Democratization in Korea
The United States Role, 1980 and 1987

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"Transition" is surely the most hackneyed concept among commentators on Korea over the last decade. In this post-modern world of increasingly rapid change, it is fair to say that the Republic of Korea (ROK) is in a constant state of transition from one thing to something else. The two broad areas that most frequently appear in discussions of Korea's transition are economic and political development. In the first case, analysts trace the transition of the ROK from a backward, largely agrarian economy to an industrial and now even post-industrial powerhouse that competes at a high level in the world marketplace. In the latter case, scholars examine the transition from an authoritarian system to a democratic one. Until the economic slide of last fall and the subsequent election to and assumption of the presidency by former opposition leader Kim Dae Jung, most observers would have conceded that the political transition is at an earlier and more precarious stage than the economic. Kim's smooth rise to the ROK's highest office demonstrated powerfully that the way Koreans in the south conduct themselves politically has changed fundamentally over the last generation.

This paper compares two incidents in Korea's recent past that represent flash points on different sides of the political transition from authoritarianism to democracy. The first case involves the process by which Chun Doo Hwan seized power between October 1979 and August 1980; the second encompasses the series of events leading up to Roh Tae Woo's dramatic announcement of June 29, 1987, that the next president would be chosen in a popular election rather than by a small electoral body carefully selected at the top. My approach is to examine the role of the United States in both incidents with the idea of drawing some tentative conclusions about why Korea's transition toward democracy experienced a setback in 1980 but a giant leap forward seven years later.

I

I begin with two narratives: the first, of the basic events within
Korea in the two cases under consideration; the second, of American actions in the two cases. These will prepare us for a comparative analysis that hopefully will serve to illuminate the reasons for the very different outcomes of 1980 and 1987.

The assassination of President Park Chung Hee on October 26, 1979, provides a reasonable starting point for narrating the train of events leading to the suppression of attempts at democratization during 1980. Executed by the director of the Korean Central Intelligence Agency (KCIA), Kim Jae Kyu, the assassination took place in the midst of considerable political and economic turmoil. Impressive gains had occurred during most of Park’s eighteen-year reign, but at a global recession produced by sharply increasing oil prices had produced an economic slowdown during 1978. The result was initially a slowing rate of increase and then an actual decline in the exports that had fueled South Korea’s economic miracle. By mid-1979 unemployment was on the rise as were political opposition and civil unrest. The opposition actually had garnered more votes than the ruling party in National Assembly elections of December 1978 and had been denied control of the legislature only because of a system of proportional representation. At the end of the following May, the strong-willed Kim Young Sam ousted moderate Lee Chul Seung as leader of the opposition New Democratic Party (NDP), ushering in a period of aggressive challenge to Park’s rule. The president responded initially by loosening the enforcement of laws restricting dissent and releasing more than 1,000 political prisoners. In August, however, as criticism of the government grew, the regime took countermeasures, most notoriously with a forceful breakup of a protest by women workers of the Y. H. Trading Company over their employer’s failure to pay back wages. When the NDP used the incident to attack Park’s legitimacy, authorities attempted to oust Kim as its leader, only to provoke Kim to even bolder action. In early October the ruling party in the National Assembly voted to expel him from that body, leading to the mass resignation of opposition lawmakers. Within days, demonstrations broke out in Pusan, Kim’s hometown. On the seventeenth, police killed five demonstrators and arrested five hundred. Although students led the protests, they received support in the general populace and soon spread to nearby Masan. The unrest produced dissent within Park’s entourage and, when the president sided with hardliners, the reform-minded KCIA director killed him along with his security chief, Cha Chi Chol.

The assassin immediately attempted to persuade the army chief of staff, General Chung Seung Hwa, to carry out a coup d’état. Instead,
Chung arrested Kim, adhering to the Yushin constitution of 1972, which provided in the event of Park's demise for the temporary accession to the presidency of the prime minister. The cabinet quickly endorsed this approach, naming Choi Kyu Ha the acting president. On December 6 an electoral college named him interim president.

To that point, Choi had not tipped his hand on his political orientation, but on December 7 he appeared to move toward the reformers. He lifted Emergency Measure 9 (EM-9), which outlawed virtually all criticism of the government, and released 69 violators, including the prominent opposition leader Kim Dae Jung.

Only five days later, however, an event occurred that would prove of far greater consequence to South Korea's political development than Choi's modest actions. A group of young officers under the leadership of Major General Chun Doo Hwan, the commander of the Defense Security Command, seized control of the army, arresting Chung and fifteen other generals and purging the military of reform elements. The public justification for the move was suspicion of General Chung's involvement in Park's assassination. A more likely explanation was that Chung and his allies intended to soon relocate the ambitious Chun to a remote command far from the reins of power in Seoul. More generally, Chun was the leader of officers of the eleventh class (1955) of the Korea Military Academy, the first group to graduate after a full four-year program modeled after that of West Point. This group, and officers from later graduating classes, had been frustrated in reaching the top ranks of the military by Class 8, led by Chung. Without drastic action, Chun and his followers faced eventual retirement without ever achieving what they considered to be their right by training and outlook. Revealingly, two days after the putsch Chun removed most of the Class 8 group from leadership positions, replacing them with officers from Class 11 or above.

The significance of the military putsch was not immediately apparent. Some fighting had occurred between rival military units in Seoul on the night of the twelfth and the movement from the 38th parallel to the capital of elements of the Ninth Division under Chun's friend Roh Tae Woo, little seemed to change on the surface. On the fourteenth, Choi appointed a new cabinet and officials at the Ministry of Defense insisted publicly that the incident was strictly military in nature. By the end of the year, Choi had released or reduced the sentences of over 1,700 political prisoners. At the end of February 1980, he loosened restrictions on the press and restored civil and political rights to nearly 700 violators of EM-9, including Kim Dae
Jung. Earlier in the month, Lee Hahn Been, the deputy prime minister for economic affairs, declared in a speech in San Francisco that “the important point is not that the [December 12] incident occurred but that its occurrence did not affect the political and economic progress of Korea.”

Still, all of South Korea except Cheju Island remained under the martial law that had been declared in the aftermath of Park’s assassination. When on April 14 Chun, in defiance of the constitution, took over as acting director of the KCIA, government insiders and outsiders alike began to fear the worst.

Chun’s move came amidst growing civil unrest. The apparent liberalization that had occurred since December emboldened a long-repressed labor movement. When economic conditions continued to slide during the new year, labor disputes, mostly over unpaid wages but also over pay raises to keep pace with rampant inflation, grew rapidly. After a particularly nasty uprising of coal miners at Sabuk, the government granted a 20 percent wage increase. If anything, this concession simply encouraged labor militancy. After a new school year began in March, student activists joined laborers in overt dissent. Demands spread for campus reforms, an end to martial law, and early democratization. Demonstrations became especially widespread after April 19, the twentieth anniversary of the student revolt that toppled the regime of Syngman Rhee. Increasingly prominent in the agitation was the demand for Chun’s removal from his offices.

In May events moved rapidly toward a climax. Early in the month, students in cities throughout the ROK began to move demonstrations beyond their campuses into downtown areas. This brought clashes with the Martial Law Command, which in turn provoked students to demand an end to martial law by May 15. Kim Dae Jung, Kim Young Sam, and the Catholic church soon joined in this demand. On the fifteenth, mass rallies took place in some sixty cities. Over 50,000 students gathered at Seoul Station in the nation’s capital and began marching toward the center of the city. Riot police confronted them along the way, backed up by army troops. In a confrontation lasting two and a half hours, students attacked the police with stones and other hard objects and even commandeered six city buses, which they drove or rolled into police lines. One young policeman, a former student, was killed and three were injured. Over two hundred students were hurt and four hundred more were detained. Police succeeded in containing the demonstration without the direct involvement of troops.

Conservative and opposition political leaders now feared that
matters were getting out of control, that further such incidents would provide the military with an excuse for an open seizure of power. On the sixteenth, Kim Jong Pil, the leader of the government party in the National Assembly, proposed an end to martial law. Prime Minister Shin Hyon Hwak announced that the government would make concessions to student demands. President Choi, who was on a trip to the Middle East, would rush home to work with the legislature, scheduled to meet in four days, in ending martial law and devising a concrete plan and timetable for democratization. Opposition leaders joined in calling on students to halt demonstrations. In response, Seoul students, who had confronted considerable public antipathy once they moved their activities off campus, suspended further protests until the government had had a chance to act. In Kwangju, always a hotbed of dissent, a combination of students and townspeople held an orderly torchlight procession and then postponed further measures. On the next morning U.S. Ambassador William Gleysteen reported home that moderate students seemed to have been sobered by recent events but it was “impossible to say if [the government] will take advantage of the small window that may now be open.”

Later that same day Chun slammed the window shut, declaring nationwide martial law; banning all political activity, including any meeting of the National Assembly; closing the universities; forbidding criticism of past or present political leaders; and arresting hundreds of students and politicians, among them Kim Jong Pil, Kim Young Sam, and Kim Dae Jung. When on the eighteenth five hundred students in Kwangju demonstrated against Chun and martial law, army special forces units, untrained in crowd control, surrounded them and then indiscriminately beat and bayoneted them with their rifles, killing several dozen. The so-called “Black Berets” continued their brutal actions against students and citizens over the next twenty-four hours, only to spark a massive popular uprising, which on the twentieth drove the troops out of the city. It was not until late on the twenty-seventh that units from the army’s Twentieth Division combined with the special forces to retake control of the city for the government. Estimates of civilian deaths during the incident range from 230 to over 2,000.

The government provided two primary justifications for the crackdown. First was the assertion that if unrest continued the North Koreans, either through direct attack or internal subversion, would take over. Rumors spread that North Korean military units were mobilizing along the 38th parallel, that gunfire was exchanged between DPRK and
ROK forces in the demilitarized zone, and that infiltration from the north was on the rise. Second was the claim that turmoil in the south made reversal of the economic slide impossible, that the proper course was self-discipline and self-denial rather than caving in to labor and student demands.⁴

Although Chun exercised the real political power in South Korea, he did not immediately assume the presidency. Choi stayed in that post until resigning in mid-August. Chun did not take the position until September 1, after being “elected” unanimously by the National Conference on Unification, a body established by Park Chung Hee and used now in hopes of conferring legitimacy on a man who lacked substantial public support. Following the example of Park after his coup d’état in 1961, Chun also sought legitimacy by launching a “purification” campaign, with the putative goal of cleansing ROK politics and society of corrupt elements. In reality it largely purged from positions in government, the press, and the educational community people who could not be trusted to follow Chun’s lead. Finally, in his inaugural address he stated as a major objective the establishment of a tradition for the peaceful transfer of power “by reforming the political culture in Korea so that democracy would take root.”⁵ Chun proceeded to have a new constitution drafted that provided for a powerful president to serve for one seven-year term. In October it passed in a national referendum with 91.6 percent of the votes cast. With the holding in March 1981 of a general election for a new National Assembly, the Fifth Republic was fully in place.

Chun never became a popular leader, despite the steadying of the economy during 1981 and the eventual emergence of a “second takeoff.” Dissent was never far below the surface, but improving economic conditions, Seoul’s securing of the 1988 Olympic Games, and the promise of a new regime in the same year joined with Chun’s heavy hand to discourage serious disruptions, at least until 1986. In February 1985 the opposition did remarkably well in National Assembly elections. A perennial weakness of the opposition in Korean politics has been its factionalism, but in early 1986 it united momentarily in the New Korea Democratic Party (NKDP) around the issue of constitutional reform. The key demand was for the election of the next president through a nationwide popular vote rather than through an electoral college or the legislature, which could easily be controlled by the government Democratic Justice Party (DJP). Although reformers in the DJP eventually agreed to a dialogue on the matter with the NKDP, as the year progressed public demonstrations
became more widespread and radicals appeared to be increasing their influence.

Events began to move toward a showdown on April 13, 1987, when President Chun announced a postponement of constitutional debate and revision until after the Olympics, a clear signal that he remained determined that his successor - if, indeed, there was to be one the following year - not be chosen by a popular vote. Predictably, student demonstrations proliferated, but in May university faculties also commenced issuing public manifestos calling for democratization.

In early June the scope of confrontation escalated. On the second, Chun announced that Roh Tae Woo was his choice as the ruling party's candidate for president. The DJP's nominating convention was to occur eight days later at the Seoul Hilton, but that was also the date set for a mass national rally of students in favor of constitutional reform. On the day before, the government arrested several hundred student leaders and over 2,000 demonstrators.

Even this action did not quell the protests. Tens of thousands of Koreans demonstrated on city streets throughout the nation, and despite 3,800 arrests on the tenth, protests continued in subsequent days. The honking of car horns in Seoul and the appearance of thousands of well-dressed men and women visibly beyond student age amongst the demonstrators revealed the existence of broad support for reform among the middle class.

Still, on the fourteenth, the government announced that it could not rule out martial law. On the following day, to be sure, it settled peacefully a confrontation between police and students at the Myongdong Cathedral in downtown Seoul, but five days after that Prime Minister Lee Han Key made a nationally broadcast speech insisting that strong action would be taken to end the unrest.

Rumors soon began circulating that DJP leaders, including Roh, were advising Chun to compromise. In a meeting with Kim Young Sam on the twenty-fourth, Chun expressed a willingness to resume debate on constitutional revision, although he refused to retreat from his April 13 statement regarding the timing of revision itself. A day later Kim Dae Jung was freed from house arrest. Finally, on June 29 Roh made his dramatic address calling for the direct election of the next president and the expansion of political rights.

Subsequently, a compromise emerged from the National Assembly on constitutional amendments that essentially endorsed Roh's proposals. The amendments were confirmed by popular referendum, and at the end of the year Roh emerged victorious in a
hotly contested election for president over Kim Young Sam and Kim Dae Jung. Roh was inaugurated on February 25, 1988. Although cries of electoral fraud abounded in the camps of the defeated candidates, Roh entered the Blue House with a legitimacy that his friend and benefactor before him had never enjoyed. Five years later, he turned over the reins of power to Kim Young Sam after the former opposition leader had joined the ruling party and then defeated Kim Dae Jung in a national election.

II

Our narrative of the U.S. role in the pivotal events in Korea of 1980 and 1987 begins with the presidency of Jimmy Carter, who entered the White House in 1977 determined to put his personal stamp on American foreign policy. An important if not central part of his agenda related to Korea, as during his campaign the previous year he had advocated the withdrawal of U.S. troops - not air forces - from the peninsula and criticized the Park regime for human rights violations. On the eve of the November election, the story broke of widespread efforts by Korean agent Park Tong Sun to bribe members of the U.S. Congress and other federal government officials in order to influence American policy toward the ROK. The revelations produced a flurry of investigations within the federal government during 1977 and 1978 and helped to prevent Carter from securing the necessary authority from Congress to balance troop withdrawals with a program to modernize ROK military forces. Even elements of the human rights lobby in Congress, who were anything but friendly toward the Park government, argued that troop withdrawal would undermine U.S. leverage in encouraging liberalization. And legislators concerned about American strategic interests in Asia following the Vietnam debacle expressed reservations about troop withdrawals in the face of doubts among allies there, especially Japan, about the willingness of the United States to fulfill its commitments. Carter received his authority at the end of 1978, but almost simultaneously word leaked out of a new intelligence study indicating that North Korea's strength far exceeded previous estimates. By the end of June 1979, when the president visited Korea for a summit, the pressure on him to at least postpone withdrawal was intense from both the legislative and executive branches.6

Carter wanted to avoid talks on the issue with his ROK counterpart. Despite prior warnings on the matter, Park courted disaster in their first meeting by presenting the case, at length, against
withdrawal. Only intense lobbying by his advisers induced Carter to agree to postpone withdrawal until 1981 in return for promises from Park of an increase in ROK military expenditures and the release from jail of a substantial number of dissidents. Although Park kept his promises, the release of prisoners did not usher in a general policy of liberalization. The United States did express concern, both in public and in private, over his increasing crackdown on dissent between August and his demise in late October, even at one point calling Ambassador Gleysteen home briefly. Indeed, Kim Jae Kyu’s awareness of growing American discontent with Park may have emboldened him to take the president’s life.7

The United States responded cautiously to Park’s death. Conditions in the ROK had become calm, and Gleysteen warned that, if his government pressed “too hard, too crassly, and too soon for structural change [it] could easily provoke a very unhealthy anti-American reaction.” Although outside the military there was a consensus in favor of political liberalization, there was no agreement as to its timing or extent. Aside from advising Acting President Choi to abolish EM-9, the ambassador suggested avoiding precise recommendations. A proposal that Kim Dae Jung be released, for example, “could very well start dangerous counter-currents among the military.” The prevailing view in the State Department was consistent with this outlook. It recognized that the new situation provided “an opportunity” but also represented a “great danger,” especially of exploitation by North Korea. American influence “should be utilized quietly” to nudge governing elites toward democracy.8

Gleysteen and his subordinates did considerable “nudging” during the ensuing months, lobbying generally in private with governing and dissident groups alike in an attempt to keep the ROK on a steady course toward liberalization. However, when a mob stormed the U.S. embassy in Teheran and took its occupants hostage in early November, Washington policymakers became increasingly concerned that the chaos and revolution that had engulfed Iran during the previous year would also develop in Korea. Still, despite ongoing efforts to discourage Christian dissidents from directly challenging martial law, American officials in Washington and Seoul continued to believe that a steady if gradual move toward liberalization was the best way for the ROK to maintain stability in the face of the ongoing threat from North Korea.9

It was with great concern, then, that American observers reacted to the military putsch of December 12. The concern rested on
both its possible implications for continued liberalization and its impact on unity within the ROK armed forces and the Combined Forces Command (CFC) created the previous year. The CFC was designed to give Korean units greater autonomy, but on the night of the twelfth Chun and his allies violated the new arrangement, removing key units from the CFC without giving advance notice to the American commander, General John Wickham. Gleysteen and Wickham immediately launched a private campaign to warn Korean military leaders of the “grave consequences” that would follow if they undermined “the civilian government’s program to bring orderly political liberalization.” Over Wickham’s objections, Gleysteen even conveyed this message to Chun directly in a tense meeting on the fourteenth. The State Department issued a public statement along the same lines, but also reiterated the continuing U.S. commitment to defend the ROK against outside attack. Despite Gleysteen’s initial pessimism, President Choi’s appointment on the fourteenth of a “neutral” cabinet without overt interference from the military proved heartening.\textsuperscript{10} To keep up the pressure, President Carter sent a personal note to Choi on January 4, 1980, the contents of which the embassy disseminated throughout the ROK government. Carter emphasized his concern about the events of December 12 and warned that such occurrences in the future “would have serious consequences for our close cooperation.”\textsuperscript{11}

Gleysteen summarized the perspective from the U.S. embassy in a cable home on January 29, 1980.

