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## FOR THE BUSH ADMINISTRATION, A POLICY CHALLENGE ON THE KOREAN PENINSULA

### INTRODUCTION

The current turmoil in the Republic of Korea (ROK) may be creating the most pressing Asian policy challenge for the incoming Bush Administration. It could strain the intimate economic, political, and defense bonds that long have made the ROK one of America's most valuable allies. A mounting test to the relationship involves the growing controversy in Korea concerning the record of former ROK President Chun Doo Hwan and his family. The U.S. response to this controversy will be watched very closely and thus must be crafted very carefully. It simultaneously must prod the ROK further along the path to democracy while signalling unambiguously Washington's support for ROK President Roh Tae Woo.

While former President Chun has not been charged with any wrongdoing, his critics are calling for a detailed investigation of alleged financial improprieties and human rights abuses during his 1980-1988 tenure. Chun's younger brother already has been convicted on corruption charges, and several other relatives are under investigation.

On November 23, Chun apologized on national television for abuses committed during his term and promised to turn over his personal wealth (estimated at \$20 million) to the government. He then left Seoul to live in a rural Buddhist monastery. Roh and his aides behind the scenes urged Chun to take this unprecedented action to ease the domestic political atmosphere.

On December 5, Roh took a step to demonstrate a contrast between his administration and Chun's. He announced a major shake-up in his Cabinet, replacing 20 of 23 hold-overs from the Chun Administration.

The U.S. stake in the ROK and the ROK's role in ensuring Pacific Rim stability are now nearly universally accepted facts. The 1954 U.S.-ROK Mutual Defense Treaty has become a linchpin for stability in Northeast Asia and thus vital to U.S. security. The ROK, meanwhile, has become America's seventh largest trading partner. Total trade between the two last year topped \$26 billion. There is, of course, the problem of several sectors of the ROK economy remaining closed to U.S. exports. Continued ROK trade liberalization thus remains necessary.

**Seoul's Flexible Policies.** Challenging U.S. policy makers almost as much as the Chun controversy is the changing ROK-North Korean relationship. This was the central theme of Roh's October visit to Ronald Reagan and address to United Nations General Assembly. In these he sought to rally U.S. and world support for his new, more flexible policies toward North Korea. Relaxing too are Seoul's relations with the People's Republic of China and the Soviet Union.

What remains the key factor in U.S. policy toward Seoul, of course, is North Korea's continued threat to stability on the Korean Peninsula. Instead of emphasizing economic growth, which the ROK has and which raised per capita income in South Korea to two-and-one-half times that of North Korea, the North Korean leaders have poured resources into a massive military buildup, which makes the Korean Peninsula one of the world's most volatile flashpoints.

As it approaches Inauguration Day, the incoming Bush Administration must review the challenge to U.S. policy toward the Korean Peninsula. As it begins to craft its own policies, the Bush team should consider actions that would:

- ◆◆ Continue to urge Seoul to liberalize its trade policies and further open its markets to U.S. products and services, especially in the beef, wine, citrus, and lumber markets and in the advertising sector.

- ◆◆ Reaffirm the U.S. defense commitment to the ROK.

- ◆◆ Recognize that, despite Soviet leader Mikhail Gorbachev's soothing words, Soviet military forces in the Pacific keep increasing and thus increasingly threaten the ROK and other U.S. interests.

- ◆◆ Support ROK President Roh's new policies toward North Korea. Make clear to Pyongyang that future expansion of U.S. contact with North Korea will depend on Pyongyang's willingness to resume negotiations with Seoul and to achieve progress in reducing tensions between the two Koreas.

- ◆◆ Press the Soviet Union and the People's Republic of China to encourage North Korean moderation and the resumption of good-faith negotiations with Seoul.

- ◆◆ Encourage Seoul to move cautiously on improving ties with the Eastern bloc.

- ◆◆ Encourage the government of Roh Tae Woo to seek a reasonable solution to the controversy surrounding former President Chun. The U.S. should urge that the investigations focus on revealing the truth and not be aimed at exacting retribution on Chun.

## ACHIEVING POLITICAL REFORM IN THE ROK

Last year, tensions between the ROK government and its domestic political opposition resulted in the widespread street demonstrations of June 1987. Then, in a remarkable turnaround, ruling party chairman Roh Tae Woo announced dramatic concessions leading to constitutional revision and the free and open presidential election of December 1987. These moves satisfied virtually all of the political demands of the ROK's two main opposition leaders, Kim Young Sam and Kim Dae Jung.

