

South Korea debates nuclear independence versus free trade

by Kathy Wolfe

The Korean Peninsula Energy Development Organization (KEDO), organized by President Clinton for the United States, South Korea, and Japan to build nuclear power plants in North Korea, will soon break ground for the two 1-megawatt nuclear power plants proposed to be built for near Simpo City, U.S. KEDO Ambassador Stephen Bosworth told an international press conference on Sept. 12.

A debate has meanwhile broken out in South Korea over whether to continue British-style free-trade deregulation, as demanded by the Organization for Economic Cooperation and Development (OECD). Deregulation "will lead Korea to the economic disaster seen in Russia today," the dean of a leading Seoul university told *EIR* on Sept. 16.

Ambassador Bosworth opened his talk by announcing that KEDO had recently signed three key protocols with North Korea. These were on diplomatic privileges for foreign nationals working in North Korea, transportation regulations for foreigners traveling to and within the North, and on telecommunications with and within the North. "We're now negotiating two more protocols," he said, "for KEDO's control over the reactor construction site, and terms for services within North Korea . . . especially terms for hiring North Korean workers. . . ."

"We're thus going to be able to physically break ground within the next several weeks," he said. "We'll soon have a significant number of South Korean technicians in place, and we'll be hiring more and more North Korean workers. We'll be constructing first transportation infrastructure, then worker housing, working through the winter to prepare the site for reactor construction in spring." During questions, Bosworth said that KEDO plans to have "several hundred, if not over a thousand North Korean workers" and, eventually, "at least several hundred South Korean engineers."

The project is a big plus for development in the North, providing "an additional 2,000 MW of electric generating capacity, a significant portion of their total," he said. "It's located on the East Coast, the same as North Korea's Rajin-Sonbong industrial zone, and they will want to use the power available for it."

Bosworth also hit efforts to kill the Clinton peace deal by British-led U.S. Republican congressmen, who have slashed the tiny U.S. funds for heating oil for North Korea. "This program is too important to all the governments involved to

fail for lack of money," he said. "In candor, however, we have continued severe financing problems. . . . Fortunately, the Japanese government provided a special financing facility of \$19 million which was vital in bridging our requirements."

Bosworth said that if the impasse between current versions of the House and Senate FY 1996 foreign aid bill is not resolved soon, KEDO (with the rest of U.S. foreign operations) will be operating under a temporary continuing resolution after Oct. 1, with about \$20 million in funds.

Friedrich List revisited

The OECD's demands for financial deregulation prior to South Korea's projected Sept. 26 admission to the OECD, meanwhile, have forced into public the simmering anger among Seoul's elites, against globalization. While President Clinton has sponsored a nationalist approach to development of the North, the British economists of the International Monetary Fund, OECD, and Wall Street have forced harsh measures on the South, which have stunted industry, created a \$20 billion trade deficit, and collapsed the currency.

On Sept. 10, Seoul opposition leader Kim Dae-jung, head of the National Congress for New Politics, denounced the OECD conditions and the idea of early OECD membership. "When your health is deteriorating, it is not good to go out in the cold winter to exercise," he told a party meeting. Kim told a Seoul press conference Sept. 16, "Our economy is now in total crisis. . . . The government's plan to join the OECD should be delayed by two to three years."

Kim Dae-jung has threatened to block the OECD plan in parliament, which must ratify membership, and to demand a national referendum. He would thus make free trade an issue in South Korea's December 1996 Presidential election, in which he will run against the successor of his bitter rival, current President Kim Young-sam. "It's our nightmare" that OECD membership could be stopped by such a movement, said a spokesman for Kim Young-sam on Sept. 11.

Given Kim Dae-jung's long association with the British free-trade economists of the National Endowment for Democracy in Washington, this illustrates a deep shift in the Seoul elites. Many are instead reexamining Friedrich List and other economists of the *dirigist* 19th-century American System, one Seoul official told *EIR* Sept. 16, to plan for a future reunified Korea which has true national sovereignty and energy independence, based on nuclear electricity.

British Korea hand Aidan Foster-Carter, in a letter to the Sept. 10 London *Financial Times*, warned of just such a nationalist backlash. "Why is the OECD giving South Korea such a hard time?" he wrote. "Anyone who remembers the Listian fortress the South Korean economy used to be, must give credit to the present administration for its commitment to globalization. . . . Yet the OECD keeps asking for more. . . . The result is a worrying new development. . . . Opposition parties have been handed a populist issue with which to put the government on the defensive. This can only impede liberalization."