Our key positions at this point are to urge the government to move ahead with political liberalization, the military to remain unified and refrain from crude intervention in politics, and the opposition to be patient. But our activist role is not an easy one and eventually we will be “damned if we do and damned if we don’t” by various elements of society seeking our support. The costs of miscalculation are high. If we don’t do enough, dangerous events could occur; if we try to do too much, we may provoke strong, chauvinist reactions.... Although they usually mute their opinion, most Koreans sense a reduction in the real power of the U.S. and are increasingly concerned over what they perceive as our unwillingness to face up to the Soviet challenge, and they are also somewhat skeptical of our ability to handle Beijing. They suspect we may be too preoccupied elsewhere to respond resolutely to difficulties on the peninsula. [On the other hand, among political activists] few realize that our influence is limited in large part by the fact that we could not pull our powerful security and economic levers
without risk of destroying the ROK's stability. Despite ongoing American nudging and occasional liberalizing acts by the government, the overall trend in the ensuing weeks left much to be desired. Martial law continued, Choi failed to present a timetable for democratization, and dissidents and the political opposition grew increasingly impatient. Lacking a substantial political base and by temperament and experience a bureaucrat rather than a leader, Choi was anything but aggressive in moving forward. Chun Doo Hwan's takeover of the KCIA on April 14 only reinforced concerns about Choi's strength. To show its disapproval of Chun's move, the United States indefinitely postponed the annual Security Consultative Meeting between the defense secretaries of the two governments, but the State Department possessed evidence that official pressures were being undermined by informal contacts between retired and active American military men at the middle level and Korean military leaders. Of special concern here was General Richard Stilwell, a former United States and United Nations commander in Korea.13

A meeting between Gleysteen and Chun on May 9 illustrates the limits to which the Americans were willing to go in pressuring the ROK government in the emerging crisis. The ambassador had met with the general infrequently since the December 12 incident as a signal of displeasure over his action, but now Gleysteen felt it desirable to see Chun to better gauge his intentions. The meeting was scheduled days in advance, so the ambassador consulted with the State Department on what he intended to say. On the eve of the meeting, the ROK military advised their U.S. counterparts of the movement of two brigades of special forces to the Seoul area for possible use in response to student demonstrations. Gleysteen made it clear to the State Department, and the State Department agreed, that he would not express opposition to "ROKG contingency plans to maintain law and order, if absolutely necessary by reinforcing the police with the army." He surmised, "If I were to suggest any complaint on this score, we would lose all our friends within the civilian and military leadership." The ambassador thought the meeting "went quite well," that, although Chun "probably found my attitude sympathetic [on] the student security situation," he also was "very aware of the danger of over reaction and use of military force."14

Deputy U.S. Military Attaché James Young met with Roh Tae Woo, then commander of the ROCA Capital Security Command, on the same day, however, and emerged less hopeful than Gleysteen. Four days later, Wickham met with Chun and left with a similar feeling.
While these views were communicated to the ambassador, he and his political advisers remained cautiously optimistic that Chun would exercise restraint in employing his military forces against demonstrators.\textsuperscript{15}

That optimism lasted into the evening of May 17, when the embassy learned that riot police had broken up a meeting of students at Ewha Women’s University and arrested student leaders. At around ten o’clock Gleysteen finally was informed that “extraordinary martial law” would be imposed nationwide just after midnight. This came following the ambassador’s report home earlier in the day that the “lack of significant public support” for recent demonstrations had “put a damper on the more moderate student leaders,” thus creating an opening through which the government could institute reforms. Late in the afternoon he met with an aide to President Choi at the Blue House, using “very, very strong language to stress the danger [to U.S.-Korean relations] of letting Korean military leaders determine how the government was going to cope with political decisions at this stage.” Gleysteen recorded after the meeting that “some sensible thinking is taking place at the Blue House, although we will have to wait and see whether the President has the toughness to go as far as he probably should.”\textsuperscript{16} Whether through lack of toughness or conviction, it soon became apparent that Choi had followed the military in its determination to tighten the martial law already in effect.

Gleysteen responded to the situation with a combination of disappointment, frustration, and anger. He spoke firmly, and at length to ROK leaders in the days that followed, always counseling restraint in the use of force. The State Department in Washington reinforced his efforts, although as usual since the Park assassination it spoke more forcefully in private than in public. In the now tightly controlled South Korean press, official U.S. comments were often distorted or went unreported. As the Kwangju tragedy evolved, the American government consistently urged restraint in using the army, but the Korean media conveyed the impression that the United States was actually encouraging such action.

That said, the United States always conceded that force was justified if absolutely necessary to keep order. Indeed, the ambassador made it clear over and over again that, as in the past, his government would work with any ROK regime, conservative or liberal, so long as it could maintain stability. When after the initial bloodbath in Kwangju and the retreat from the city of the special forces, ROK authorities consulted the Americans on the possible deployment of units from the
Twentieth Division in regaining control, Gleysteen and Wickham approved, hoping that the use of troops trained in riot control would achieve the purpose with minimal casualties. Despite continuing efforts to seek peaceful methods of resolving the crisis, the Americans declined to mediate when appeals along those lines came out of Kwangju in the final hours before ROK troops marched in early on the twenty-seventh. Clearly, for the short term, the United States prioritized order over political liberalization. The “damned if we do and damned if we don’t” mentality reinforced this prioritization in softening the American voice for change.

With order restored in Kwangju and relative quiet prevailing throughout the country, the United States adopted a cool position toward the ROK government. Washington postponed an economic mission to Korea and requested the Asian Development Bank to hold up decisions on two loans to the ROK. When Chun took the presidency late in the summer, President Carter refused to send him congratulations and privately urged him “to take the earliest possible action to ensure the stability of the government through the development of popularly-supported political institutions and greater freedom for your citizens.”

Overshadowing the quiet if ineffectual pressure on Chun was a story of early August in the Los Angeles Times that quoted a “highly placed military official,” soon identified as General Wickham, as questioning the readiness of Koreans for democracy and suggesting that they were “lemming-like” in lining up behind Chun as the next president. He also indicated that the United States was likely to support him, as its priorities placed “national security and internal stability before political liberalization.”

The Reagan administration, which took office in January 1981, was much more open on this last point than its predecessor. President Ronald Reagan embraced the Chun regime immediately, welcoming its leader as the first foreign head of state to visit his White House and postponing indefinitely consideration of U.S. troop withdrawals. However much that embrace was rooted in strategic concerns, the visit itself represented part of a bargain in which Chun agreed to spare the life of Kim Dae Jung, who was under a death sentence for alleged subversive activities during the previous spring. Despite the abandonment by Reagan of Carter’s aggressive public stance on human rights, the new president came to understand that for reasons of domestic politics as well as foreign policy he could not simply ignore the issue. On Korea his administration worked quietly for the release
of political prisoners, probably with some success, and more publicly to encourage Chun to keep his promise to step down after one term in the presidency.

The warm relationship between the two governments-fostered most visibly by several summits in Seoul and Washington and the appointment of the conservative academic Richard L. Walker as U.S. ambassador to the ROK-helped to foster anti-Americanism at levels never before encountered in South Korea. An increasing number of adults possessed no memory of U.S. efforts during the Korean War-of the “alliance forged in blood”—or of the American role in easing Syngman Rhee from power in 1960. The Chun campaign to associate U.S. policy with his actions of May 1980 and the Reagan administration’s refusal to do anything publicly to counter that campaign combined with Reagan’s clear endorsement of the military regime to lead many Koreans, in particular young adults, to regard the United States as part of the problem rather than the solution.

Washington was well aware of this sentiment, and with temperatures rising in South Korea during the fall of 1986 it began to take precautionary measures. It replaced Walker with James Lilley, a career CIA officer. Earlier, when the task was to establish a solid working relationship with Chun, Walker had performed an important function, but now he was an increasing liability given his close ties to the Chun regime and his disinclination to reach out to opposition groups. In addition, fearful that in another crisis the United States would be unable to communicate its official views to the public, USIS in Seoul began publishing and distributing on college campuses, to libraries, and to press and social organizations a Korean-language journal entitled “Current Events and Views.”

Despite American fears, accurate reports of statements by U.S. officials on Korea did filter out through the press in Seoul during early 1987. On February 6 Gaston Sigur, the assistant secretary of state for East Asian and Pacific affairs, delivered a speech on Korea in New York in which he backed “a new political framework” for the ROK characterized by civilian control. Simultaneously, Ambassador Lilley commenced a series of meetings with opposition leaders. These events were reported widely in South Korea, as was Secretary of State George Shultz’s brief stop in Seoul on March 6. The message came through clearly that, although the United States did not intend to interfere in Korea’s domestic politics, it favored political liberalization and that an increasingly vocal American Congress supported that view. It was just as clear, however, that the Chun government was attempting to
cultivate resentment of outside interference.\textsuperscript{21}

This pattern continued in April after President Chun announced an end to discussions on constitutional reform. Newspapers in Seoul reported expressions of disappointment in the American press. When the daily Seoul Sinmun stated that the U.S. government had reacted favorably to Chun's announcement, the American embassy immediately corrected the report and the paper printed the correction. The Seoul press also covered Congressman Stephen Solarz's visit to Korea in the middle of the month and his statements then and after his return home in favor of early democratization. At the end of the month the liberal Tonga Ilbo reported a statement by President Reagan in an exclusive interview with a Japanese newspaper that "Korea needs a more open, broad-based government." Days later it quoted Lilley as stating in a speech to the Korean Bar Association that "the United States supports ... dialogue between the political parties, a willingness to compromise and sacrificing narrow interest, and free and fair elections leading toward a broadened democratic political process." As the spring progressed, newspapers gave increasing attention to the movement in the Democrat-controlled U.S. Congress to institute trade restrictions on South Korea.\textsuperscript{22}

Yet even though the United States succeeded in transmitting to the Korean public more high-level statements favoring liberalization than it had seven years earlier, it still engaged in a delicate balancing act. American diplomats consistently urged "dialogue and compromise" between the ROK government and opposition leaders and discouraged violent demonstrations. They gained reinforcement from extensive and considerably bolder comments from American journalists and members of Congress, substantial numbers of whom devoted close attention to the escalating crisis. As conditions heated to a boil in mid-June, U.S. officials became extremely cautious in their public statements. Word did leak out that on the thirteenth Lilley had advised ROK Foreign Minister Choi Kwang Soo not to allow riot police to storm the Myeongdong Cathedral to break up a student sit-in and that President Reagan was preparing a personal letter to President Chun.\textsuperscript{23} Nonetheless, comments out of the Pentagon and State Department indicated that the United States regarded events in South Korea as an internal matter for South Koreans to resolve. Clearly the administration wanted to avoid any statement that would encourage demonstrators or opposition leaders to believe that, in a pinch, the United States would bail them out.\textsuperscript{24} On the seventeenth, Secretary of State Shultz, who was in Singapore attending a meeting of ASEAN
foreign ministers, stated that he wanted President Chun to resume negotiations with the opposition on constitutional reform, but "would not press hard for him to do so." He denied that the current situation in the ROK was analogous to that in the Philippines early the previous year when the United States had intervened to help bring about the resignation of President Ferdinand Marcos and the flowering of democracy.25

Meanwhile, the White House and the State Department had indeed drafted a letter from Reagan to Chun "couched in sympathetic, gentle, and inoffensive language," as journalist Don Oberdorfer has recently characterized it, but unmistakably calling "for political rather than military solutions."26 Lilley received the letter, which he was instructed to deliver personally to Chun, on the evening of June 17, but the ROK president delayed in meeting the ambassador until the afternoon of June 19. Unknown to Lilley at the time, in the morning Chun had ordered a crackdown early the next day, which was to include the deployment of army forces to college campuses and cities nationwide and the arrest of student demonstrators. But Lilley, who days earlier had been referred to in the New York Times as short on diplomatic experience, took the offensive.27 Having checked beforehand with General William J. Livesay, the commander of U.S. forces, to ensure his support, Lilley was more explicit than Reagan's letter in informing Chun that the United States opposed use of the army in dealing with the crisis and warning him of the potential consequences to the United States-ROK relationship if the army did intervene. According to a recent account, an hour after the president and the U.S. ambassador met, Chun suspended the order for mobilization.28

The crisis did not end here, nor did American pressure. On the twentieth the United States announced that Assistant Secretary of State Sigur, now in Australia with Secretary Shultz, would make a quick trip to Seoul. He arrived on the twenty-third, a day before Chun's meeting with Kim Young Sam, and stayed for three days. Sigur met with top ROK officials, including the president, emphasizing the need to avoid military intervention in the political process. In the end Chun acceded, although it was not until July 1 that he openly endorsed Roh's concessions of the twenty-ninth.

III

Why was the transition toward democracy advanced in 1987 but not seven years earlier? Why did the United States take a stronger
stance in 1987 than in 1980? What difference, if any, did the United States make in the two cases? I should note at the outset of this analysis that identifying causes in history is inherently imprecise, that this is particularly so in the cases involved due to the unavailability of most of the pertinent documents, especially on the Korean side. In the most recent of the two cases, we lack even the partial declassification of U.S. State Department documentation. We do possess oral testimony from some of the actors, Korean and American alike, that is reported by Don Oberdorfer in his recent book, and I have tested some of this material in my own private conversations with former officials. The comparative approach also assists here in contending with the limited documentation available by accentuating divergent conditions in the two cases that suggest reasons for the differing outcomes.

I divide my presentation into three levels of analysis: the situation in Korea, external conditions, and the climate in the United States. The three levels intermingle, of course, but their separation assists in the establishment of hierarchies of causation.

I begin with the Korean setting simply because it is the most important. Since Korea was opened substantially to the world in the late nineteenth century, change has often occurred there in large part due to external influences. I will argue below that the United States played an important role in South Korea's democratization during the 1980s and that conditions outside the peninsula were frequently significant in shaping its position. Yet the move toward democracy in 1987 was not imposed from without any more than was the move in the opposite direction in 1980. In the end, Chun Doo Hwan made real choices, and they were based primarily on internal conditions. Those conditions provided the starting point for American policy as well.

Let us compare conditions in South Korea in 1980 and 1987. In both cases college students rose up in protest against government policies; in both cases they took their protests to the centers of major cities. Labor unrest was more overt in 1980, but in 1987 discontent among workers clearly seethed just below the surface in the face of strong repressive action by the Chun regime. The biggest difference in popular attitudes between May 1980 and June 1987 rested in the urban middle class. In the first period Gleysteen characterized these people as "grumpy but by no means in a rebellious mood."29 When radical students took their protests off campus in 1980, the middle class gave them little support. Over the last year it had from time to time shown discontent with the government, but it did not provide major support for students until there was general outrage over the brutal actions of
the ROK special forces in Kwangju. In June 1987, in contrast, the middle class in Seoul and elsewhere, now far more prosperous and economically secure than in 1980, openly demonstrated its support for students. The student rebels themselves were better organized to resist penetration by government agents and to prevent riot police from containing or breaking up demonstrations. Thus the scope of repression necessary to maintain order in 1987 was far greater than in 1980.

Attitudes in the army were far less certain in the later than in the earlier year. Chun was not a man to shy away from spilling blood, even that of his own people. After seizing control of the army in 1979, he had purged the senior leadership and, in doing so, broken the logjam for promotion from the middle ranks. This action ensured the army’s loyalty to him in May 1980. During the next seven years, however, gratitude toward Chun diminished as younger officers made their way upward. Furthermore, the rank-and-file of the conscript army had become much better educated and thus less likely to remain uniformly obedient if called upon to brutally suppress a broad popular uprising.30

Evidence remains sketchy on the army in 1987, but one retrospective account is consistent with press rumors at the time regarding Roh Tae Woo’s position and with what we know of the personalities of Roh and Chun. In the midst of the crisis, the story goes, Chung Ho Yong, a retired general and former and future cabinet member in Chun’s government, received direct word of widespread concern among “younger generals and colonels who were alarmed by the extensive preparations that had been made to use force against the demonstrations.”31 Chung reported this to Roh, emphasizing the damage military intervention would do both to society and to his own political prospects. Roh quickly advised Chun against use of the army. In short Chun possessed an army of less certain reliability but with a more challenging task than in 1980.