Roh Tae Woo won this election with about 37 percent of the total vote; Kim Young Sam received 27 percent, and Kim Dae Jung received 26 percent. Because of this result, most analysts agreed that the ruling Democratic Justice Party would win the April 1988 National Assembly elections. Yet the DJP received only 33 percent of the popular vote and 125 of the Assembly's 299 seats, 24 short of a majority. For the first time in almost 30 years, the legislature would be controlled by the opposition. The next National Assembly elections are scheduled for 1992.

**Investigating the Kwangju Incident.** After being sworn in as president on February 25, 1988, Roh moved swiftly to address one of the most explosive domestic political issues: the bloody 1980 Kwangju incident. In May of that year, citizens of the southwestern provincial capital of Kwangju demonstrated in opposition to the declaration of martial law and the growing political authority of then General Chun Doo Hwan. Bloody clashes between soldiers and civilians eventually left an estimated 200 dead, although opposition groups place the toll much higher.

This past April, the Roh government ended eight years of official stonewalling by expressing regret over the Kwangju affair and announcing that a national commission would be established to offer financial support and medical services to the wounded and families of the casualties. Opposition leaders, particularly Kim Dae Jung, welcomed these moves but then pressed for a full-scale, official investigation of the 1980 tragedy. That review is underway in the National Assembly.

Providing a framework for the Roh Administration is the new Sixth Republic constitution, which took effect on Roh's inauguration day. Major reforms in the new constitution include enhanced press freedom, promotion of worker's rights, restoration of habeas corpus, and prohibition of political activism among the military.

**Limiting the President.** The most significant constitutional reforms give the National Assembly new authority and subjects the presidency to new checks. A president can, for example, be impeached by a two-thirds vote of the Assembly. The constitution also limits the president's tenure to a single, five-year term and denies him the power to dissolve the National Assembly. Other changes strengthen the independence of the ROK judiciary.

Despite this considerable progress, significant obstacles to the current democratization process remain. The goal of "national reconciliation," for example, is widely seen as an immediate requirement for domestic political tranquility. This includes resolution of several contentious issues: the personal animosities among key political leaders, such as those between the "two Kims" and the leaders of the Democratic Justice Party, an alarming

increase in ROK regional frictions, and the charges against Chun of corruption and abuse of power. In the wake of the opposition's legislative election victory, National Assembly members have spent much of their time debating these conflicts. Student violence and street demonstrations focusing on alleged "excesses" of the previous government, moreover, have been escalating. South Koreans must put to rest these lingering disputes before they can effectively execute the day-to-day business of democratic government.

**Dealing with the Chun Problem.** Roh has begun public scrutiny of official corruption. This September, for instance, Chun Kyung Hwan, younger brother of former President Chun was convicted and sentenced to seven years in prison for fraud and embezzlement.

However, Chun's refusal throughout the summer to respond publicly to the mounting allegations caused an outbreak of student street demonstrations in October and raised concern that the crisis eventually would damage Roh's own political standing. It was at this point that Chun made his television apology to the Korean people. It remains to be seen whether the concessions will fully satisfy his political opponents.

Still, the events of the past two years have reshaped the ROK political landscape dramatically. Important national institutions are becoming more tightly woven into the ROK political fabric. These include the press, political parties, labor unions, corporations, and other interest groups. The result has been an unprecedented opening of the government's decision-making process to popular debate. This should allow the ROK to make progress in its political arena commensurate with its rapid economic development.

## **IMPROVING U.S.-ROK ECONOMIC TIES**

The ROK now ranks among the world's twelve top trading countries. The ROK, like Hong Kong, the Republic of China on Taiwan, and Singapore, has seen its economic development policies become textbook examples for the developing world. In 1987, its GNP exceeded \$118 billion, and per capita income topped \$2,800.

The U.S. has played a key role in the ROK's economic "miracle" – offering aid and advice first, then investment and customers for ROK goods. In 1987, the ROK exported \$19 billion in goods to the U.S. and imported \$8 billion from the U.S. The U.S. is the ROK's largest overseas market, with Americans buying nearly 40 percent of all South Korean exports in 1987. Major ROK exports to the U.S. include textiles and footwear, electronics, automobiles, and toys. Major U.S. sales to South Korea include machinery and transport equipment, chemicals, and agricultural goods. The ROK buys about 60 percent of all its farm products from the U.S., making it the fourth-ranking international market for American farmers.

