

For Republic of Korea development

A first-hand report undoing some myths of U.S. Asia policy

Introduction

Relations between the United States and its long-time ward, the Republic of Korea, have been severely impaired over the last two years, shaken by the controversies surrounding the decision of the Carter Administration to withdraw U.S. ground troops from Korea and by the Korean influence-buying scandal on Capitol Hill. These controversies have tended to further polarize the debate over U.S.-Korean relations. While liberals of the McGovern stripe argue that South Korea is one of the "worst violators of human rights in the world," conservatives say that this is unimportant when compared to Korea's contribution to the defense of the "free world." Businessmen occasionally enter the debate, usually siding with the conservatives by presenting Korea as a model for economic growth — because "the trains run on time."

As is often the case with "left-versus-right" political debates, the reality of South Korea has remained largely hidden — deliberately obscured by some, honestly misunderstood by others. Given that future U.S. relations with South Korea will be important not just in their own right but in their impact on the future of the entire, highly volatile region of Northeast Asia, U.S. political and business leaders cannot afford to remain in blinders.

In this section

The Cold War myths of the 1950s, the politics and pseudopolitics of the Vietnam era, and now the omnipresent headlines about Korean influence-peddling in Washington have successively and cumulatively concealed the reality of South Korea, and with it a central piece of the entire Asian political map. That's the conclusion of correspondent Peter Ennis of the *Executive Intelligence Review's* Asia desk, who has just spent a week in the Republic of Korea investigating the situation there, and filed this report on his findings.

Korea's fight for independence

South Korea is battling for its full independence, and the entire country is mobilized to win. From the highest levels of the government to the young supervisors at the country's heavy industry sites, there is a grand vision of a modernized Korea, a Korea that has caught up with and surpassed today's advanced industrial countries, a Korea that, for the first time in the country's recent history, has the strength to determine its own future.

"Korea missed the chance to modernize one hundred years ago, so now we must quickly make up for all of that lost time." This is how one official in Seoul described the thinking behind Korea's remarkable economic growth, referring to the defeat of an earlier modernization movement in Korea that was allied with Japan's successful 1868 Meiji Restoration.

History is indeed alive in the minds of Koreans. An extremely nationalistic people, the South Koreans of today are bitter about a past that has seen them consistently made the pawns of rivalries involving the Asian and Western powers. Korea has been a weak country squeezed between three giants, China, Japan, and the Soviet Union, largely powerless to control events that affected it. In the absence of a successful modernization movement to make the country strong, Korea adopted the ideology of "*sadae chuui*," or "serving a powerful country."

But South Korea is now determined that *sadae chuui* will be no more, and modernization is still the key to the country's independence, just as it was a century ago. "We must be so strong that no one can kick us around anymore," one official said frankly.

Since a core group of military officers brought then-General Park Chung-hee to power in a 1961 military coup, South Korea's political leaders have defined their special responsibility as securing once and for all the level of economic development and national strength needed to ensure the country's independence. Over the last 15 years they have headed up a thorough reorganization of Korean society that has seen it grow from "little better than today's 'Fourth World' countries" in the words of one official, to a semi-industrialized country. Government officials now regularly speak of matching the development levels of

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the European nations in the years ahead.

U.S. conservatives who praise Korea's economic successes should take note: the Korean method for development has been a classic *dirigist* economic system, in which a powerful bureaucracy sets national priorities through economic planning to create the conditions in which private business can flourish.

The drive for modernization in South Korea is unremitting, and even a week-long stay in the country, including discussions with many government and private officials, provides convincing evidence that every significant economic and political decision is made with the goal of continued modernization in mind. This is the key to understanding the South Korea of today.

10 percent annual growth

Momentum has become a main engine in Korea's economic expansion. With an average 10 percent growth per year since 1961, Korea has made continued economic progress almost second nature. In particular, a high standard of performance has thus been established within the country's powerful bureaucracy that all officials must strive to meet.

The hustle and bustle of Korea more than confirms the impressive growth statistics. The heart of the country is the capital, Seoul, and construction sites are visible all over the city. Seoul is, for the most part, a very modern city, and houses some 7 million of Korea's 35 million people. However, it is not unusual to see ox-drawn carts side-by-side modern engineering equipment at Seoul's construction sites; no resource goes untapped in the drive for development.

All energy in the country is now directed toward the transition from light to heavy industry. The government has chosen machinery, chemicals, shipbuilding, and electronics as strategic industries to be built up.

Top-down efficiency, sometimes known in Korea as the "Fort Leavenworth" system, governs the implementation of economic policy. The government is actively promoting the formation of business groups similar to Japan's *zaibatsu*, to enable a more coordinated mobilization of the nation's industry. Companies that cooperate with the government's economic plans are extended credits from the 100-percent government-owned banking system.

Efficiency also characterizes Korea's "brute force" approach to construction engineering, which has become something of an international legend.