Another part of the equation, and a clear difference between 1980 and 1987, was Chun’s likely fate in the context of political liberalization. In 1980 neither he nor a close friend held the prospect of winning a national election. Chun stood little chance of controlling either the liberalization process or his personal fortunes in that process. Having recently led a military putsch, he was highly vulnerable in a system lacking a tradition of easing leaders gently from power. South Korea lacked such a tradition in 1987 as well, but now Chun was a wealthy man who possessed some hope of choosing a successor. The hope was far from a certainty if he permitted a popular election, but it was bolstered by one fact and one likely development. The fact was
that, in continuing to control the government through the election, he could influence the process and thus the outcome. The likely development was a split in the opposition between Kim Young Sam and Kim Dae Jung, who were bitter rivals with a long record of failing to cooperate if it meant sacrificing personal ambitions. In a three-way race, a Roh campaign liberally financed by the chaebols that had prospered so mightily during Chun’s reign and favored by the government stood an excellent chance of emerging victorious. The restoration to Kim Dae Jung of full political and civil rights for the first time since the early 1970s, though couched as a concession to liberalization, was also a weapon in the impending struggle for Chun’s succession.

This analysis suggests that the American role in South Korea’s democratization was at best secondary. Internal conditions alone provided powerful inducements for Chun to toe a hard line in one case and make concessions in the other. Yet when we consider the apparent fact that Chun gave preliminary orders to employ the army on June 19, 1987, and that Roh did not announce concessions until ten days later—not to mention that Chun waited still two more days to announce his approval—it becomes obvious that the outcome was a close call, that a slight shift of conditions one way or another could have made a huge difference. It is in this context that we turn to a comparison of the external forces at work in 1980 and 1987.

In both cases the position of the United States was far and away the most serious concern in the ROK, whether it be among policy elites or the general public. The United States was the protector of South Korea’s security and one of its two leading trading partners. The state of United States-ROK relations stood in marked contrast in 1980 and 1987, however. In the former year they were in their most difficult period since the founding of the ROK in 1948. Although Carter had agreed to postpone further consideration of troop withdrawals until 1981, technically that issue still hung in the balance. In the context of America’s recent debacle in Vietnam and apparent U.S. helplessness in the face of a Soviet invasion of Afghanistan and the seizure of American hostages in Iran (the abortive rescue mission occurred in late April), South Korean confidence in the strength of the United States was at a low ebb. The recent Koreagate scandal and acrimony over the human rights issue cast further doubt on the solidity of the United States-Korea relationship.

This situation greatly diminished Washington’s influence with Chun. South Korean politics were highly masculine in nature, both
literally and figuratively, and in style Chun rested on the extreme end of the masculinity scale. He was combative, willful, and dishonest to boot, inclined to strike back and deceive rather than compromise under pressure. Stern anti-communism was a matter of faith to him and the flexibility of Carter toward communist regimes early in his administration—his abortive exploration of establishing relations with Vietnam and Cuba, for example, and his embrace of China, which involved terminating a military commitment to Taiwan—had not impressed Chun favorably. Then Carter’s decisive shift toward a traditional cold war position in the face of the Soviet invasion of Afghanistan at the end of 1979 led Chun to believe that the president was unlikely to hold him accountable on the issue of liberalization. That public sentiment in the United States had shifted distinctly rightward as Carter geared up his campaign for reelection surely did not pass unnoticed either, especially given the reassurances Chun most likely received privately from such former U.S. military leaders in Korea as Generals Stilwell and John Singlaub. Finally, America’s top representative in Seoul, Ambassador Gleysteen, in some ways epitomized a United States that had retreated from its initially flexible position in the cold war. Capable and experienced, he had used pointed language with Chun and other Korean leaders in the past, so much so that they sometimes referred to him disparagingly as “Governor-General.” Chun certainly had no illusions of the ambassador’s fondness for him. Yet Gleysteen went into the critical meeting with Chun on May 9 anxious to avoid provoking him, impatient with students and opposition leaders over their provocative behavior, and determined to emphasize the goal of political stability. To Chun the message most likely conveyed was that the only point in dispute was the best method of achieving that goal, and on this point he had every reason not to defer to the Americans. With South Korea in turmoil and his own position severely threatened, Chun was not about to be deterred from exerting his power by the United States of Carter and Gleysteen.

The United States of Ronald Reagan and James Lilley was very different. After years of self-doubt, Americans had been called upon by the conservative Republican president to “stand tall.” Unabashedly anti-Soviet, Reagan had chastised the “evil empire” and escalated the arms race to an all-time high, believing that the U.S. economy could compete the Soviet bloc into oblivion. By June 1987 the Soviet Union, now led by Mikhail Gorbachev, was in the midst of large-scale reform, both domestically and in its foreign policy. The new Soviet leader first met Reagan in November 1985, and the two leaders got on well. By
June 1987 they had made substantial progress in arms control talks, even verging on agreement to eliminate intermediate-range nuclear forces from Europe. With cold war tensions diminishing, the U.S. relationship with China solid, and the ROK enjoying its “second [economic] takeoff” while its northern competitor stagnated, the U.S. State Department in February 1987 granted its representatives abroad permission to talk to their DPRK counterparts. Under Carter such a move would have been considered a sign of weakness and disloyalty to the ROK alliance, but given Reagan’s strong support for Chun, manifested in several summits between the two leaders, and his quiet approach to human rights, it came across more as a sign of self-confidence and strength. Adding to Reagan’s credibility in applying pressure in 1987 was the example of the critical role the United States had played the previous February in easing President Ferdinand Marcos out of office in the Philippines in the face of a massive display of “people power.” The Philippines did not face the threat of outside attack as did South Korea, of course, but by accentuating the external dangers that difference could just as easily make the United States less rather than more tolerant of a regime resisting massive internal pressures for reform.

The domestic circumstances of the Reagan administration added credibility to its pressure for reform in Korea. Whereas in 1980 Carter had faced major pressure from the right, Reagan’s concern was from the opposite side. The Democrats had recaptured control of the Senate in 1986 and now dominated both houses of Congress. They were anything but gentle in addressing aspects of Reagan’s foreign policy, which despite the promising direction of Soviet-American relations, received embarrassing scrutiny as a result of congressional hearings on the Iran-Contra affair. Reagan also had pressure from Capitol Hill on foreign trade policy. With the ROK running a hefty surplus in its trade balance with the United States, Reagan faced a potentially winning coalition of protectionists and human rights advocates in favor of imposing strong restrictions on imports from the peninsula. Both Congress and the press paid considerably more attention to the South Korean crisis in 1987 than they had in 1980 and instead of “Avoid another Iran” the message was now “Why not another Philippines?” Reporting of such sentiment was widespread in the ROK press.

This context left the top U.S. representative in Seoul ideally positioned to transmit to Chun Washington’s appeal for restraint. Ambassador Lilley was a tall, robust man with an air of enormous self-
assurance. Unlike Gleysteen, he served a president who was highly popular with the American military. There is no evidence that active or retired officers with contacts in the ROK did anything but support him in the crisis. Indeed, this time it was American officials who received word from ROK army officers of their discontent with Chun.\textsuperscript{32} We still lack internal documents from the period, but it is hard to imagine Lilley on the eve of his meeting with Chun on June 19 wiring home as Gleysteen had seven years before that the United States “would lose all our friends within the civilian and military leadership” if it quibbled over use of the army in an emergency. The message now, it appears, was simple and direct: the United States did not support army involvement in maintaining internal order, and if such involvement occurred it could easily put the Korean-American security relationship in jeopardy. Lilley’s message of the nineteenth was undoubtedly repeated several days later by an important visitor from Washington, Gaston Sigur.

Chun faced one more external pressure that involved the United States. This was the fear that a crackdown and major bloodshed would seriously compromise Seoul’s hosting of the Olympic Games the following year. One possibility was that a crackdown would spark a move by the Soviets and their allies to boycott the event, but a far more likely and frightening development would have been its relocation by the International Olympic Committee (IOC) to an entirely different location. During June both the American and the South Korean press carried stories of this possibility, which clearly was receiving consideration by the IOC. Los Angeles, the host in 1984, was the obvious alternative. Nothing so symbolized the ROK’s coming of age as a world player as did Seoul’s winning of the 1988 Olympics over Nagoya, Japan. Nothing could so compromise the accomplishments of Chun as a ruler as the loss of the Games due to his unwillingness to accommodate the wishes of his people. As much as Chun craved power and held democratic principles in contempt, this prospect surely gave him pause.

We are left with the question of why the American course differed in 1980 and 1987. It bears reiterating at the start that the differences were not ones of black and white but rather of shades of gray; that in both 1980 and 1987 the United States tried to encourage liberalization but without undermining ROK security or sparking a sharp nationalistic reaction. In the later year, however, the Americans at the critical moment weighted their message more forcefully on the side of change and took greater pains throughout to ensure that that
message got out to the Korean public. The question is why.

As with the analysis of Chun’s contrasting decisions of May 1980 and June 1987, conditions within South Korea provide the appropriate starting point. Certainly the expressions of support for the students by the middle class in 1987 gave the Americans a sense that Chun faced a mass uprising, which he had not seven years earlier. There was no question in 1980 that the army could halt the overt unrest if it chose to do so. The surprise, to the Americans at least, was that elements of the army so overreacted in carrying out their task that they set off a major, if local, uprising. Once it had occurred, however, American officials, while urging their Korean counterparts to employ as little force as possible in bringing it to an end, had no doubt that, lest it spread, it must be suppressed within a finite period. In 1987, in contrast, there was a sense by June 10 that the suppression of dissent would require protracted and bloody military operations made all the more problematic by hints of disunity within the army. To American observers, then, the dictates of security vis-à-vis North Korea were weighted far more on the side of accommodating rather than suppressing dissent.

The analysis so far speaks more to U.S. actions in May 1980 and June 1987 than to the weeks and months leading up to those periods of intense crisis. The unavailability of internal documents from the fall of 1986 to June 1987 renders us incapable of determining whether or not American observers anticipated the sentiments of the South Korean middle class in advance of its appearance in the streets in June. What we can say, though, is that the United States expected trouble during 1987 well beforehand and made some effort to prepare for it. From October 1979 to May 1980, on the other hand, the Americans reacted ad hoc to a series of surprises—Park’s assassination, Chun’s military putsch, Chun’s takeover of the KCIA, and finally the imposition of “extreme martial law.” An essential part of the sense of anticipation in 1987 was the memory of what had happened before and the knowledge of its impact—of Chun’s deceit, both of American officials as to his intentions and of the Korean people as to the U.S. role, and of the negative influence on public sentiments toward the United States in South Korea. By 1987 the Americans had had years to observe the impact of the events of 1980 and to prepare for the difficulties that were bound to arise when Chun confronted the end of his term as president.

A major source of the difference in the U.S. courses in 1980 and 1987, then, rests in the simple fact that the first preceded the
second, and by a span of time sufficient to generate reflection and adjustment without clouding memories. The Americans knew in 1987 from hard experience that Chun could not be trusted to keep his promises, that if he cracked down on dissent he would attempt to convey to the public that the United States supported him, and that, unless the United States possessed the means of communicating directly with the Korean people, they were likely to believe Chun. The Americans made effective use of historical analogy to help avert a disruption in United States-Korea relations of potentially far greater magnitude than had occurred in 1980.

Yet it would be inappropriate to end by complimenting the United States for what it did right. Ultimately the credit for democratization in South Korea in 1987 rests with the South Korean middle class, the salarymen and women of Seoul and other cities who took to the streets in June to show their support for change. Perhaps they also had learned a lesson from 1980—and perhaps that lesson is the same as the one inscribed on the Korean War Memorial in Washington, DC: “Freedom is not free.”

Notes


82, copy in author’s possession.


8. Gleystein to the Secretary of State, October 28 and November 1, 1979, and the Secretary of State to the American Embassy, Seoul, November 1, 1979, SD.

9. Secretary of State (from Assistant Secretary of State for East Asian and Pacific Affairs Richard Holbrooke) to Ambassador Gleystein, December 4, 1979, and Gleystein to Holbrooke, December 7, 1979, SD.

10. Gleystein to the Secretary of State, December 13, 14, and 15, 1979, and the Secretary of State to Gleystein, December 13 and 15, 1979, SD. In an interview in Washington, DC, on November 4, 1997, Gleystein informed me of Wickham’s strong objection to his meeting with Chun. Wickham did not meet with Chun until February 14, 1980.


12. Gleystein to the Secretary of State, January 29, 1980, SD.

13. Secretary of State to Gleystein, May 3, 1980, SD.

14. Gleystein to the Secretary of State, May 6, 8, and 9, 1980, and Secretary of State to Gleystein, May 8, 1980, SD.


16. The quotes are from two messages sent by Gleystein to the Secretary of State on May 17, 1980, in SD.


18. Secretary of State to AmerEm, Seoul, August 29, 1980, SD.


20. On the journal, see the translation of an article in the *Tonga Ilbo* of March 5, 1980, in U.S. Embassy, Seoul, “Press Translations,” March 6, 1980. For background on the journal, I am thankful to Bill Maurer and Don Washington, both USIS officials at the time, who discussed its role with me on November 6, 1995, in Seoul.


29. Gleysteen to the Secretary of State, May 8, 1980, SD.
31. Oberdorfer, Two Koreas, p. 171.
32. This information was provided me in a telephone interview on November 3, 1997, with a State Department official assigned to the Korea issue in 1987 who wishes to remain anonymous.
33. Author's interview with Gleysteen, November 4, 1997.
Korea’s Relations with China and Japan  
in the Post-Cold War Era

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The visit of Jiang Zemin, president of the People’s Republic of China (PRC), to the United States to meet with President Bill Clinton in October 1997, and Japanese Prime Minister Ryutaro Hashimoto’s meetings with Russian President Boris Yeltsin and Chinese President Jiang, on November 10, changed the international environment. Hostilities among the major powers surrounding the Korean peninsula are being transformed by an atmosphere of reconciliation and confidence building.

Yeltsin spent November 9 and 10, 1997, in China, returning Jiang’s April visit to Russia. The two leaders discussed mutual interests and cooperation between their countries. The meeting on November 10, coming so soon after Jiang’s visit to the United States, was held with warming relations between China and the United States in the background. The presidents played down any geopolitical significance to their talks except for agreement on the demarcation of the 2,800-mile border between their countries. They declared that the time of alliance aimed “against third countries” had passed. “China is an independent country that does not take part in any alliances,” Jiang stressed. “Its relations with individual countries may have a specific flavor, but in general it treats all equally.” Even so, a strategic partnership was established that obviously aimed to counter the New Guidelines for United States-Japanese Defense Cooperation, formulated in 1995 but still not ratified by the Japanese Diet. Chinese Premier Li Peng is scheduled to visit Japan for discussions with Japanese Prime Minister Hashimoto on the guidelines and on the future of Taiwan and the issue of Tiaoyutao (Senkaku) Island.

President Clinton’s trip to China in 1998 will include a summit meeting to resolve international issues, among them the Korean question. Clinton and Jiang’s joint communiqué touched upon the question of peace and stability on the Korean peninsula. “We’ve worked well together in convincing North Korea to end its dangerous nuclear program,” Clinton asserted at their joint news conference on
October 29, 1997. "Today President Jiang and I agreed we will urge Pyongyang to take part in four-party peace talks with South Korea." Can the United States and China resolve the Korean question without Japanese participation next year?

It is the contention of this paper that the Chinese-Japanese hegemonic rivalry of the 1890s over the Korean peninsula is recurring in the 1990s, and it is the United States that must balance the contest.

**Korea’s Relations with China**

China has had enormous influence on the development of Korean culture and history. The Choson dynasty (1392-1910) adopted Confucianism as the state ideology of Korea and paid allegiance to the Ming dynasty of China. Even the succession of the kings of the Choson dynasty was endorsed by the Chinese emperors in the form of chakbong. Thus, Chinese hegemony extended over the Korean royalty and court throughout the dynasty. Moreover, Korean kings sought Chinese protection from Japanese invasion; they depended on China for national security. However, the Sino-Japanese War of 1894-95 ended with a Chinese defeat, and the Japanese expanded their influence to Korea and subsequently controlled the peninsula for the first half of the twentieth century.

It is often said that Korea under the influence of China was a dagger pointed at the heart of Japan, but the peninsula under the control of Japan could be used in the same way against China. Japanese expansion into Manchuria and its occupation of northern China after the colonization of Korea in the early twentieth century led inevitably to the Sino-Japanese War of 1937 and eventually to the attack on Pearl Harbor that brought World War II in the Pacific to a full boil. China considered Japanese control of Korea a threat to its territorial interests, but China was unable to counter that control, due largely to the disintegration of its central authority and the fragmentation of its government.

After a century of revolutionary turmoil in China from the Opium War of 1839-1843 to the civil war of 1945-1949, the People’s Republic of China was established under the leadership of Mao Zedong, unifying the fragmented and shattered country in October 1949. When the Korean War broke out in June 1950, the PRC supported North Korea and finally intervened by sending its armed forces, described as Chinese volunteers, to serve its security interests in the conflict.
The motivation and rationale of the Chinese intervention in the war have been so thoroughly interpreted and explained that this paper will not address the issues of the Chinese role. However, it should be pointed out that China considered the northern half of Korea, if not the entire peninsula, to be a buffer state.

The end of the cold war in the 1990s created a new international environment for economic and diplomatic relations between the PRC and the Republic of Korea (ROK). China had earlier become more assertive economically, as it began to achieve its goal of modernization. In contrast to the policy emphasis of the Mao period, which had stressed ideology, revolutionary change, and an egalitarian society, the Deng Xiaoping leadership's focus shifted to economic reform and increased foreign trade and foreign investment during the last quarter of the twentieth century.