Dramatic changes in the ROK economy in recent years, however, are changing the nature of U.S.-ROK economic relations. Most important may be the ROK trade surpluses with the U.S., which began in 1981 with a surplus of \$360 million. This is, of course, a sharp reversal from the years when the ROK was running trade deficits. The new ROK trade surplus with the U.S. is making Seoul a target of American protectionist pressures. Some critics charge that South Korea is a "new Japan," which takes advantage of the open U.S. economy yet

restricts access to its own markets. This has prompted the U.S. to cut South Korean textile imports and exclude the ROK from the Generalized System of Preferences (GSP) program, which offers measured tariff reductions to developing nations.

**Positive Trade Steps.** Seoul has taken steps in response to U.S. trade concerns. The ROK, for example, recently opened a number of its markets to U.S. goods and services, most notably the tobacco and insurance industries. It also has eased restrictions on U.S. investment in South Korea and expanded ROK investment in the U.S. In addition, the South Korean government is urging domestic companies to shift their purchases of some items from Japanese to U.S. suppliers.

Still, Seoul currently is under strong pressure from Washington to allow the U.S. greater access to ROK markets for, among other things, beef, citrus products, and lumber and such service industries as advertising. ROK public reaction to Washington's pressure has been very emotional and nationalistic. Many South Koreans are particularly stung by American charges that they are a new Japan and they believe it unfair that their fledgling economic clout is being compared to that of an economic superpower. Many South Koreans also feel that the U.S., after generously supporting the ROK through the hard times of the 1950s and 1960s, now ironically is punishing South Korea for its success.

Increasingly, these frustrations are triggering demonstrations and even violence, including the November 21, 1988, attack on U.S. Embassy facilities in Seoul by South Korean students protesting, among other things, U.S. trade policies and allegations that the U.S. is responsible for the division of the Korean Peninsula. Though the rise of the first significant expression of South Korean anti-Americanism appears limited to a small faction of radical students and political activists, it is alarming that mingled with the mainstream view of America as a trusted "big brother" are accusations of U.S. imperialism.

## **FACING THE MILITARY THREAT FROM THE NORTH**

As a result of the tense, often violent, standoff between North and South, the Korean peninsula is one of the world's most volatile flashpoints. South of the 38th Parallel are some 42,000 American soldiers and 630,000 South Korean troops. Facing them to the north are 840,000 North Korean soldiers, 65 percent of them stationed in frontline areas.

In addition to its substantial edge in manpower, the North also has a 2 to 1 advantage in artillery guns, armored personnel carriers, combat aircraft, and tanks. Pyongyang also holds a 3 to 1 edge in surface ships and deploys 27 submarines. Currently Seoul has only three coastal submarines in its fleet.<sup>1</sup> Deployed in bordering Chinese and Soviet territories are several hundred thousand troops of North Korea's allies, which could be drawn into any future war.

Of special significance has been the evolving attitude of the Chinese toward the Korean peninsula. Since 1983, Beijing has been urging Pyongyang to consider more flexible

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<sup>1</sup> *The Military Balance 1988-1989*(London: International Institute of Strategic Studies), p. 168.

bargaining positions in its negotiations with Seoul. Concentrating on its own economic modernization, China has few resources to commit to the continuing North Korean military buildup. An outbreak of hostilities on the peninsula, moreover, might drag the PRC into the conflict and undermine its economic development goals. Encouraged by the success of their own pragmatic economic reforms, the Chinese have prodded Pyongyang to consider similar reforms. While continuing to pay lip service to North Korea's harsh rhetoric, Beijing admits privately that peace on the peninsula is a very high priority.

**Arming North Korea.** Soviet relations with the Koreas over the past decade tell a very different story. Although there were signs of a possible thaw in tensions between Seoul and Moscow in the early 1980s, the Soviet attack on a Korean Airlines jet in September 1983, killing 269 passengers and crew, dealt such hopes a severe blow. Also, taking advantage of strained ties between Pyongyang and Beijing, Moscow recently has sought to woo North Korea with shipments of advanced weaponry. In fact, according to *Jane's Defence Weekly*, the USSR is "the source for nearly all significant weapons in the [North Korean] inventory."<sup>2</sup> In the last few years, the Soviets have supplied Pyongyang with armaments including MiG-23, MiG-25, and Su-25 combat aircraft, SA-3 and SA-5 surface-to-air missiles, and ZSU-23 and ZSU-24 self-propelled artillery.