National security still uppermost

Korea's economic success has not greatly changed the largely passive attitude of its leaders to world affairs, however. In discussions with a number of government officials in Seoul it was clear that Korea is more concerned with finding a secure position in the world than with actively participating in or influencing international affairs. In Seoul the world is seen through Korean eyes; the dominant concern in Korea remains national security.

The Korean peninsula continues to be one of the most potentially explosive areas in the world, with over 1 million armed men faced off on either side of a thin demilitarized zone. Detente has meant little for the peninsula, since North Korea's bizarre leader Kim Il-sung has consistently refused to negotiate a reduction of tension between the two countries with any sincerity. The Korean War of 1950-53, with its savage destruction, is still fresh in the minds of the Korean people, and as long as there is no agreement to maintain peace on the peninsula, South Korea's highest priority remains the development and maintenance of armed forces able to deter the outbreak of a new war.

Signs of defense preparedness abound in the country. With a troop level of 600,000, South Korea sports the fifth largest army in the world. While military hardware is not easily visible throughout the country, students and workers are often seen wearing "army fatigues" to school and work as part of reserve corps training programs. Moreover, in the southern parts of the country, where vitally important heavy industry is concentrated, troops can often be seen at highway intersections, as security precautions against the kind of guerrilla incursions that have struck from the North in the past.

It is the fear of suffering the destruction of yet another war, not ideological hatred of the "Communist world," that has compelled South Korea to maintain a close defense relationship with the United States. The presence of U.S. troops in Korea has imposed a powerful stability on a situation otherwise made unstable by the xenophobia of North Korea's Kim.

Which way Washington?

South Korean leaders are both bitter and shocked by the Carter Administration's decision to withdraw U.S. ground troops from South Korea, and the apparent reduction in the U.S. defense posture in the region. They see U.S. policy in Asia increasingly oriented toward developing a "second front" military relationship with China, a policy, they argue, which will only bring increased tension and confrontation in the future. One official commented that while the power of

Japan, China, and the Soviet Union are all on the rise, the United States is leaving Asia. "The United States is absent-mindedly retreating," he said.

U.S. defense officials in Seoul also heatedly argue — privately — about the dangers of a U.S. withdrawal from Korea. For the U.S. troop withdrawal is taking place at precisely the time it is most important for them to stay, according to these officials. The South Korean economy will have matured in the next five to seven years to the point that sufficient depth in war-fighting capabilities will have been achieved to enable the South Koreans to deter the outbreak of a new war on their own. The North Koreans are well aware that the Southern economy is approaching this point, these officials say, increasing the likelihood of aggression from North Korea *before* that necessary degree of maturity in the Southern economy has been reached. A U.S. troop presence in Korea would surely deter such an attack, but the withdrawal announcement has given a crucial signal that America may choose to avoid involvement in a crisis.

With the view gaining ground in Seoul that the United States is an undependable ally, Korea has launched a crash domestic defense production program aimed at making the country "self-reliant" in the production of key military equipment. "Self-reliance" was the theme of this year's Armed Forces Day celebrations, held in Seoul Oct. 1, where the first guided missiles wholly designed and produced in Korea were put on display.

"Not anti-communist..."

South Korea's plans for self-reliant national security go far beyond military preparations vis-à-vis North Korea, however. Contrary to the usual ideological myths, South Korea's security strategy aims to establish diplomatic relations with China and the Soviet Union. Officially dubbing its plan the "Foreign Policy of Peace," the government now says that it is willing to engage in economic and other forms of cooperation with any country, regardless of its economic or political systems. "South Koreans are not anti-communist, they are anti-North Korean," one informed observer of Korean affairs commented.

The improvement of relations with China and the Soviets is particularly important to the South Koreans, for two main reasons. As the two Asian powers that border the Korean peninsula, China and the USSR have historically had a strong interest in what occurs there. As of now, neither power recognizes South Korea as an independent state; such recognition would greatly enhance South Korean security. Moreover, both China and the Soviet Union have, to different degrees, the ability to moderate the policies of Kim Il-sung.

Thus far no dramatic breakthrough has occurred in this direction. But the Soviet Union has taken limited action to indicate an interest in contact with South Korea. The Soviets are widely believed to favor a

"Germany solution" to the Korean conflict, while China, although opposed to a war on the peninsula, has consistently refused to have any contact with the South.

The most forward-looking of Korea's policy planners see the long-term stability of North Asia as based on economic cooperation. They point out that China is expanding its economic relations with Japan, and that the Soviet Union is eager to develop Siberia. In their view, North Korea's refusal to deal peacefully with the South remains the biggest source of instability in the region.

"Human rights" in Korea

President Park Chung-hee is the unchallenged ruler of South Korea, and he operates through the country's powerful bureaucracy. A leader with little charisma, Park has often been compared to Confucian leaders of old, ruling with the prestige of a father among his family.