China's relations with the two Koreas altered dramatically when the PRC established diplomatic relations with the ROK in August 1992. China's former policy had been based on nationalistic and ideological considerations entailed in China's close alliance with the Democratic People's Republic of Korea (DPRK). It had been unswerving in its stance on reunification and the withdrawal of U.S. troops. Relations between China and North Korea had been described as "lips to the teeth" and as having been consolidated by "fresh blood" —meaning that Chinese blood had been shed for North Korea during the Korean War. It follows that China adamantly opposed South Korea's alliance with the United States and its admission to the United Nations.

China's relations with the two Koreas began to change in the 1980s, when the post-Mao leadership began to permit indirect trade and economic relations with South Korea and decided to participate in the Olympic Games in Seoul in 1988. A more pragmatic Chinese foreign policy was appropriate to meet the requirements of reform and an open door in the 1980s, with the goal of developing economic trade relations with South Korea while maintaining security interests with North Korea.

China responded to South Korea's approach so favorably because of the shift in ROK policy. In July 1988 the South Korean government launched a "northern policy" which was primarily designed to sound out China and the Soviet Union on opening diplomatic relations. China responded cautiously because of its alliance with North Korea. It was unwilling to open diplomatic relations with South Korea even as it maintained economic relations because it had
formal diplomatic relations with North Korea and was averse to a two-Korea policy. Nonetheless, a gradual process of normalization had begun earlier that year with Beijing's decision to participate in the Olympic Games. At about the same time South Korea was invited to take part in a trade fair in Guangzhou, which served as a catalyst for stepped-up economic relations.

When the Asian Development Bank held a conference in Beijing in May 1989, the South Korean finance minister was given a visa to travel there, which opened up a government-to-government relationship. As economic relations increased, the sea routes between Korean ports such as Inchon and Pusan and Chinese ports such as Shanghai, Tianjin, and Darien were well plied, a clear indication that China was abandoning indirect trade through Hong Kong. That indirect trade had been increasing in the 1980s; according to several sources, and the value of trade (exports plus imports) reached HK$9.2 billion in 1987.

Trade between the PRC and South Korea was estimated to account for about 34 percent of the total trade of the two countries in 1987. By 1989, China's trade with South Korea had topped $3 billion, almost ten times that with North Korea. In the 1990s China emerged as South Korea's third-largest trade partner, following the United States and Japan. Trade volume totaled $5.8 billion in 1991 and doubled to $9.8 billion in 1993, following normalization of diplomatic relations in 1992. By 1996 the trade volume between the two countries exceeded $20 billion, more than thirty-two times the value of China's trade with North Korea. In 1997 it reached $23.7 billion. This burgeoning trade is projected to grow at an average annual rate of 18.9 percent in the 1997-2001 period, topping $56 billion by 2001.

In January 1991, South Korea opened a trade office in China, and the Chinese Chamber of International Commerce (CCOIC) opened a trade office, headed by Xu Dayou, in Seoul in April 1991. The Chinese trade office also served as a consulate of the PRC, which facilitated Korean tourism and business transactions. The Chinese trade office held a trade fair in Seoul in May 1991, an event that greatly enhanced economic relations between the two countries.

South Korea's investment in China has been increasing since the late 1980s; by 1994, the total investment amounted to more than $2 billion. Almost 80 percent of investment, however, is concentrated in the three northeastern provinces of China: Jilin, Liaoning, Heilungjiang. However, investment in Shandong province accounted for 18.5 percent of the total, with Heilungjiang at 10.5 percent. The
Korean Land Development Corporation negotiated with the Chinese government to establish a “Korean industrial zone” of 1.2 square kilometers within the Tianjin special economic zone. There, about 150 enterprises owned by Koreans will produce textiles, electronics, clothing, and building materials.

Direct investments in China were made by Korean firms following the Seoul Olympic Games in 1988. In 1991, they invested $84.72 million, an increase from only $3.4 million in 1988. The cumulative total was $165.3 million by 1991, in 181 projects, which contributed to China’s desire to open diplomatic relations in 1992. By 1994, South Korea’s investment was more than $1.32 billion, 14.2 percent of South Korea’s total overseas investment and the largest single component. In 1996 South Korean firms invested in China some $801.5 million in the form of foreign direct investments, an accumulated total of $2.72 billion since 1988.

Trade deficit problems remain to be resolved. South Korea’s trade deficit with China has been substantial. In 1991 it was already $1 billion and a source of friction. Another problem is that China’s low production costs and devalued currency have made its products so competitive that they now challenge South Korea for market share in Japan and the United States. Still, China’s interest in promoting economic cooperation with South Korea has been well served, and South Korea’s interest in obtaining China’s tacit agreement to maintaining stability and peace on the peninsula, including resolution of the nuclear issue, has also been well served. During talks with South Korean President Kim Young Sam in March 1994, Jiang reiterated China’s position that the nuclear issue should be resolved through dialogue and negotiation rather than sanction.

Chinese Premier Li Peng also stressed during his meeting in Seoul with Kim on October 31, 1994, that China would play a constructive role in leading North Korea into implementing the nuclear agreement the Pyongyang government had signed with the United States in Geneva on October 21, 1994, known as the “Agreed Framework between the United States and the DPRK.” The two countries agreed that the Framework has laid the foundation for the full resolution of Pyongyang’s nuclear issue and stressed the importance of the North’s compliance. Contrary to the concerns of some American politicians that the United States made too many concessions to North Korea during the nuclear negotiations, the South Korean and Chinese leaders believe that the Framework is better than war in the peninsula.

China also supported the North Korean call for replacement of
the Armistice Agreement on the Korean peninsula with a peace treaty since China believes the armistice is an anomaly now that the cold war is over. The Beijing government expects that the "parties concerned" will find a way to set up a new peace agreement through a dialogue preliminary to four-party peace talks among China, the United States, and North and South Korea. China believes that "stability in North Korea is in the interest of not only China and South Korea but also all Asian countries." Good relations with both South and North Korea are evidence that such relations are good for maintaining peace and security on the peninsula.

Because of Chinese involvement in the Korean War, North Korea and China both celebrate the anniversary of the armistice agreement of July 27, 1953, as the day of victory over the United States. Thus the alliance between the DPRK and the PRC has been characterized as "sealed in blood" or "lips to the teeth," and close ties between the two nations have been sustained for more than four decades. The Chinese provided enormous amounts of economic aid and technical assistance to rehabilitate the North Korean economy and society following the war, and many thousands of North Korean students were trained in China. Accordingly, the Chinese development model was subsequently emulated in North Korea.

Traditionally, China felt safe if Korea was in its sphere of influence. However, when Korea was under the influence of a hostile power, as it was under the Japanese occupation of Korea before World War II, or with the presence of the United States on the Korean peninsula after the end of World War II, China felt threatened. Thus, China considered the security of Korea essential to its own security.

During the Sino-Soviet conflict in the late 1950s and 1960s, China and the Soviet Union competed to keep North Korea in their respective spheres. The situation enabled the North Korean leadership to increase its independence and maintain neutrality during the conflict. Moreover, North Korea played one communist power against the other, thereby receiving economic and technical assistance, including military aid, from both at the height of the cold war.

Strains and stresses between North Korea and China developed in the late 1980s, when China decided to participate in the Olympic Games in Seoul and began to support the membership of both North and South Korea in the United Nations. North Korea's relations with China were further strained after the Sino-South Korean normalization of diplomatic relations in 1992.
At the height of the cold war, in the 1950s and 1960s, China's trade with North Korea increased. North Korea was China's major trade partner when China was isolated from the rest of the world during the Cultural Revolution and had no economic relations with the Soviet Union or the eastern European countries. North Korean-Chinese trade increased steadily in the 1970s, but economic reform and the open-door policy implemented in the 1980s brought about a decrease in North Korean-Chinese trade because China was on a buying spree in the Western world. In that decade, trade with China constituted about 19 percent of North Korea's total trade.

North Korean-Chinese trade steadily declined as China traded increasingly with Japan and the Western nations. By 1990, it accounted for only 0.5 percent of China's total trade. Moreover, China requested that the trade be conducted in hard currency instead of on the barter basis of the past. It was reported in the press that relations between China and North Korea were at their lowest point, but trade between them in 1991 is said to have reached $610 million, 23.6 percent of North Korea's total trade with other countries. Trade volume in 1992 was $697 million, 28.1 percent of the North Korean total, and it increased steadily until 1995-96, when North Korea suffered from shortages of food and fuel, due largely to natural calamities such as flood and drought. China sent emergency food aid and committed itself to send more than 200,000 metric tons of grain to North Korea in 1996 and 1997.

China's security interest in Korea has thus multiplied following the end of the cold war and the collapse of the Soviet Union. China believes that if and when North Korea collapses or is absorbed into the South, as happened to East Germany in the process of unification, crisis or instability would ensue in the peninsula, thereby increasing the threat to China's security. Accordingly, China has consistently supported stability and peace on the peninsula. It cannot afford to fight another war there. China has long taken the "carrot" rather than the "stick" approach in dealing with the nuclear issue in North Korea, and offers unwavering support to all North Korean proposals regarding Korean issues, including the reunification question.

Korea's Relations with Japan

There is a long tradition of enmity and hatred between Korea and Japan. When the Japanese invaded Korea in 1597, samurai warriors took home priceless porcelain, ingenious metal printing type, and noses and ears hacked off the corpses of tens of thousands of
Koreans. The Korean body parts were buried in the ancient Japanese capital of Kyoto. The four-hundredth anniversary of the Mimizuka, or Ear Mound, was thus commemorated in September 1997, an event that underscores the tensions and hostilities that still set Korea and Japan against each other.

During the eighteenth and nineteenth centuries, the Japanese attempted several times to invade and occupy Korea but failed. Their defeat of the Chinese in the Sino-Japanese War of 1894–95 eventually expanded Japanese influence in Korea. The Japanese invasion of Korea early in the twentieth century ended the Choson dynasty, and Japan ruled Korea from 1910 to 1945, when the Japanese Empire was defeated in World War II. Although Korea was liberated from the Japanese colonial rule at the end of the war, it was not able to achieve independence and sovereignty. The peninsula was divided at the 38th parallel, leaving the North under Soviet domination and the South under American occupation. However, the Korean people’s hatred of the Japanese continues to this day.

The Syngman Rhee government of South Korea (1948–1960) attempted to negotiate normalized diplomatic relations with Japan, but anti-Japanese sentiment at home and an inconsistent Japanese policy toward Korea following the conclusion of the peace treaty between the United States and Japan in 1954 further complicated relations between South Korea and Japan. The Park Chung Hee government (1961-1979) finally concluded the Treaty on Basic Relations between South Korea and Japan in 1965, which normalized diplomatic relations. The treaty provided Japanese economic assistance to Korea in the amount of $500 million, which served as the foundation of a series of five-year economic development plans in the 1960s and 1970s. Had it not been for the Japanese compensation, South Korea would not have achieved its growth rate of 10 percent each year for the past four decades. Annual per capita income was $90 in 1961, the same level as in India; today it is more than $10,000, causing the Korean economy to be characterized as a miracle.

Anti-Japanese sentiment in South Korea persists, and discriminatory attitudes toward Koreans also persist in Japan. There are many political and economic issues that the two countries must resolve, but the mutual resentment is so deep that it may work against resolution. Korean intellectuals believe that Japan is not interested in the reunification of the two Koreas because Japan fears that a unified Korea will threaten its security. Thus, Japan is perceived as a power that wants to control the affairs of the Korean peninsula by a "divide
and conquer" strategy, and that someday it will attempt to invade Korea again. According to a public opinion survey conducted in September 1997 by the Joong-Ang Daily in Korea, 51.1 percent of those polled disliked Japan most, followed by North Korea (22.3 percent) and the United States (7 percent). It is also interesting to note that the younger generation disliked Japan more than the older generation did. Respondents in their twenties accounted for 54 percent of those disliking Japan most, those in their thirties for 52.6 percent, those in their forties for 51.1 percent, those in their fifties for 48.4 percent, and those over sixty for only 43.2 percent. The younger generation was educated in an anti-Japanese atmosphere while the older generation tended to admire the advancement of Japanese science and technology.

During the cold war era, the United States and Japan established an alliance to counter their common enemies: the Soviet Union, China, and North Korea. However, the cold war has now ended, and the communist system in the Soviet Union and eastern Europe has collapsed. Japan still considers North Korea an enemy, nonetheless, and thus opposes any possibility of reunification of the two Koreas. The United States-Japan Defense Cooperation Guidelines formulated by the two countries in 1995, but still not ratified by the Japanese Diet, are perceived in South and North Korea as a sign of the revival of Japanese militarism and a reflection of the intention to invade the Korean peninsula again.

According to the U.S. Information Agency, "China is highly negative about the newly signed U.S.-Japan defense cooperation agreement, which it sees as a means for the United States and Japan to expand their influence in the region and, at the same time, isolate China. China also considers the agreement to be a tactic of Japanese ultra rightists to take advantage of U.S. forces to curb Chinese influence in the region." What China worries about most is that Japan is being allowed to do what it wants, even to become a military power. China, however, knows that the United States has played a dominant role in the region and that this has contributed to some extent to curbing Japanese military aspirations.

Korean newspapers reflect the public's uneasiness with the United States-Japan agreement. The conservative Chosun Ilbo in Seoul insisted on September 26, 1997, that it may be that the United States and Japan have the right to establish emergency guidelines on a bilateral basis, whether it is on the Korean Peninsula or anywhere else, but when and if such guidelines . . . interfere with the interests of the third country it will be a concern of the neighbors. The Asian countries
defined in the guidelines as neighbors of Japan are concerned that the Defense Cooperation Guidelines...may lead Japan to seek hegemony in Asia. Japan must be extremely careful that it not give the impression that expansion of its defense force operation area is the first stage of hegemony.

The Joong-Ang Ilbo maintained on September 25, 1997,

The guidelines draw our attention because they could play a critical role in setting up a new security order in northeast Asia....One aspect of the guidelines must be seen as a pledge of the two countries to cooperate for peace on the Korean Peninsula, and that aspect will be positive if the guidelines concentrate on strengthening the U.S. role for our defense against North Korea. Of course, one aspect [of the guidelines] that worries many of us in Asia....is that the prospect of Japan’s inflated military status, and of a steep enhancement of its role in regional security....We are careful not to give Japan the impression that we approve of its rise as strong military power. We are also concerned that the new agreement will complicate Asia’s security if it is interpreted as a tactic for containing China. Already trying hard to strengthen its own military, a China provoked by the guidelines will certainly be a threat to security, heating up competition for better weapons [between Japan and China].

Hankook Ilbo wrote on September 25, 1997, that

the new U.S.-Japan Defense Cooperation Guidelines have opened the door for Japanese forces to intervene militarily abroad, enormously changing the security prospects of the Korean Peninsula. The U.S. endeavor to share defense costs with Japan and Japan’s aspirations for an increased military have now found common ground, reflected in these new guidelines and opening up the road toward Japan becoming a major military power. In the process, Japan has finally crossed the line drawn by its pacifist constitution, and is now allowed to conduct more military operations than just those for defensive purposes. Under the new agreement, Japan, in the event of conflict, will be allowed to supply weapons and ammunition by plane, get rid of mines, and inspect foreign ships—all beyond the scope of defense.

Most people in East Asia and the Pacific worried that the new U.S.-Japan Defense Cooperation Guidelines “paved the way” for a
possible remilitarization of Japan. China’s reaction to the new security arrangements was that they allowed for mutual cooperation between the United States and Japan “in situations in areas surrounding Japan.” China perceived that the new alliance system was targeting China as an enemy. "The new guidelines give one the idea that Japan seems to be under an imminent threat,” asserted the People’s Daily. “The guidelines... attempt to include Taiwan, a part of Chinese territory, within the scope of... U.S.-Japan defense cooperation.” Invoking the specter of Japan’s 1937-45 invasion of China, the People’s Daily continued, “The new guidelines... will enable Japanese defense troops to go abroad ‘justifiably,’ something Japan has long dreamed of.” China fears being cornered by an increasingly strong alliance between the United States and Japan.

China sees the defense guidelines “as a means for the U.S. and Japan to expand their influence in the region and... [to] isolate China. ... A political critic pointed out that the new U.S.-Japan Defense Cooperation Guidelines reflect that the decision-makers of the United States and Japan are still, while handling the Asian issues, stuck in a Cold War mode of thinking. The so-called ‘new guidelines’... go against the trend of the times.”

The spokesman for the Ministry of Foreign Affairs in Beijing stated, “We believe that the practice of strengthening military alliances and expanding military cooperation runs counter to the trends in... the Asia-Pacific region, which is witnessing relative political stability, sustained economic growth and an active security dialogue.” The spokesman also pointed out that “it is known to all that Taiwan is an inseparable part of China. The Chinese government and people will never accept violations of or interference in China’s sovereignty directly or indirectly, including the Taiwan Strait, in the scope of U.S.-Japan defense cooperation.”

Izvestia on September 26, 1997, summed up the sentiment of the Russian Federation and of European countries when it stated,

Expanding the U.S.-Japanese military alliance is in a way comparable to NATO’s expansion. Washington and Tokyo, naturally, call it a new major contribution to peace and stability in the Pacific. China calls it a direct threat to security. Moscow, it seems, is inclined to consider the U.S.-Japanese alliance as a means to contain China and North Korea. It is as if it does not concern us, so we don’t have to worry. Seeing that, Washington and Tokyo did not enter
Moscow on the list of the capitals to be briefed individually on the aims of the alliance.