In return for this military equipment, the Soviet Union has gained valuable strategic access to North Korean ports and airspace. According to the Pentagon, improved North Korean-Soviet military cooperation represents the "most dramatic change in Pyongyang's foreign policy since the early 1970s."<sup>3</sup> These actions not only have bolstered Moscow's strategic position in Asia but also strengthened its diplomatic hand in the region. Until recently, the Soviet Union has made it clear that it was not interested in jeopardizing these gains by making overtures to Seoul similar to those undertaken by China.

## MAKING PROGRESS TOWARD REUNIFICATION

After an eleven-year lull in talks between Seoul and Pyongyang, dialogue resumed in 1984, concentrating on four issue areas: establishing North-South trade, reuniting family members separated since the Korean War, reunifying the peninsula under one government, and North Korean participation in the 1988 Seoul Olympics. Although the 1984-1985 negotiations succeeded in allowing the first ever limited exchange of separated relatives, very little else was achieved in the brief flurry of talks. The most recent round of talks was unilaterally suspended in January 1986 by Pyongyang on all but the Olympics issue. And talks aimed at allowing for North Korean participation in the Seoul Olympics eventually broke down over Pyongyang's demand to "co-host" the Games.

The obstacles to productive negotiations remain formidable. The two sides disagree on the theoretical framework for reunification itself. The North wants a dramatic first step: creation of a unified nation of two autonomous states. A "Supreme Committee" later would settle the complex political, economic, military, and cultural conflicts between the two sides.

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2 *Jane's Defence Weekly*, March 29, 1986, p. 20.

3 *Soviet Military Power*, U.S. Department of Defense, March 1986, p. 140.

Seoul, by contrast, calls for a more gradual approach using such confidence-building measures as opening trade ties and reuniting separated families. These would reduce tensions and allow for eventual consideration of more contentious political and military issues.

The main problem is that the North Korean leadership simply does not seem seriously committed to good-faith negotiations. North Korean dictator Kim Il Sung almost surely approaches North-South relations with one outcome in mind: bringing the entire peninsula under his rule.

The North's willingness to use violence suggests that it is not serious about improved ties with Seoul. In October 1983, for example, in one of many instances since 1950, the North exploded a powerful bomb in Rangoon, Burma, in an attempt to murder ROK President Chun Doo Hwan during his state visit there. Four years later, two North Korean agents planted a bomb that exploded aboard an ROK commercial airliner en route from Abu Dhabi to Bangkok killing all 115 passengers and crew.

## **IMPROVING PROSPECTS FOR PEACE**

Despite Pyongyang's continuing hostility, ROK President Roh has shown flexibility in his government's stance toward North Korea. In a July 7, 1988, speech to the Korean people, for example, he called for an end to the "hostile standoff" between the two sides, asking for swift progress on the reunion of separated family members and free exchanges of political, economic, and religious leaders. Emphasizing its desire to open economic relations with the North, the ROK government has ended its prohibition of South Korean trade with the North. Roh also has urged both sides to "immediately cease attacking each other" in both domestic and international forums.

Roh has declared an end to his government's opposition to North Korean contacts with Seoul's allies, including the U.S. Meanwhile Seoul will continue its efforts to improve ties with North Korea's allies in the Eastern bloc. This is a major break with Seoul's past policies and represents ROK confidence in its world standing as well as a desire to ease North Korea out of its extreme isolation. Moving Pyongyang closer to the international mainstream, Seoul hopes, will help lead to a resumption of more productive North-South negotiations.

**Significant Compromise.** Delivering what he called a "message of hope" in his speech to the U.N. General Assembly this October 18, Roh reiterated these fundamental shifts in Seoul's policies and announced new initiatives. He called for talks between himself and North Korean leader Kim Il-Sung aimed at a nonaggression pact between Seoul and Pyongyang, arms control, and disarmament on the peninsula. This represents a significant compromise since Seoul has long opposed any discussion of military issues prior to agreements with Pyongyang on more basic steps such as family exchanges and North-South trade.

Finally, Roh proposed a six-way "consultative conference for peace" among representatives from North and South Korea, the U.S., Japan, the Soviet Union, and China.

