive ties with the government.

So instead of doing so, I said, you go to the world market and sell good products at reasonable prices, then you will make a lot of money and pay the tax to the Korean government. I will not care about what you did in the past. I also said that I will stick to this policy upon my rest of the term.

So you have to promote the market economy and you have to forget about making ties with the government for your benefit of the businesses.

I emphasized that the government will approach only companies

that stand on its feet during my term. Five years later we could witness the changes in the chaebol structure, and those survived said to me that President Kim's initiative actually helped us to return to normal state and healthy state in our business, because we could earn money in the world market and we could win the competition. So the chaebol said that the Korean government did the right thing in the financial crisis.

Actually I was asked to make advice to the United States for its efforts to overcome economic crisis, but honestly I am not the right person to receive that question, because the country has many economic experts and the Nobel Economic Prize laureates, so I cannot make a lecture to the country. In Korean saying it's like giving a lecture before professors, I don't like that.

But even though the size is different but I believe the nature will be similar between the U.S. financial crisis and Korean economic crisis. In that perspective I can make a little bit of comments.

If U.S. look at how Korea overcomes the economic crisis the country can use it as a useful advice. I believe in market economy but I don't believe in breakaway market economy. Breakaway market economy can destroy the market order. The market economy has to be protected in anyway but at the same time the government has to play its role of managing and monitoring or watching the market economy.

Businessman are not always good people, they are basically puppet thinkers. So the government has to guarantee the business can do its business at their free will, but if they do some harm on consumers or hurt healthiness of the market, then they have to be contained by other forces. In this regard we can take lessons from economist Keynes.

**You Jong-Ii:** Well, I have a number of questions that have come to me via internet, but because we are running overtime, let me just ask one quick question from a Japanese participant, who was apparently very much impressed by the fact that President Kim Dae-jung has forgiven former President Park Chung-hee, who had tried to kill him. So she was wondering how important the idea of forgiveness is in your political philosophy, and whether your idea of forgiveness was influenced by your Catholic faith?

**Kim Dae-jung:** I went through a lot of political persecutions.

Actually, I experienced near death experience, including kidnapping and death sentence. I spent 6.5 years in prison and 20 years under watch or exile, so I know how torturous it would be to go through the political persecution.

When I talked with my wife there was eavesdropping so I had to talk with her in writing. I was in the opposition side so I decided if I am in the ruling side I will not do any political retaliation.

I forgave President Park Chung-hee who gave me a lot of sufferings. I could forgive him as a person. I hated his policy of grooming the chaebol or dictatorship, but I decided to forgive him as a person. That is my religious fate of Catholicism and also is my personal belief.

Also, President Tae-woo and Chun Doo-hwan, who also gave me a lot of suffering, were also reinstated after they became the criminal because they were sentenced in the trials, they were reinstated. I feel like to say thank you to such a decision of myself.

There are some people who I can hardly forgive because they made the bad words in the elections or they made wild rumors on purpose, but still I decided to forgive them.

When I received Nobel Peace Prize I was recognized for my contribution to democracy and the Inter-Korean relationship improvement, as well as I was recognized for the generosity coming from forgiveness.

But forgiveness is relevant only to people, not policies. People can make a mistake, but after a while they can do better. Always there are evil and angels fighting each other inside of people. I am also the kind of people. So I can forgive people but I don't forgive bad policies, and I will not do so in the future as well.