Even Japanese public opinion did not support the new defense guidelines. An editorial in the conservative Sankei Shimbun on October 1, 1997, observed, “China has ‘tolerated’ U.S.-Japan security relations since the normalization of diplomatic relations with Japan, but as a result of Chinese concern that the new U.S.-Japan defense guidelines might well apply to an emergency in the Taiwan Strait, the situation has changed and China’s relations with the United States and Japan have grown tender.” The editorial continued,

This may have prompted some Japanese Diet members, including senior LDP officials, to propose that a “triangular” U.S.-Japan-China relationship or a U.S.-Japan-China security framework be established. We believe that such a proposal is worse than unrealistic; it also adversely affects Japan’s ability to enact new laws and revise existing ones to accommodate the guidelines, and could call into question Japan’s reliability as part of the U.S.-Japan alliance. China will most likely use such Japanese politicians to publicize the history of Japan’s military adventure in China during World War II in an effort to “divide” (the Japanese and Americans) and “conquer” efforts to strengthen the U.S.-Japan security alliance.

A commentary in the Asahi Shimbun on September 26, 1997, stressed,

The new U.S.-Japan Defense Cooperation Guidelines are designed exclusively for a possible emergency on the Korean peninsula. However, the strategic environment on the peninsula has undergone a dramatic change during the past decade or so. South Korea has become more confident militarily, and is expected to include in its next national defense program a post-reunification defense strategy aimed at neighboring countries. It is, therefore, “not beyond understanding” that South Korea should be skeptical about Japan’s present concern with contingencies in areas surrounding Japan.
An editorial of Asahi Shimbun also pointed out on September 24, 1997,

It is important that the government of Japan judge critically whether Japanese cooperation with the United States—times of an emergency—contributes to the national interest—including Japan's security—in protecting Japanese rights, obtaining trust from neighboring countries and keeping the regional peace. . . . The government of Japan should not seize upon this as an opportunity to strengthen Japan's security legislation. China is wary of the new defense guidelines. South Korea and Southeast Asian countries also have mixed feelings—and a certain degree of concern—about the guidelines. Russia has shown an understanding of the need for the guidelines, but is also actively courting better ties with China.

North Korea is more concerned with the U.S.-Japan Defense Cooperation Guidelines because they target North Korea and China. The DPRK Foreign Ministry spokesman criticized the guidelines on September 27, 1997, saying, "The whole process of the discussion on the New Guidelines for Japan-U.S. Defense Cooperation demonstrate that the Guidelines are definitely aimed at our republic."8 Nodong Sinmun, an official organ of the Korean Workers' Party, reported on October 1, 1997, that the guidelines were a war scenario worked out by Japan and the United States.

It is the strategic plan and target of the U.S. and Japanese reactionaries to invade and dominate Asia. The first target of their attack is the DPRK. . . . We cannot remain a passive onlooker to the fact that with the new "guidelines" worked out the U.S. and Japan are working in real earnest to realize their design of aggression on our country and other Asian countries. We will respond to the situation with sharpened revolutionary vigilance. The Asian countries should never allow the new guidelines.9

Observers in both North and South Korea speak in unison in criticizing the guidelines and calling for a united front in defense of the peninsula because the guidelines, they believe, are designed to revive Japanese militarism and thereby enable invasion by replacing U.S. troops as they are eventually withdrawn with Japanese forces. The increasing anti-Japanese sentiment and hostility toward the new defense cooperation prompted the Japanese to take steps to improve
relations with the DPRK before the two Koreas are unified into a strong and powerful Korea that might threaten the security of Japan.

The Japanese government offered to send food to North Korea in early October 1997 to ease the famine caused by two years of flood and drought. Japanese Foreign Minister Obuchi Keizo stated on October 12, 1997, that North Korea’s opinion of Japan was improved by this gesture. He appeared on an NHK television talk show and said the DPRK media had reported that the aid brought “a clear signal of the changes in North Korean attitudes toward Japan.” He also stressed that the Korean Central News Agency (KCNA) mentioned the name and position of Prime Minister Ryutaro Hashimoto, which also indicated a change in North Korea’s reporting on Japan. Therefore, the foreign minister stressed, “Japan will strive to begin its dialogue with the DPRK for the normalization of diplomatic relations.”

The KCNA welcomed the decision of the Japanese government to provide $27 million in food to North Korea through the United Nations World Food Program, saying that the move would “positively contribute to the development of friendly relations between the two countries.” Relations, then, between the DPRK and Japan are warming up, which may eventually lead to the normalization of diplomatic relations. Japan provided a half-million tons of rice to North Korea in 1995, but dialogue between the two countries stalled because of the kidnapping of Japanese citizens in North Korea and the controversial visit home by Japanese women who had married North Korean citizens. North Korea and Japan held a preparatory meeting on the normalization of diplomatic relations in September 1997, and North Korea agreed to permit Japanese citizens who are married to North Korean citizens to visit Japan. The first group of fifteen Japanese wives arrived in Japan on November 8, 1997.

A nine-member delegation representing the three major Japanese parties, the Liberal Democratic Party (LDP), the Social Democratic Party (SDP), and the Sazikake Party, was sent to Pyongyang on November 11, 1997, according to a NHK report, for a three-day discussion on the normalization of diplomatic relations between the DPRK and Japan. The delegation was to meet Kim Yong Soon, director of the International Relations Department of the KWP, and other leaders of the DPRK government concerning the improvement of relations between the two countries. The Japanese group requested a conference with Kim Jong Il, general secretary of the KWP, but a date was not confirmed.
Kim Jong Il said on October 4, 1997, that in order to normalize diplomatic relations between the two countries Japan should apologize for what was done to Koreans during their colonial status (1910-1945). In a three-hour conference with Oleg Shenin, chairman of Russia’s Council of the Union of Communist Parties, on September 2, 1997, General Secretary Kim Jong Il expressed his desire for the normalization of diplomatic relations with Japan if the Japanese government offered an apology. Kim was quoted as saying, “We don’t want anything more than that,” according to the ITAR-Tass news agency report on October 4, 1997.

It is generally understood that Japan will apologize for atrocities and repression during the colonial period and offer $8 to $10 billion in compensation to the DPRK government in order to establish diplomatic relations between the two countries. Normalization will serve the interests of both countries: Japan will be able to continue to maintain its two-Koreas policy, and North Korea will benefit from the Japanese compensation, which will stimulate its staggering economy. It will be recalled that the Japanese compensation of $500 million at the time of normalization of diplomatic relations with South Korea in 1965 enabled the South Korean government to pay for the technology transfer and capital investment that enabled its economic “take off” in the 1960s and 1970s.

North Korea has now become the battleground for the diplomatic maneuvering of the United States, Japan, China, and Russia in the post-cold war era. The Agreed Framework between the United States and the DPRK, signed in October 1994 at Geneva, ushered in the possibility of diplomatic normalization between the two countries by establishing liaison offices in Pyongyang and Washington; opened channels for communication and dialogue; and established an economic relationship by permitting businesses to start investment and trade. Some of the firms have already taken part in the Najin-Sonbong Free Trade Zone, and the volume of two-way trade has been increasing for the past three years.

In Tokyo, the DPRK’s Overseas Economic Cooperation Committee (OESC) revealed long-term plans for the three port cities of Wonsan, Nampo, and Najin-Sonbong during an international forum on investment in Najin-Sonbong in October 1997. “The Rajin-Sonbong area, as a free trade zone equipped with financial service functions, will specialize in intermediary trade,” a DPRK official said during the forum. On the future of Wonsan and Nampo, the DPRK official commented, “On the basis of their existing infrastructures, the two
ports will serve as bonded-processing export zones focusing on consumer products.” During the recent World Economic Forum meeting in Hong Kong, other DPRK officials confirmed plans to turn Wonsan and Nampo into bonded-processing export zones instead of a free-trade zone like Najin-Sonbong. In a bonded-processing zone, enterprises are allowed to import raw materials freely from abroad before processing them for re-export, without paying customs duties and local taxes. In a free trade-zone, financial services are offered to enterprises operating there, allowing them to engage in intermediary trade.¹³

North Korea, it can be seen, is already following the model of the Chinese open-door policy and economic reform, thereby increasing Chinese influence in Pyongyang. Kim Young Nam, deputy premier and foreign minister of the DPRK, stressed that his country would strengthen and develop its traditional relations with China. When Kim received the Chinese Foreign Ministry delegation headed by Assistant Minister Qian Qian in Pyongyang on October 31, 1997, Qian said, “To further consolidate and develop the traditional relations between the two countries will serve the interest of the people and also be beneficial for the development of peace and stability in the region. China will continue to protect the bilateral relations.” The Chinese delegation arrived in North Korea on October 25 to discuss the preparatory meeting for the four-way peace talks, for which Qian is the head of the Chinese delegation, and to have discussions with Kang Suk Choo, the first deputy foreign minister of the DPRK, and Kim Ge Kwan, North Korean representative to the four-way peace talks.

The Chinese foreign policy objective on the Korean peninsula is to maintain stability and peace there while maintaining its strategic interest in Chinese-DPRK relations and its economic interest in Chinese-ROK relations, established in 1992. Japanese objectives in Korea, on the other hand, are to establish diplomatic relations with the DPRK by offering compensation and to improve its relations with the ROK in spite of problems of technology transfer, trade imbalance, and growing resentment against the Guidelines for U.S.-Japan Defense Cooperation, in order to counterbalance increasing Chinese influence in both North and South Korea. Some observers even charge that the guidelines repeat the Taft-Katsura agreement of 1905, when the United States acquiesced in the Japanese domination of Korea as a quid pro quo for Japan’s recognition of U.S. hegemony over the Philippines. Now the question is whether the Sino-Japanese rivalry of the 1890s will be replayed in the 1990s, when the United States remains the
hegemonic power in East Asia and plays the balancing role in the relationship among the three major powers, China, Japan, and Russia, that are deeply involved in Korean.

Conclusions

Stability and peace will be maintained on the Korean peninsula if the four-way talks are successful in concluding a peace treaty by transforming the armistice agreement of the Korean War. The cross-recognition ideas of the 1970s are being achieved in the 1990s. The former Soviet Union recognized the ROK and established diplomatic relations in 1991, and China also recognized the ROK and opened diplomatic relations in 1992. The United States recognized the DPRK when the Agreed Framework between the United States and the DPRK was signed in October 1994, and promises were made to open liaison offices in Pyongyang and Washington. Moreover, Japan is moving cautiously to discuss the possibility of establishing diplomatic relations with the DPRK. If Japan accepts North Korea’s conditions and agrees to pay compensation for colonial abuses in order to open diplomatic relations, then cross-recognition will be complete.

The conflict between North and South Korea remains in spite of the trends toward cross-recognition of two Koreas. North Korea had consistently opposed the entry of the two Koreas into the United Nations because it would perpetuate the division of Korea, but finally it decided to join with South Korea in 1991. It is time for North Korea to come to terms with the four-way peace talks that will enhance North Korea’s interests in peace and security on the peninsula. Without ending the Korean War at the talks, the conflict between the two Koreas will drag on into the twenty-first century. Therefore, it behooves North Korea to come to the conference table by dropping the three conditions it proposed at the second preliminary meeting in New York on September 19, 1997: the withdrawal of U.S. troops from Korea, the inclusion of the agenda for a peace treaty between the United States and North Korea, and the cessation of the transporting of arms to the peninsula. Then North Korea would be able to conclude the peace treaty with the United States and work toward reunification. The Korean problem was created by the cold war, as former Ambassador to Korea Donald Gregg has stressed, but the Korean problem should be resolved by post-cold war approaches and modes of thinking.
Notes

A draft of this paper was presented at the conference on "The 1997 Presidential Election in South Korea," at Georgetown University, Washington, November 21, 1997.


5. Ibid.

6. Ibid.


9. The text of this report may be found in the Korean Central News Agency, October 1, 1997.


North Korea’s “New” Nuclear Site
Fact or Fiction?

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Introduction

Sensational stories in the American and international press since mid-August have abruptly transformed North Korea from a feeble, impoverished nation on the verge of famine and political collapse into an awesome, secretive, irrational nuclear power. The New York Times on August 17 reported that “spy satellites have extensively photographed a huge work site 25 miles northeast of Yongbyon,” North Korea’s nuclear research facility. “Thousands of North Korean workers are swarming around the new site, burrowing into the mountainside, American officials said,” the report continued. “Other intelligence,” according to the same story, cites unidentified officials as saying that U.S. intelligence analysts told them “they believed that the North intended to build a new (nuclear) reactor and reprocessing center under the mountain.”

The U.S. Department of Defense’s denial of the story’s accuracy has been largely ignored. The press continues repeating the story without assessing its validity. Stories about North Koreans building secret nuclear facilities sell newspapers; government denials don’t. Some people have gone so far as to pervert the government denials to mean that the report is true, arguing that when the U.S. government denies something, the opposite must be the truth.

All of this poses a potentially precarious situation on the Korean peninsula given the pervasive distrust between South and North Korea. In democratic societies like the U.S. and South Korea, public opinion creates pressure on governments to “do something.” But acting on incomplete and inaccurate information could lead to tragic mistakes. The unsubstantiated speculation that has appeared in the international press about North Korea’s possible nuclear intentions could even lead to war on the Korean peninsula. Before jumping to any conclusions, we had better check the accuracy of these reports.

What facts do we have? No one outside the U.S., South and North Korean governments has seen or had access to any credible
evidence that North Korea is building a new nuclear facility. The U.S. government has officially denied the accuracy of the reports. Apparently a U.S. satellite has photographed a large construction site in North Korea. Beyond this, the purpose of the construction project remains unclear.

Press stories citing “intelligence sources” and “satellite photographs” always make exciting, but not necessarily accurate, reading. Usually “intelligence” leaks come from frustrated people in the U.S. government, either in the executive or legislative branch of government, or both. These “leakers” seem to think they know better than anyone what is best for national security and foreign policy. To influence foreign policy, they give classified “intelligence” to the press, hoping to pressure the White House and State Department into changing policy by exciting public fear and doubt about present policy. Responsible government officials and intelligence analysts do not do this, so the press only has access to the “frustrated” half of the story, not the responsible point of view.

The more important story about North Korea’s nuclear program could therefore be behind the headlines. This quiet story is centered in Washington, not in Pyongyang. It involves America’s intelligence community and not North Korea’s nuclear program. But before we go any further, who am I to discuss such matters?

Life North of the Border

As a former U.S. diplomat in the Foreign Service, I was closely involved in U.S.-North Korea relations from 1992 to 1997. Between 1992 and 1994, I was the “North Korea desk officer” at the Department of State. I then served on State, Energy and Defense Department delegations sent to North Korea between 1995 and 1997. I frequently met and negotiated with North Koreans, traveled extensively in North Korea, and lived and worked there off and on for seven months. I still meet North Korean government officials at academic conferences, and I plan to visit Pyongyang this fall as the Asia Foundation’s representative to Korea.

I first discussed North Korea’s nuclear intentions with North Koreans in New York in September 1992 when I met Foreign Minister Kim Yong-nam and then Ambassador-at-Large Kim Gye-gwan, now North Korea’s chief negotiator with the U.S., I was the first U.S. diplomat to visit Pyongyang when I went there in 1992. In October 1993, I discussed North Korea’s nuclear program over lunch with Kim Il-sung. I served on the U.S. delegation to the nuclear negotiations with North Korea in New York and Geneva in 1993 and 1994.
In November 1994, only a few days after the U.S. and the DPRK signed the Agreed Framework, I was a member of the first U.S. delegation to visit the DPRK's Yongbyon Nuclear Research Center. In January 1995, I took three U.S. Department of Energy scientists to Yongbyon. In the summer of 1995, I negotiated the working arrangements for the U.S. Nuclear Spent Fuel Team which spent the next two and one-half years putting North Korea's eight thousand nuclear spent fuel rods in long-term, safe storage as required by the Agreed Framework.

Beginning in January 1996, I teamed up with the U.S. Army to negotiate with the Korean People's Army. In May 1996, both sides agreed to jointly search for and recover the remains of the more than 8,000 American soldiers who died in North Korea and were left behind during the Korean War. The Department of State sent me to live in Pyongyang in the summers of 1996 and 1997 to help foster cooperation between the U.S. Army and the Korean People's Army.

I learned during my thirteen trips to North Korea and travel in five of its provinces that underground construction is quite normal. North Korea's military leaders, recalling the intense bombing by the United States during the Korean War, are trying to hide and to protect its most important facilities from possible aerial bombardment. Consequently, many factories and most military installations are built underground. There is nothing secret about this.

**Big Bangs at Yongbyon**

While living at the nuclear research center at Yongbyon, North Pyongan Province, in 1995 and 1996, I often heard explosions coming from nearby Yaksan, famous in Korean folklore for its beautiful azaleas in the spring. The explosions were very loud. Each one made me jump with fear. I asked the North Korean workers about the explosions, but, of course, they never heard them. Clearly, the explosions came from inside the mountain. Just across the Kuryong River, only a few hundred meters from where the U.S. Nuclear Spent Fuel Team worked, we could see North Korean laborers and soldiers walking to and from the area. We could also see the growing piles of rock taken from inside the mountain.

Was this the beginning of a new, secret nuclear facility? I think not. Obviously it was not secret since we could see and hear the work, and knew the location. At the time, many new anti-aircraft sites were being built on top of hills around Yongbyon, and many new apartment buildings were being constructed for the families of the increasing number of military personnel moving into the area. North Koreans told
me all of this construction was designed to better protect the nuclear facility from possible attack by American Tomahawk missiles and F-15 fighters. I concluded that bombproof shelters were being blasted inside the mountain to make bunkers for anti-aircraft guns and missiles, and to protect ammunition and soldiers.

**North Korea's Smoking Mountains**

During the summers of 1996 and 1997, I traveled on most of the roads in the southern half of North Pyongan Province, and I flew over the entire area in North Korean helicopters. For six weeks in July and August 1997, an American army officer and I traveled every other day on different roads in a jeep to and from the area around Unsan.