Without the cooperation of these nations, “there cannot be peace in the world” and there “cannot commence an era of Pacific prosperity,” Roh proclaimed.

**Worries for Moscow and Beijing.** Despite their interest in seeing improvement in the political situation on the Korean Peninsula, the Chinese and the Soviets admit privately that Pyongyang is not yet committed to progress in North-South relations. Both Beijing and Moscow worry, moreover, that Pyongyang’s readiness to use violence may compromise their own security. And Chinese and Soviet leaders in private harshly criticize the North’s extreme domestic repression, the stagnant economy, and Kim Il-Sung’s dynastic succession plan.

East-West relations, nonetheless, are creating opportunities for reducing tension between the Koreans. This September, the ROK and Hungary announced their intention to exchange permanent missions, the first such move between Seoul and a communist country. Beijing also seems to accept that improved relations with Seoul and, eventually, official recognition of each other are not only an inevitable trends but also the best way to reduce Korean tensions. There are some indications that the Soviets may soon be more open to these approaches, as well. Both the Chinese and the Soviets rebuked the North’s call for a boycott of the 1988 Seoul Olympics, for example, and attended the Games. In October, Moscow announced that it would open a trade mission in Seoul.

## **THE CHALLENGE TO U.S. POLICY**

Under Ronald Reagan, the U.S. has had a consistent and reliable policy toward the Korean Peninsula, which has strengthened U.S.-ROK relations. The Bush Administration should build on this through such specific actions as:

◆◆ Continuing to urge Seoul to liberalize its trade policies and further open its markets to U.S. products and services. While Seoul has made good-faith efforts to respond to a number of U.S. trade complaints, continued ROK liberalization is necessary. In particular, Seoul should give the U.S. greater access to the South Korean beef, wine, citrus, and lumber markets. In the service sector, the ROK should open its advertising industry to foreign competition. Both Americans and South Koreans stand to gain much from future trade ties. How much will depend on how far Seoul proceeds with liberalizing the ROK economy and how much the U.S. resists damaging calls for protectionist measures.

◆◆ Reaffirming the U.S. defense commitment to the ROK. The central issue remains the fact that North Korea threatens the stability of the peninsula. For the foreseeable future, therefore, the U.S. must not alter its defense commitment to Seoul. This means that U.S. ground forces must remain in the ROK.

◆◆ Improving defense cooperation between the ROK, the U.S., and other Asian friends and allies to counter the Soviet threat. The increased Soviet military presence in North Korea is linked to the larger Soviet buildup in the Far East. As such, the strategic implications of the increased North Korean threat and the expanded Soviet role in it extend beyond the peninsula and affect the stability of the entire region. The U.S. must continue to work closely with the ROK, Japan, and other Asian allies to meet the Soviet threat.



◆◆ Supporting President Roh's new policies toward North Korea. In keeping with the ROK's desire to improve prospects for tension reduction by easing the North's international isolation, it is time for the U.S. to establish limited contacts with Pyongyang. The Reagan Administration already has begun this process by altering the State Department's "contact policy" to allow for informal, face-to-face exchanges between American and North Korean diplomats. Washington also has opened the way for limited reciprocal visits by U.S. and North Korean citizens in such fields as sports and education and ended the prohibition against the sale to the North of U.S. humanitarian goods such as food and medicine.

◆◆ Making it clear to Pyongyang and Seoul that future expansion of U.S. contacts with North Korea will depend on Pyongyang's willingness to resume negotiations with Seoul and reduce tensions. The areas of highest priority include establishing North-South trade, reuniting separated family members, and the signing of a nonaggression agreement.

◆◆ Pressing the Soviets and the Chinese to encourage North Korean moderation and resumption of good-faith negotiations with Seoul. The U.S. and the ROK have virtually no leverage in Pyongyang; Moscow and Beijing do.

◆◆ Encouraging Seoul to take a cautious approach to improved ties with the Eastern bloc. In particular, the ROK should be wary of Soviet leader Gorbachev's call for South Korean involvement in economic development of Soviet Asia. Seoul should take care that its actions do not compromise the long-term national interests of itself or its allies.

◆◆ Encouraging Roh to seek an equitable solution to the controversy surrounding former President Chun Doo Hwan. It is understandable that many South Koreans want to learn the truth about the alleged wrongdoings of the Chun Administration. However, the ROK political leaders on both sides should urge that the investigations not be aimed at jailing the former president or driving him into exile.

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