People in Seoul not necessarily sympathetic to the government nevertheless say that Park's honesty is beyond question, and that he is a masterful technician, the architect of the "Fort Leavenworth" system, who views corruption as inherently inefficient. A visitor to Korea can't help but notice that every office in the country apparently has a picture of Park on the wall, which seems to be as much to "remind" the occupant to perform his job well as for anything else. The question observers of Korea most often ask is whether Park's rule has been too tough.

The country seems to function like many "open" authoritarian regimes (as opposed to closed societies like China, Cambodia, or North Korea), with wide-ranging freedoms for the press, politicians, and the public as long as President Park's rule is not questioned. Aside from a midnight curfew, there is complete freedom of movement in the country, including choice of home and employment. Although the government has tremendous influence over the country's press, the censorship process is largely a tug of war. In recent months, for example, an unfolding story of widespread government corruption in housing allocation has continuously appeared as front page news and the government has shown little ability to squash it. The scandal has run its own course, and even touched officials within the President's Blue House, promptly leading to their dismissal.

Park rules under a constitution rewritten in 1972 giving him a very broad range of powers. Under its provisions, he is elected by a National Assembly, a significant proportion of which he himself appoints. Moreover, he is allowed an unlimited number of six-year terms. This power is backed up by several "emergency decrees" prohibiting criticism of the government.

The new constitution was ushered in shortly after the last open election, in 1971, in which Park barely

beat his challenger. But government officials ask the question, "Parliamentary government for whom?" adding that Korea's stormy postwar history has shown many times that a functioning parliamentary system does not in the least guarantee the "human rights" of the population — especially rights to economic development and social stability. They explain the tightening of Park's rule as necessary to ensure that Korea's mobilization for development runs smoothly.

High-level government officials in Seoul talk quite openly about the "human rights" situation in Korea, anxious to present "their side of the story" following

the heavy attacks on the Park government from liberal Democrats in Washington.

One official, asked what he considered the most pressing human rights problem in the country, replied that the low-wage, labor-intensive sectors still widespread in the Korean economy are most in need of change. "We realize this situation cannot stay the same. The more industry and prosperity we have, the more people will want to have. If we do not satisfy these wants, unions and strikes will inevitably break out. Then what are we going to do then — put all of our workers in jail?"

—Peter Ennis

A visit to Pohang Steel

Pohang Iron and Steel Corporation (POSCO), the government-owned integrated iron and steel making complex, is the pride and joy of Korea's drive for modernization. Located in the city of Pohang, which is known as the "Pittsburgh of Korea," POSCO was founded in 1968 with the aid of Japan, after the World Bank refused to finance the project.

Construction of the 2,000-acre complex began in 1971, and output of crude steel in the first year of operation, 1973, was 1.3 million tons. Since that time, expansion projects raised capacity to 2.6 million tons in 1976 and now to 5.5 million tons, making POSCO one of the largest integrated facilities in the world.

The growth of POSCO has caused a boom in the city of Pohang, and shows the type of "city-building" the Koreans regularly do. When the company was founded in 1968, Pohang had a population of only 60,000. But since that time the government has aided the establishment of some 50 additional facilities around the city, all of which feed into POSCO operations. As a result, Pohang has blossomed into a middle-sized city of 260,000.

Tours of the POSCO facilities are quite extensive, and young company officials bubbling with enthusiasm for modernization serve as the guides. A visitor is taken first to the main briefing room, where a scale model of the POSCO complex is used to introduce him to the production process. Heavy emphasis is placed on explaining the high level of technology used at POSCO. One guide asked a visitor about the technologies used in American steel factories, and could not prevent himself from adding, "I understand they are all obsolete."

While traveling to other parts of the complex, construction projects to expand capacity can be seen all around. At the entrance to each construction site there is a large billboard reporting the number of days before completion. The target date at one particular site seemed overly optimistic, as work had barely begun, but a guide dismissed the doubts of a visitor. "We will complete it on time. We have to."

POSCO presently operates some 26 major facilities, grouped mainly into iron-making and steel-making facilities. The finished products include rolled sheets, galvanized iron sheets, plates, and so on, and are both exported and used domestically. Company officials proudly say that POSCO has generated a profit in all four of its full years of operation, despite the

downturn in world demand for steel. They also emphasize that virtually the entirety of the approximately \$160 million in profit has been immediately reinvested for capacity expansion.

Heavy emphasis by tour guides is also placed on the "welfare facilities" provided for POSCO's 10,000 employees. Due to a shortage of housing in the city, housing has been built for many of the employees right on the complex, complete with recreation facilities, shopping centers, and schools. The company is even starting a program to help employees buy motorcycles, to replace bicycles as their principal source of transportation.

The entire POSCO complex operates on three eight-hour shifts, making POSCO one of the few iron and steel plants in the world to have a 100 percent capacity utilization rate.

One of the most distinctive things about POSCO is the regular presence of busloads of students. Explained one guide: "We have a program to bring students from around the country for a tour. We bring them here to change their minds. Most of them go to technical high schools, but even so their conception of industry is very small-scale. When they come here they can be proud of what Korea has done, and they see what we can do in the future."