At Unsan there is also a big tunneling project. The town is about twenty-five miles northeast of Yongbyon. The tunneling involves mining for gold. Unsan has been the center of gold mining in the area since an American company opened the first mine there about one century ago.

A few miles south of Unsan, a new, two-lane, concrete highway is being constructed. The road begins near the town of Kujang to the south, a coal mining town on the Chongjong River, and runs north toward the Chinese border. We first saw the road in June 1996 and asked if we could use it instead of the bumpy dirt road we always traveled. But our North Korean guides repeatedly told us the road was incomplete, and that a tunnel still had to be built to connect the new highway to the four-lane highway that connects Pyongyang to the mountain resort at Myohyang-san.

Late last July, an American Army officer and I rented a Korean People's Army helicopter — $1,000 in cash in U.S. dollars per hour. We needed to check the procedures for emergency medical evacuation by helicopter in case one of the U.S. or North Korean soldiers searching for U.S. Korean war remains was injured. We flew from Pyongyang north to an air base just south of the Chongjong River near Yongbyon, then east along the Chongjong River and north again to an area southwest of Unsan. Our flight took us very close to the area where the satellite photographs reportedly spotted a large construction site.

Nothing seemed unusual. The North Korean government did not seem concerned that we might spot some secret construction site, otherwise they would not have let us fly. Coal mines and a few factory towns dotted the landscape. Sometimes smoke came out of a mountainside, and roads seemed to disappear into a hillside. Probably
these were places where factories had been built inside mountains. In North Korea, this is normal.

**Fragrant Mountains**

Many days I have relaxed at the mountain resort of Myohyang-san, the Fragrant Mountains, appropriately named for the pleasing scent of pine that greets the visitor. This was Kim Il-sung's favorite place, and he died there in July 1994. His son, Kim Jong-il, now frequently visits the resort. Normal visitors stay either at the gray triangular tourist hotel or a government guest house further up the road. From the hotel, if one walks up the road for about a mile, a large construction site is visible. Here workers have been tunneling into the mountain since the fall of 1994. Huge piles of crushed granite dot the mountainside. The project's main entrance is covered with wooden scaffolding. Thousands of workers each morning slowly stroll up the road toward the site.

There is nothing secret about the place. When complete, an enormous new exhibition hall will have been built inside the mountain to house gifts visiting dignitaries have presented to North Korea's new leader, Kim Jong-il. The new hall will be modeled after the one first built to house his father's gifts.

**Spy Satellites Can't Think**

Americans have an old saying — pictures never lie. But spy satellites and their pictures cannot think. Without human interpretation, pictures are not "intelligence." Actually, a picture can give us a false sense of confidence about how much we really know. Human analysis, on the other hand, is not infallible; it is only an interpretation, an educated guess about what is reality.

For example, a satellite may take a picture of a long white cylinder in a parking lot at a factory in Changwon, South Kyongsang Province. What is that white cylinder? Is it a water or propane gas tank, or a missile component? We do not know until intelligence analysts jointly interpret the picture using information from many other sources. Even then we probably will not get total agreement about what the picture reveals. All we have is an "educated guess" until we either examine the object ourselves or ask someone we trust what it is. We do not trust North Koreans so asking about what they are building will not end our suspicions, even if they tell us the truth. The best solution is to visit the place ourselves.

**"Optimists" versus "Pessimists"**

For a decade, the American intelligence community has been
arguing about North Korea. Analysts in the Central Intelligence Agency (CIA), Defense Intelligence Agency (DIA), National Security Agency (NSA), and State Department’s Bureau of Intelligence and Research (INR) still do not agree about how many nuclear weapons North Korea may have. In 1995, they began debating whether North Korea really needed food aid. A year later, these same analysts publicly exchanged verbal blows over whether North Korea was on the verge of collapse. Now the debate seems to be focused on whether North Korea is secretly trying to restart its nuclear program. Someone in this group apparently decided to win the argument, and to scare the American and Korean public into changing policy toward North Korea, by leaking secret “imagery intelligence” to the American press.

Behind all this squabbling there are two very different views of North Korea. One view is held by a group of analysts we will call optimists because they believe North Korea is capable of being transformed into a responsible member of the international community. The other group consists of pessimists, who do not believe this can happen. The optimists like South Korea’s “sunshine” diplomacy; the pessimists are uncertain about it.

The optimists argue that the foremost goal of North Korea’s leaders is national survival, not the forcible domination of South Korea. Pyongyang, the optimists believe, is trying to gradually end its isolation and beginning to engage the outside world. As evidence, they point to North Korea’s increasing trade with non-socialist nations, its opening of the country to foreigners, and signing of the Basic Agreements with South Korea in 1992 and the Agreed Framework with the United States in 1994. They also cite North Korea’s continuing cooperation with the International Atomic Energy Agency, the Korea Peninsula Energy Development Organization (KEDO), the World Food Program (WFP), and numerous private, non-governmental organizations.

The optimists are convinced that Pyongyang is trying to use its potential to build weapons of mass destruction — in other words its nuclear and missile programs — as bargaining chips to achieve maximum gains for minimal concessions in negotiations with the United States. All the while, the optimists admit that North Korea remains a dangerous military power capable of abruptly starting war and destabilizing Northeast Asia.

The pessimists, on the other hand, are equally convinced that North Korea’s primary goal remains the domination of the entire Korean peninsula. They view North Korea’s current cooperation with
the international community as a temporary expedient designed to lure
the international community into helping Pyongyang to modernize its
economy. North Korea may be economically weak now and on the
verge of famine, but, pessimists in the American intelligence
community believe, once it has restored its economic vigor, Pyongyang
could unveil secretly hidden weapons of mass destruction and return to
a coercive and hostile foreign policy toward both Seoul and
Washington.

Needed — an On-the-Spot Visit

Our purpose here is not to pick sides. Both views have their
merits. On the other hand, the recent leak of unsubstantiated
“intelligence” certainly appears to have been an irresponsible effort by
a “pessimist” within the American intelligence community. The deed
accomplished nothing constructive. The argument in the American
intelligence community will continue. After all, that is what
intelligence analysts are paid to do. On the other hand, unfortunately,
the Korean people on both sides of the demilitarized zone have been
frightened and confused, intensifying the half-century of distrust and
fear that divides them.

Whether North Korea is building a “secret” new nuclear
facility remains a mystery. Obviously, we are not likely to find out
what is really going on in North Korea just by reading American
newspaper stories based on “spy satellite” pictures.

What is a concerned citizen to do? We can stay calm and give
our governments the time necessary to address the situation through
appropriate diplomatic channels. North Korea, on the other hand, must
respond constructively to these efforts. If Pyongyang has nothing to
hide, and is sincere about fulfilling its pledges under the Basic
Agreements and the Agreed Framework, its leaders should allow
outsiders to visit the suspected site. This would be a concrete step
toward calming the situation both on the Korean peninsula and in the
American intelligence community. On the other hand, if North Korea
does not cooperate and allow a visit, then it is time to become
concerned.

Note

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Presidential Elections and the Rooting of Democracy

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Since 1987 presidential elections have been the defining political moments in Korea. Although local elections may be more illustrative of the democratic process, for it is that level at which citizens are in intimate contact with their government and gauge its effectiveness, presidential elections command more attention because of the nature of Korean political culture. The Korean president has been half king, half chief executive. The cabinet has been his plaything, changeable at his whim; the legislature to date at most a modest thorn in his side. His phalanx of staff in the Blue House (the presidential residence) rarely questions his decisions. In his society he is far more powerful than the president of the United States is in his. There is no vice president in Korea.

Since the formation of the First Republic in 1948, Korea has regularly held presidential elections, despite a student revolution in 1960 and two military coups in 1961 and 1979. Sometimes these elections were travesties of the democratic electoral process — procedural exercises rigged to produce administratively dictated results. In 1963 they were virtually forced on a regime that did not want to hold them by the United States for international public relations purposes. South Korea is now ruled under what is called the Sixth Republic, reflecting six major changes in the constitution. These alterations have fundamentally affected how elections for the presidency are held, who elects the president and for how long, and what the powers of that office and more generally the bureaucracy, which is controlled by the president, are.

Presidential elections in Korea until 1987 were virtually meaningless, since the winner was clearly foreshadowed. They provided the window dressing for any regime that needed good international public relations, and they all did as dictatorial Korea strove to be known as part of the "free world." But in another, less obvious, sense, they were profoundly important. Although they had been mandated by the external image that Korea, echoed by the United States, was trying to portray to the outside world as a democratic state,
they were cumulatively creating a climate and acceptance of procedures and developing what became a clearly felt need for holding such events and dispelling the cynicism that had become attached to the process. Presidential elections could not be ignored by even the most dictatorial regime. Not holding elections could be justified only by a national emergency of profound consequences, such as another peninsular war. Thus, in a sense, political substance followed political form.

In a number of instances, Korea has moved, inadvertently and sometimes against the best laid plans of the leadership, in more democratic directions from which there is no return to older, more autocratic, practices. The year 1987 was pivotal for Korea: The nature of the political process and the future of domestic politics changed. But change was forced on a government reluctant to give up control over both the presidential nomination process, which was through a heavily controlled and carefully selected number of delegates, and the indirect election of the chief executive through a similarly managed group.

Responding to an incipient civil rebellion welling in the streets of Seoul and to the admonitions by the United States to avoid any military action, such as martial law or garrison decree, the dictatorial government of President Chun Doo Hwan agreed to a set of liberalizations of the political process as articulated on June 29 by his designated successor, Roh Tae Woo. These included the direct election of the president by the whole electorate, a freer press, and other rights written into the revised constitution. Although presented as a magnanimous gesture by the government, these liberalizations were in fact virtually forced on the government by public opinion. What started as a student campaign had become a widespread movement involving the middle class. It paralleled the end of the Marcos regime in the Philippines in 1986, when the Makati business community joined the anti-Marcos camp.

Although political campaign financing had been murky and enormous funds illegally transferred, largely in cash, Roh Tae Woo and the government party won that election, but not because it was fixed. Rather, the leading opposition candidates, each with a concept of personalized power, could not agree to form a united front and thus split the opposition vote allowing Roh to win on a plurality.

The 1992 election, the financing of which has not yet been explained and which brought Kim Young Sam to power, was a fair election that saw the first return to true civilian control in over 30 years; it was not a military regime in mufti. Kim ran on the government
party ticket after having been in opposition all of his political life. Although many regarded this act as inappropriate, President Kim had the highest popularity rating of any president in Korean history shortly after his inauguration. The general population was overjoyed by the political progress that had been made, and the election was greeted with great acclaim.

Two other unplanned events have taken place since that have inadvertently moved the political process forward. The first was the unanticipated effects of holding local elections for governors, mayors, and county chiefs, as well as councils at each administrative level, for the first time since 1960. Although touted as “local autonomy,” and mandated by the revised and liberalized constitution of 1987, this was essentially a misnomer, because real power still rested at the center. For every elected chief executive, there was an appointed deputy; the judicial, police, and other powers emanated from the Ministry of Home Affairs or other central authorities, and fiscal autonomy was severely limited. Yet this very fact of holding local elections will likely cause a welcome and important change in the political process. Not only will local authorities have to account to their constituents, as expected, but political parties at the center will no longer be able to mobilize the type of mass support that once was standard in such elections nor, and even more important for the future, will they retain the capacity to pick candidates for local elections at the virtual whim of the chair, for many have local constituencies that are no longer dependent on the center. This unanticipated result will strengthen democratic procedures within political parties, which are still among the weakest links in the political process.

The most recent unanticipated action that will affect the democratic process was the failure of President Kim Young Sam, whose administration had become discredited through endemic charges of corruption, to select in July 1997 his nominee as the government party’s presidential candidate. For the first time in Korean history there was an open political convention by the government’s party. This event may have both immediate and long-term implications, particularly on those in office when a new government is elected (a designated successor might help protect an incumbent). From now on it will be extremely difficult to have the nominating convention dictated by the Blue House, although the incumbent’s influence will still be important. This diffusion of power bodes well for a more democratic future.
Thus, progress at the local level, the cornerstone of the democratic process, and in the parties has been quite evident and important in recent Korean history.

The Rooting of Democracy

How deeply rooted, then, are these democratic processes and procedures that have become a part of the Korean political scene, and what has prompted their development? What of the political culture?

Much of the established wisdom, especially in the United States, is that pluralistic economic systems of private enterprise lead to pluralistic political systems. Sometimes this process is, incorrectly or simplistically, attributed to Korea. There seems little doubt that over the long term private sector economic growth does put pressures on political systems to become more open, transparent, and responsive. During much of the era of the republics, the government, through complete and subsequently major control of the institutionalized credit systems and manipulation of corporate leadership, was able to impose its will on the economy and the large chaebol, or conglomerates, which indeed it helped to create to serve state purposes. If the export drive is calculated from the coup of 1961, then it took 26 years for political liberalization. (In Taiwan, it took even longer — from 1949 to 1992.) Rather than private sector causes, there were other complex factors at play in the rooting of democracy, although in Korea the private sector was not irrelevant and will be expected to play a far more active role in politics.

One important element was urbanization, not just the increased incomes and sophistication of an electorate, but also the very fact of urbanization itself. In 1961, when Park Chung Hee launched his coup, Korea was only 25 percent urban. With complete control over institutional credit, the ability to subsidize rice production and control producer prices through government purchases, and close surveillance of the rural population, the state had a firm grip over the hinterland. As a result virtually no opposition politicians from rural constituencies were elected to the National Assembly, which was weighted toward the rural sector in any case. By the late 1980s the population had become 75 percent urban. The election of opposition political candidates from major metropolitan areas, even their political domination of some of these urban areas, was long-standing. With urbanization went loss of government control over the political process.

The loss of control was only partly a result of a lack of dependence on government-controlled credit. It was prompted by a
variety of important factors, such as the rise in levels of urban education, the growth and availability of foreign and domestic information, and the increase in incomes along with the development of a real middle class that was calculated in the late 1980s at about 55 percent. Changes in other countries also were not lost on Korea; the Philippines’ “people power revolution” of 1986 was, if not a model, an inspiration. Park Chung Hee had had offensive news in the foreign press inked out by hand and suppressed local news reporting on foreign revolutions, but new and widespread technology made this impossible and counterproductive. Previous regimes had assiduously attempted to regulate and control the development of civil society through both positive incentives and intimidation. Park Chung Hee forced the establishment of umbrella professional organizations into which he placed compliant leadership. Private organizations could be shut down under various types of sweeping legislation or simply by fiat, while organizations that served the state’s interests could be co-opted through financial support. The Korean Central Intelligence Agency (KCIA) was ubiquitous. The assassination of Park in 1979 (ironically by the head of the KCIA) provided a narrow window for liberalization that was closed by the Chun Doo Hwan coup of December 12, 1979. But civil society — autonomous nongovernmental, voluntary, advocacy, and professional associations — was expanding. By the time of the official liberalization in 1987, these groups were beginning to exercise considerable independence and were taking positions at variance with government policies. The ability of the state to control organizational views was severely constrained by the perceived internal lack of political legitimacy of the Chung Doo Hwan regime.

Pluralism has since flourished. There are probably many thousands of nongovernmental organizations throughout the country (about 3,000 of the larger groups are listed in a directory of Korean nongovernmental organizations). Such organizations range from those operating at local levels to national organizations advocating public policies of various kinds — from the more rigorous enforcement of legislation on the environment, consumer protection, or women’s rights to calls for fundamental shifts in the economy or political processes. It is evident that, short of conflict on the peninsula, pluralism and civil society are now deeply rooted in Korea.

So are other institutions of the democratic process. There is a universal electorate that exercises its votes in high percentages that would be most welcome in the United States. There is a vibrant National Assembly, which, despite its limited power in practice owing
to virtually sacrosanct major budgetary allocations such as defense, is a critical sounding board for accountability in the bureaucracy and in the political process. The judiciary, although subject to government pressures and influence through its recruitment and financing, is freer than ever and even occasionally finds against the state, while the Constitutional Court, a product of liberalization, has occasionally declared government-sponsored legislation unconstitutional. The press is more self-censored and less directly controlled than it has ever been. Political parties multiply, coalesce, and transform themselves with astonishing speed and regularity.

One critical element in this transformation has been the retreat of the military to the barracks. Without incident, they have relinquished power, and the threat of a coup or other military action short of war is highly unlikely. In the process toward democratization, and in comparison with worldwide trends showing military rulers to be most reluctant to retire from power, this must be considered a major achievement of Korean society.

Thus, Korea is today a pluralistic, procedural democracy. All the institutions that make for democratic governance are in place, and many function reasonably well. But the demise of authoritarianism in Korea should not be equated with effective democracy; their relationship is more nuanced. Korea, to put it differently, is on the path of democratization, and although the democratic process may be expected to grow and mature (not without trauma), there are still important gaps in the system that prevent Korea from being called an unqualified democratic society.

**Issues of Democratic Deepening**

The myriad definitions of democracy vary depending on cultural factors and political persuasion. Democracy has become a hyphenated term, modified by various regimes to suit their particular prejudices and political purposes. The ultimate test of democracy, if not its definition, is whether there is a peaceful change of administration among or between political parties (not between factions of the same party) through the electoral process. This has occurred in Asia only occasionally and only in a few countries: the Philippines, India, Sri Lanka (not without setbacks and problems in each), and most recently Japan.

Korea has yet to experience this change but may do so at this election. This very possibility is a testament to Korean political progress. If it occurs, it will be a watershed in Korean political history.
This potential change of administration is remarkable for two reasons: First, the military is in no position to act (one of the potential winners, Kim Dae Jung, was not long ago anathema to it and had been jailed on several occasions and sentenced to death); and second, the Korean political party lineup was redesigned in January 1990 specifically to prevent a different administration from coming to power. Using the Japanese model of the Liberal Democratic Party, whose power at that time seemed permanent but has since proved ephemeral, the government’s Democratic Republican Party brought into it two leading political contenders, Kim Young Sam and Kim Jong Pil, together with many of their followers, with the idea that following the Roh Tae Woo presidency (1988–92) a parliamentary system would be inaugurated, with a ceremonial president (Korean presidents serve only one term of five years) and a powerful prime minister who would not be subject to term limitations. Thus political leadership would be rotated among the various factions of the government’s party for an indefinite period. The plan did not succeed, as Kim Young Sam is said to have reneged on his consent to it.

The issues of the deepening of democracy relate most basically, however, to the political culture. Two factors are paramount and fundamental. The first is the conception of the role of power and authority; the second is the concept of the relation of the state to civil society and to the individual, and thus the social space between the institutions of governance and the individual and collective citizenry.

**Personalization of Power**

The processes of political and economic development do not necessarily proceed symmetrically. Economic growth may occur while political institutions stagnate, at least for a considerable period. So, too, the functions of institutions may become modernized, but their administration and the attitudes toward the distribution of power and authority may be very traditional. A Korean scholar once said that Koreans operate with Western hardware and Confucian software. He meant that although industrial empires have been built on high technology and appear most modern, the attitudes toward the locus, distribution, extent, and use of power are very traditional.

This is, of course, not unique to Korea; many societies retain traditional aspects of authority, and no society is homogeneous in its concepts of power. Yet foreign observers are sometimes unconsciously misled by the image of a modern, vibrant Korea without realizing that behind that façade are some deeply ingrained traditional values, not
only of a societal nature, but also of the operation of power. Obviously, no society is static, and no one would ever accuse Korea of being so. Attitudes are in transition, which creates yet another set of tensions, and no society is completely traditional or modern — the issue is one of emphasis and where a particular culture is placed along a shifting spectrum of attitudes toward power.

Power in Korea is conceived of as finite, there being only a limited supply. To share it is to diminish one’s own stock. In a “modern” administrative system, power is conceived of as infinite — thus sharing may prompt the accrual of even greater amounts of power to the leadership. But the traditional view is that to share is to reduce not only one’s power but also one’s prestige in a society in which power is both admired and feared. It is thus a zero-sum game. This leads to a personalization of power, and with such personalization, factionalism, which was the bane of traditional Korean court politics and is strongly present in contemporary Korea.

Personalization of power extends from the highest of institutions down through the family. So a Korean president is accused of being “imperial.” The central government is highly reluctant to share authority with provincial or other lower units of governance, thus the reticence to allow, and the tentative nature of, local autonomy. The heads of chaebol retain authority and personalize decision making to a degree remarkable in companies that have worldwide reputations and interests as well as the most advanced technologies. The ultimate authority figure in descending order from the state is the father of the family. But the lowest becomes the highest — the analogy of the father is used to personalize the role of the leader (Kim Il Sung in North Korea as the father) or the government as a whole. The people are the children who will do what their benevolent father tells them is best for them. The concept has been explicit for over a thousand years in Korean literature.

Korea is also a strongly hierarchical society, and this layered system of respect and privilege is manifest from the language, where no one is equal, to the operation of politics. Hierarchy reinforces the concept of personalized power. Hierarchy was also fostered by the Japanese colonial administration which centralized authority in the most efficient system Korea had seen until that time, with the Japanese at the acme of power. Part of that administrative system and the laws associated with it are still in effect. Military rule introduced another, reinforcing element of hierarchy. Korean state decision making and authority extended effectively far into the society (more extensively,
said some observers, than in the Soviet Union), so that developmental policies were implemented with extraordinary zeal and effectiveness, even when misguided.

The personalization of authority is related to responsibility for error as well as for progress. Because the king ruled on the basis of moral example corresponding to the moral order of the universe, he was responsible personally for the fertility of the land and the loyalty and good behavior of his subjects. Thus, if things go wrong some leader must take the blame. If there is a railway accident, the minister of transportation must resign, even if he had nothing to do with the incident or took office a few days before. Therefore as political efficacy is personalized, so is political inability.

Nowhere is this problem of personalization of power more apparent than in the political party process, which is one of the weakest segments of the democratization process. Political parties in Korea have been circumscribed — the left wing is not part of the spectrum, having been declared illegal. Aside from this particularity of Korean politics, political parties stand for virtually no programs. Since independence in 1948 there have been over 100 parties in Korea. Their names are all fine-sounding, involving such time-honored terms as "democratic," "republican," "liberal," and so forth, but the party’s title rarely relates to its ideological reality.

Political parties in Korea are not political parties in the Western European or American tradition. They are in fact political entourages that are formed and reformed with only one of two objectives — to retain power or to achieve it. Party names change at the whim of the leader or for perceived cleansing or other public relations reasons in accordance with a kind of obscure political geomancy. Parties have no continuity in advocacy. They do not train future leaders, for if an underling begins to assume popularity he is expelled or more likely will seek to form and head a new party.

Only in 1987, when Roh Tae Woo took over the party from Chun Doo Hwan, was the new-party rule broken. One of Roh's first tasks was to purge the party of Chun's followers and install his own core group in authoritative positions. Many of Chun’s followers splintered off, joining the Kim Jong Pil group a little later. When Kim Young Sam joined the party in 1990, he also began reforming it in his own image. Political alliances among leaders are ephemeral and break down under the strain of divergent authority in tension with personalized power.
The Korean political representational system reinforces the autocratic authority of the party leader in a manner that is probably inadvertent. Korea’s National Assembly is composed not only of elected representatives of various parties but also a number of other appointed representatives in proportion to the percentage of votes that a party received in the elections. This system has been charged as cultivating corruption, as the seats might be bought for large payments to the party — the safer the seat, the higher the payment. In reality, the more important issue may be one of power; the choice of those who occupy proportional seats rests with the party leadership, which increases the authoritarian tendencies of the party head, as those who are chosen as proportional candidates have no individual political bases.

That no member of the party votes against its wishes is further evidence that party is the rigid preserve of the leadership. Additionally, there are no votes of conscience on nonparty issues, as in the United Kingdom, or splitting of votes as in the U.S. Congress. In fact, public records are not kept of how individual legislators vote — it is assumed that they vote with the party at all times.

Legislators change parties depending on opportunities and circumstances. It is not that one might feel more ideologically or intellectually comfortable with a certain group, but rather that the group may present possibilities for advancement. When the government lost a majority by a small margin in the National Assembly, it was able to recruit others to its ranks by various means, and thus keep a narrow majority. These factors have produced cynicism about the National Assembly. Legislators in Korea in general seem to have little public respect, although constituents of a particular legislator may feel quite differently about that individual. The public assumes that they are corrupt, and this may be one reason that, of all public servants, they have no pensions.

Democracies function under what in the West is called the rule of law. That simple phrase is based on complex historical precedents that allowed its evolution over centuries, and on the institutionalization of law. Personalization of power implies rule by some who are either above or beyond the legal system — those who play by individual, self-imposed rules.

A rule of law system where even the head of state is not above the law is evolving, but the process is slow. It is, of course, predicated on the independence of the judiciary, which has been lacking in Korea. This is illustrated by the jailing of two former presidents on corruption
(and one on mutiny) charges. The courts at first held that they could not try a leader of a successful mutiny, and then some months later, under political pressure, changed their view.

If such personalization of power exists in the realm of the state and its institutions, it would be highly unlikely that it did not also exist in other fields as well. Privately owned universities often give their presidents extraordinary authority on his or her personal whim. *Chaebol* operate in the same manner. Nongovernmental organizational and civil society leadership may also illustrate the same tendencies. The culture of power strongly affects how all, not just government, institutions operate.

**Social Distance and Democratic and Human Rights**

Discussion of the intervention of the state into the economies of East Asian societies has now become a commonplace, even trite, commentary on their remarkable development. Economists and others have noted this extensive intrusion and considered it with varying degrees of equanimity, although there is no denying that the results have had remarkable impact on the world scene. Even if, as some scholars maintain, Korea has gone from a "developmental state" characterized by heavy-handed government interference, regulation, and control of the economy to a "postdevelopmental state," where this control is largely unexercised, the model is evident and still alive.

Yet there seems to be a myopia among foreign observers on East Asia, and perhaps especially on Korea, that separates into intellectually watertight compartments economic from other types of intervention. Economic intervention is accepted as a fact, whatever efficacy one wishes to assign to it. Economic intervention, however, is far more complex, and interventions in general far more intrusive than many foreign observers imagine. In Korean society the space, or social distance, between the government and the individual is much more narrow than in many other societies. This means both that the proclivity of the state to interfere in the lives of its citizens is far greater than in many other cultures and these interventions are far more readily accepted by the population. The distance is widening both for business and for general society as government is pushed by business, reinforced by the international economic order, to stand aside and let untrammled economic development take place.

Here again the Confucian analogy of the role of the state as leader comes into play. The state intervenes in a beneficent manner to assist the people, as a father does with his children. As one instructs...
and controls what a young, impressionable child may read, watch, see, or say, and who his or her associates may be, the state provides guidance on all possible occasions. Even today, parental intervention into the marriage process is pronounced and generally accepted (although the children have veto power over parental suggestions and the vetting of possible mates). Government believes it knows best; for example, although in English-language publications Koreans use the term “agricultural extension” (as in the extension of services to the farmer), the literal translation is the more interventionist “agricultural guidance.” Furthermore, the government, through selective and punitive tax audits and other means, has the capacity to make deviance from accepted norms expensive.

State intrusion has extended into virtually every part of private life. Sumptuary laws, which have existed in some form for half a millennium, even today mandate, for example, how much might be spent on a wedding, or the extent to which one might provide flowers for various occasions. These laws or edicts are largely ignored, but their existence and the lack of public protest to them (in contrast to ignoring them) indicate that state authority over everyday life is not ended. When foreigners complain about anti-luxury campaigns directed against foreign goods, they may not be aware of a long tradition of this type of popular and governmental-inspired measure.

Korea adheres officially to the concept that human rights are universal and does not formally accept as public policy that there may be “Asian values,” as do some other regimes, many of which use the concept to justify varying degrees of restriction or repression. Yet the individualism on which universal rights are predicated is far less pronounced in Korea than in many other societies. Nevertheless, the traditional communalism is in the process of change. Families in the past have been punished for the actions of their members (this is still true in North Korea), and the latest version of the Korean constitution, reflecting the prevalence of the problem, specifically prohibits this.

Only recently, and then under pressure from international organizations such as the Organization for Economic Cooperation and Development (OECD) and the International Labor Organization, have the rights of labor, which have been the most curtailed of any social group, been in part restored. Labor had legally been excluded from the political process until 1997. Unions could not form parties, support candidates, or provide funds for campaigns. This has been modified and one labor leader has determined (at this writing) to run for the presidency under some civil society auspices. Whether there will
develop a party with the loyalties of labor, and how such a party might relate to regional loyalties, are questions without immediate answers.

It is, of course, in the interests of any Korean government to portray itself as democratic and to downplay the intrusions on what may be regarded as rights in other states or justify them on the basis of culture. Korea did this before the UN Social and Economic Council in justifying the legislation against teachers forming labor unions, on the basis that Korea is a Confucian society that honors learning and teachers, and unions would undercut their authority and respect. Such a portrayal is more important to South Korea than to many other societies because it has been in constant competition with North Korea, and, although it now may have won the war, it has not forgotten the battle.

The narrow gulf between state and society effectively limits the rights that are associated with democracy. Although there is more freedom in Korea today than ever before, and the process of expanding those freedoms is likely to continue, the state sets limits that are far more stringent than in many societies that are also called democracies.

**Media**

The media exemplify the narrowness of the state-society gap. Knowledge is power, and past tendencies have been for the state to control the media. At the worst of times, KCIA operatives sat in the editorial offices of newspapers, dictating what might be written. Later, directives came from the government of what might or might not be printed and what was absolutely forbidden.

Today that situation has changed. But the personal connections of the government officials who deal with the media are so important and their roles so senior that their informal admonitions are taken seriously. Because of the strongly hierarchical nature of society that limits the leadership’s access to critical information, along with the heritage of the media as part of the literati, the press in Korea needs to perform the role of a modernized imperial censorate, which had access to the king and told him what was wrong with his policies and activities. They are, in effect, the court of last resort.

Although the media may seem to be extremely critical of an administration, excessive negative coverage more likely represents a feeding frenzy after administrative anomalies have already been brought to light. There is little investigative reporting. Through advertising, which now accounts for about 90 percent of press revenue,
as well as some important press ownership, the chaebol play an inordinately large role in how the press responds to political issues.

Intelligence and Ideology

The methods and institutions for intelligence intrusions are still in place, although their scope is more limited and they seem quiescent. The Agency for National Security Planning (formerly the KCIA, but renamed after Park’s assassination) still has an extensive network that is pervasive, but invisible to the general citizenry. But should the bounds of acceptable practice be broken, it may become active indeed. In fact its purview was strengthened by legislation in 1997 demanded by the president in light of the severe student demonstrations of August 1996.

Although the subject is in dispute among Korean scholars, there seems to have existed in Korea, at least since the fourteenth century, a strong tendency for intellectual orthodoxy. The official imprimatur of Confucianism was placed on society through both court actions and decrees as well as through an official examination system that ratified continuation in (but not entry into) an elite class based on intellectual excellence within prescribed sociocultural limits. The rigidity of the system is illustrated by the attempted physical extinction of Catholicism, the tenets of which were considered to undermine the basis of the Confucian world order, in the eighteenth and nineteenth centuries. Although there were various efforts at reform from within the Confucian system at various points in the Chosun Dynasty (1392–1910), especially after Korea was opened to the world in 1876, they were ineffectual.

The orthodoxy continued both under Japanese colonial authorities, albeit with a different focus, and throughout the republics. The National Security Law and its predecessors, which predate the Korean War, set up ideological limits beyond which it was, and still is, illegal to go. “Anti-state” organizations (meaning those interpreted to be pro-North Korea) are outlawed, and activities and materials that are overly critical of the South’s social or political system are still censored. Those espousing such views or holding such materials are subject to arrest under this law, which has a conviction rate of over 98 percent. Although the law was justified as protection against espionage, few were tried for it.

The government’s cries for orthodoxy are still not muted in spite of the end of the cold war or the clear deterioration of the North Korean economy. The longest held political prisoner in the world (43
years) was not released until 1995 because he had not repented his orthodox communism and adopted the new orthodoxy of the South. In 1996, after the student demonstrations, the president called for a new ideology to counter the left, even though a state-inspired ideology is in fact contrary to the democratic process and the rights associated with it. When a disaffected public opposition figure defected to North Korea in August 1997, the government party called for an “ideological” investigation of his associates.

Regionalism

The issue of regionalism within the Korean political context has been the subject of much thought and discussion, and will no doubt be an important factor in the forthcoming campaign. It is important because it tends to undercut substantive discussion of issues, as voters are motivated by a primordial loyalty to region before candidates’ personalities, programs, or policies.

Regionalism was kept under control during the authoritarian period. It was evident that the leadership of the state, including both its head and many of its senior administrations, came from the southeast section of the country (Kyongsang), which also received an inordinately large share of the investment in industry and infrastructure. The Cholla provinces of the southwest, site of much of the opposition to the government, were clearly discriminated against in terms of opportunities. The Kwangju (Cholla) incident of May 1980, brutally suppressed by the military, and the persecution by both presidents Park and Chun of Kim Dae Jung, who was from that region, solidified anger that still remains. Regrettably, the bifurcation of southeast and southwest recalls the split in Korea over one thousand years ago along the very same geographical lines. Regional voting patterns are destructive to rational political choices based on issues and leadership qualities.

Progress toward Democratization

Progress toward democratization is evident. It is recognizable in the autonomous functioning of more institutions and in the freedom of individuals to petition government for change as well as to explore new issues intellectually. The population of Korea is among the most literate — indeed among the most educated — in the world, and although a strong and growing sense of nationalism may trigger provincialism, the process of globalization has exposed Koreans to an array of ideas and diverse political concepts, which has affected their
political culture. So, too, the need for international recognition as an “advanced” society prompts reform.

Government has generally acted conservatively in opening to democratic substance. The state’s response to reform and liberalization may be characterized as hesitant, reluctant, incomplete, and sometimes inadvertent. Nevertheless, even with this recalcitrance which has characterized all republics to some degree, there has been evident and remarkable progress. The Korean people have in fact forced democratic forms on a reluctant state. They may, over time, be able to force democratic substance on it as well.

International influence has had mixed results. The domination of security interests by the United States, South Korea’s mentor for a period, overwhelmed other U.S. interests in a more open market and then in the democratization process. Yet the United States did act to convince Syngman Rhee to leave Korea in 1960, oppose the coup of 1961, force the presidential elections of 1963, press ineffectually for better human rights in the late 1970s, and effectively limit the state’s options in using force to prevent demonstrations in 1987. In addition to these public policies, behind the scenes it has saved the lives of Korean dissidents (including Kim Dae Jung) and attempted quietly (but not often successfully) to mitigate other excesses against democratic and human rights.

Other foreign influences have been evident and important as well. The 1988 Seoul Olympics no doubt contributed to liberalization, for the specter of massive anti-government demonstrations would have damaged Korea’s international image. Thus resolution of the 1987 crisis was important to Korea’s world prestige. Joining the Asia-Pacific Economic Cooperation forum, the World Trade Organization, and the OECD put pressure on Korea to conform to internationally acceptable practices, only some of which are economic. Others involve equity and rights. The influence of these forces, usually ignored by Korean scholars for natural nationalistic reasons, nevertheless should not go unnoticed.

Korea has been an East Asian anomaly until quite recently because it has rarely seen business compete for political power either through recruitment into the National Assembly or the presidency. Most legislators have not primarily been identified as businessmen, but as literati, military, bureaucrats, journalists, or other members of varying elites. Until recently, commercial success alone did not provide real power (since it was largely controlled by the state) and, perhaps more importantly, no real respect. This has changed. The first
businessman ran for president in 1992, receiving about 12 percent of the vote, and it is likely that as business has shaken loose from overly stringent government controls, since the state needs business as much or even more than business needs the state, we will witness more active political roles for many businessmen. This will increase the prospects for pluralism, which is an advantage, but may also complicate issues of social equity.

If this analysis of political change in Korea is accurate, then what of the future? It is likely to be different. The forces for democratization in all fields have built up, and thus the government, which internally has become more pluralistic, will likely be less resistant to liberalization. Barring a national catastrophe on the peninsula, which seems unlikely, the process will continue. As liberalization and alternative sources of information expand, and with technology far beyond the state’s capacity for control even if it wished to exert it, the international forces that have both assisted and retarded democratization will be on the side of reform.

Even as this election approaches, politicians and parties may band together or separate as each considers the projected realities of the political process in Korea. Although this may be considered a weakness of the political system, it is also a sign of the growing maturity of pluralization, the basis on which substantive democracy may be built.

The acceleration of change, already remarkable, is likely to increase. But the heritage of state intervention and the inchoate call for conformity are likely to persist at the same time. The process of democratization is thus virtually irreversible, but it will occur in a distinctly Korean manner. Foreign observers may eventually call Korea some form of hyphenated democracy, but the progress that has been manifest is unlikely to be reversed.

Note

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Democracy and Economic Development in South Korea and its Application

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The South Korean economy has been highly praised by foreign economists as a successful model of development and proudly joined OECD in late 1996 as the world’s eleventh-largest economy, with per capita annual income of over $10,000. Since then, a series of business bankruptcies and a financial crisis resulting in the imposition of IMF supervision on December 3, 1997, has caused a shift in political power. The new administration began to work for systemic reforms, which have been interrupted by the political opposition, the entrenched chaebols, and labor unions.¹

Despite popular pressures for reform, the lack of driving forces reduced direct foreign investment, which caused the stock index to fall from the mid-500s in late February to the low 300s by mid-June 1998, coinciding with President Kim Dae Jung’s official visit to Washington. The victory of the president’s party in local elections and the promise of strong United States supports energized the Kim Dae Jung administration to expedite reform programs. However, progress may take longer than expected due to the weakened political coalition; the lack of “new blood” among political appointees; the unrelenting resistance of special interest groups; the enduring old habits, particularly in politics;² and the unhealthy economic environment in the region, including Japan.

Democracy and economic development have interacted in the modernization of South Korea, as in most other Asian countries: authoritarian politics has controlled the market while economic growth has facilitated democratization. President Park Chung Hee launched a series of economic development plans (EDPs) in 1962, which enabled the government to allocate its resources by restricting political freedom in South Korea. The first three five-year EDPs proved to be very successful, when the economy was small and inelastic. As the market grew, state intervention in the later period caused structural problems
within the economy that eventually led to idle capacity and bottlenecks in industries. As efficiency and competitiveness declined, President Park’s early successes were becoming a fading memory while structural problems loomed ahead.

State intervention in the economy pursues either capitalistic efficiency or democratic equality, which cannot be achieved simultaneously because of necessary tradeoffs between the two objectives. In fact, state intervention in Korean politics caused more problems than solutions in recovering market competition, because the government either failed to act where it should have, or chose the wrong action. Corrupt politicians collaborating with chaebols could only result in the creation of a political-economic complex, which jeopardized market functions and finally forced economic decline and a financial crisis requiring expensive structural reforms. Since corrupt politics caused market and government failures, the theory of balanced development in politics and economy, rather than Asian values, became persuasive in the age of globalization.3

South Korea has been a model for economic development. Faced with the financial crisis, a painful restructuring of the entire system was required, bringing into question whether the East Asian economic development model (EAM) is still viable. The Asian financial crisis happened in the process of economic development, where unresponsive politics ruined the economy. The efficiency of the EAM must be considered to have a strong link to politics. Under a redefined EAM, the time span for development would be extended to the stage of advanced democracy. In this scenario, South Korean development would occur over three stages: first, economic takeoff under an authoritarian regime; second, conflicting interests between democracy and economic growth; and third, balanced development of subsystems in the age of internationalization.4

The economic experiences of South Korea provide valuable lessons for later transition economies, particularly North Korea’s. If North Korea pursues systemic change towards a market economy, then Pyongyang needs to follow the course of opening that took place in China. The Chinese model teaches how to smooth out the “freedom waves” coming from economic openess, and the South Korean model teaches how to maximize efficient resource allocation in the takeoff stage. The mixture of the two kinds of experiences, in China and South Korea, will provide indispensable lessons for North Korea in its political and economic transformation, while the Kim Dae Jung
engagement policy is realistic and will be mutually beneficial for inter-Korean economic cooperation.

The present study sets three goals, to be discussed in three main sections. In the first, the role of the state in the South Korean economy will be assessed in terms of market and government failures. Second, the EAM will be redefined to show that the model is not dead but is progressing. The study also will discuss major issues of structural reform arising in the final stage of South Korean economic development. Third, lessons taken from the South Korean economy will be applied to future transitional woes expected in the North Korean economy. The study's findings will contribute to policymaking for structural reforms in South Korea and for transformation of the systems of China, Vietnam, and North Korea by reducing trial-and-error efforts to escape from poverty.

The Role of the State in the South Korean Economy

The welfare economic theorem states that a government cannot do any better than the market, and market efficiency is achieved by the Pareto optimal allocation of resources, which defines that no one can better off by reallocating resources without making someone else worse off. Under this theorem, government intervention is justified to recover efficiency in cases of market failures due to imperfect competition, external effects, and public goods. Imperfect competition is caused by uncertainty arising from inadequate information, increasing returns to scale, and entry barriers. The government attacks imperfect competition and external effects to overcome market failures while it pursues public goods, hurting more or less free competition in the market.

A serious problem of state intervention in the market appears in the conflict and tradeoff between capitalistic efficiency (dollars) and democratic equality (rights). If a government favors efficiency measures to correct market failures by ignoring equality values, income distribution is worsened and social security is threatened. If a government favors equality measures to secure the social welfare by ignoring efficiency values, the market fails by losing free competition. The dilemma of state intervention, therefore, is an issue of political choice among "candidates" in three categories: a conservative advocating efficiency, a liberal advocating equality, and an independent advocating neutrality or compromise. The choice depends on the political climate, which continually shifts from one pole to the
other according to the power dynamics between parties and
government branches.

Government failures, both those of commission and those of
omission raise social costs without achieving goals.\textsuperscript{10} Failures of
commission come from improper state intervention in public
enterprises, budget allocation, and private sector control, while failures
of omission arise from negligence of the state in necessary matters,
such as maintenance of infrastructure and foreign exchange and interest
rates. Government failures are caused by administrative incapability or
interruption of government function by the corrupt political-economic
complex. Problems of developing countries are largely the result of
both kinds of government failure, but those of South Korea belong
mostly to the category of omission.

The nature of power shows increasing returns to scale, so that
incumbent political power is used to acquire economic power, which
makes it possible to acquire additional political power.\textsuperscript{11} This kind of
chain of action generates monopoly power in politics and economics
by creating the political-economic complex. In the legislative branch
in Korea, for example, candidates running for National Assembly seats
are not chosen by primary elections in each electoral district but are
ominated by a central committee of their party. This allows incumbent
party bosses to strengthen the factional power in politics so that the
same failed candidate runs in presidential races repeatedly. The lack of
political competition prevents new candidates from entering national
politics, weakening democratic checks and balances. So it is possible
that a president dominates the National Assembly, and politicians are
secure from legal charges resulting from malpractice, a starting point
for government failures.\textsuperscript{12} Similarly, in both administrative and judicial
branches, bureaucratic monopoly by regionalism and school faction
jeopardizes societal fairness and reduces efficiency.

The rise of the \textit{chaebols} is a byproduct of market failures and
government failures. First, the Korean government provided \textit{chaebols}
with easy access to financial institutions for loans and credit through
cross-finance guarantees withheld from non-group companies. Their
monopoly power destroyed small businesses and created a series of
subcontracts which produced a worsening quality of goods, as shown
in the collapse of poorly constructed bridges and buildings. Second,
\textit{chaebols} obtained most government contracts through disguised
competition. It is a well-known secret that former Korean presidents
used to collect campaign funds from their offices, and endless scandals
in government contracts were disclosed after power transfers. Third,
the export-led growth strategy provided import licensing, tax exemptions, and export subsidies to businesses for import substitution and export promotion without considering negative effects and regional fairness. As a result, overexpansion, heavy debts, bad investments, and high overhead costs from waste caused a series of bankruptcies of South Korean firms.

Labor monopoly was another result of government failure. The labor union leaders have asserted that a large part of the chaebols' wealth should be shared with the workers since chaebols accumulated wealth at the workers' expense by monopolistic profits, tax exemptions, privileges and subsidies, and low wages allowed by the suppression of the labor movement. Their claim is justified, though the consensus to fulfill the monetary goal will be difficult to achieve. When the labor movement became violent and politicized, the government collaborating with chaebols compromised with labor unions by prohibiting layoffs to effect job security and allowing them "no work and get paid" practices in order to avoid improving national social security measures. The rigidity of the labor market has forced domestic industries to move abroad and foreign firms to hesitate in making direct investments in South Korea.

The relationship between democracy and economic development has been inconsistent worldwide, but positive achievements have occurred in many cases, including that of South Korea. Joseph Schumpeter saw no necessary relationship between socialism and democracy since the one can exist without the other. At the same time, he perceived no incompatibility between them since the socialist engine can be run on democratic principles where appropriate to the social environment. He emphasized democratic conditions including human material in politics, effective political decision-making, bureaucratic capability, democratic self-control, and effective leadership competition. The issue lies in whether the economic system is expected to be democratic. The fall of communism in the USSR and eastern Europe in 1991 evidenced that capitalism is a necessary, though not a sufficient, condition for democracy; but democracy is not a precondition for capitalism, though it is necessary for sustainable growth in the long run.

Democracy is essential for sustainable growth since it facilitates checks and balances in politics and promotes competition in the economy by minimizing corruption and maximizing efficiency. Efficient modernization of a nation requires coordinated efforts throughout the entire system, by integrating vertical and horizontal
elements of subsystems, including politics, economy, national security, society, and others. If the economy moves quickly forward while politics lags behind, market competition will be interrupted by political problems, thus distorting resource allocation. As a result, adjustment costs will become expensive in the future, which the EAM has demonstrated.

The theory of balanced development between politics and economy is controversial since the initial conditions are different in various countries, including the transition economies. First, China chose the autocratic path in its modernization, pursuing economic growth first and moving gradually toward democracy later, by adopting the South Korean model, where political sacrifice is temporarily compensated by rising income. Second, Russia chose the democratic path by pursuing democratization first and economic reforms later, resulting in the regime’s collapse since the economy could not support liberalized politics. Third, the balanced path would provide for simultaneous interactions between political opening and economic reforms in development. Taking the autocratic path in the early stage of economic development, South Korea eventually has been forced to choose the balanced path and has been pursuing simultaneous development of politics with the economy since the financial crisis hit.

China survived while the USSR perished in the process of economic transformation. Economic reform preceded political reform in the former case, while political reform preceded economic reform in the latter. The collapse of the USSR is explained by the fact that its failing economy could no longer support the country’s vast political-military system, and the bankrupt government could no longer guarantee law and order. In contrast, Deng Xiaoping adopted a gradual opening policy, attracting foreign capital, promoting exports, and pursuing economic transformation, finally to be followed by political reform. Deng achieved economic success, but he did not expect the shock of “freedom waves” resulting from opening to hit Tiananmen Square so suddenly and violently in 1989. Similarly, President Park experienced political crisis in the major cities in South Korea, which threatened the survival of his regime.

Political-economic interactions may be investigated from the point of view of economics looking toward politics, or vice versa. On the one hand, economic development facilitates democratization. First, economic growth is accompanied by trade expansion, by taking comparative advantage of a country’s assets, which requires more education and training to produce better-quality products to beat
foreign competition. The knowledge gained from education and training awakens workers' awareness respecting the democratic values of freedom and equality, and they come to reject authoritarian rule which prevents growth of a democratic society. Second, trade expansion raises the volume of transportation and communications across borders. Cross-border traffic may be controllable when the economy is small and simple, but it is too expensive to manage when traffic becomes heavy. Expanded foreign trade with advanced technology expedites information flow and spreads Western civilization, which stimulates liberalization. Third, the rising household income opens the ranks of the economic middle class, allowing more people to be educated and to travel. The broader middle class demands more political power and strengthens majority rule in decisionmaking through the "power of the purse," which contributes to democratization. Finally, foreign trade expedites internationalization by emphasizing the importance of reciprocity, which respects foreign values as much as domestic ones. The openness of local markets to foreign firms abolishes cultural barriers and reduces the self-determination of domestic politics due to increasing interdependence among international trade partners. Politics can no longer remain closed in a market economy, though authoritarian regimes try to maintain their existing interests in politics and economy.

On the other hand, democracy is necessary to maintain sustainable growth in capitalistic economies by maximizing efficiency. The South Korean economy remained efficient in the three five-year EDPs (1962-1976) despite excessive intervention by the authoritarian regime, for the following reasons: The economy was small and the market was inelastic, so government intervention was desirable until the market recovered competition. The EDPs were well prepared for resource allocation by forcing the economy to move from labor- to capital- and technology-intensive industries with proper investment in infrastructure. The driving forces were aggressive, as in the revolutionary period of the Soviet Union, and mobilized available capital and labor. The export-led growth strategy and continuous adjustment of policy to environmental changes were successful in moving from import substitution toward export promotion by accumulating capital and technology. Finally, the government coordinated properly with business and labor, which were highly motivated by nationalism and a popular sense of pride in building and modernizing their nation.
However, when the economy became more complicated in the second half of the 1970s, government intervention distorted resource allocation, which reduced efficiency and growth. The shipbuilding industry, for example, was expanded based on government subsidies at a time when the world demand was beginning to decline, so that the level of capacity utilization remained below 40 percent until the mid-1980s, lowering factor productivity and increasing foreign debt.²⁸ Corrupt politicians and bureaucrats sold monopoly power to favored businesses and labor unions and received bribes in return, which caused failures in both the market and government, financial crisis, and finally economic recession. Corrupt politics ruined the economy of South Korea while economic development nevertheless facilitated its democratization.

What are the sources of corruption?²⁹ First, corruption is accompanied by the lack of transparency and accountability in government and business. Corrupt public officials use their power for personal gain by accepting bribes, while private donors get what they want from the government. Second, policies and regulations that produce gaps between demand and supply invite corruption since businesses and individuals try to avoid red tape by offering bribes to reduce costs and to save time. Those working in the thriving underground economy aim not simply to evade taxes, as in rich economies, but are mainly attempting to dodge the red tape and the inevitable bribes in the formal sector.³⁰ Third, if corrupt individuals are rarely detected and punished, if expected returns from breaking laws are much higher than expected costs, or if social justice does not exist in the system, the system itself facilitates corruption. Finally, if the salaries are low and job loss is not a problem, it is easy to be corrupt since benefits are much higher than costs of punishment.

Then what can be done about entrenched corruption in South Korea? The answers lie in three categories: enhancement of democratic checks and balances in politics and government, promotion of competition in the economy and business, and organization of active citizens' groups for social interaction and consensus building in order to oversee civil services and provide policy input.³¹ The first category should focus on reducing the discretionary power of government officials, enforcing anticroruption laws, reforming the civil service, and increasing the accountability of government to its citizens.³² It is essential for the people to see and to believe that anyone, without exception, who violates the law will have to pay the price for his wrongdoing sooner or later.
The East Asian Development Model: Still in Progress

The EAM, the rapid growth model of Japan, Taiwan, and South Korea, can be understood as a combination of both economic and non-economic factors. The economic factors include high investment ratios, small public sectors, export orientation, labor-market competition, state intervention in the economy, large and efficient investments in human capital, and well-developed capacity to absorb new technologies. The non-economic factors include ethnic and linguistic homogeneity, relatively compact geography, manageable population size, and Confucian tradition — which in turn influence labor productivity, savings behavior, and other aspects of economic performance. However, after the financial crisis, Asian values were blamed as a disturbance in economic development, and voices were raised demanding that political elements be considered in defining the model.

Economic growth sources are defined by both factor input mobilization and productivity growth, the shares of which vary according to country, period, and estimation method. Dale Jorgenson estimates that the share of economic growth generated by capital and labor input is three-quarters of total growth. In his study, United States economic growth from 1948 to 1979 was fostered by growth of capital input (45.6 percent), growth of labor input (30.7 percent), and productivity growth (24.7 percent). The growth of savings affected by consumption behavior generates growth in capital input, while population growth generates increases in labor input, which is affected by production behavior such as labor-leisure choices. Paul Krugman argues, by comparing the EAM to the Soviet Union in its early period of economic development, that East Asian growth is driven not by productivity growth in terms of efficiency gain but, rather, by resource mobilization. He explains that input-driven growth continuously and intensively supplies capital and labor, consequently yielding diminished economic returns and a sharp deceleration of growth. Meanwhile, the diffusion of technology will place huge strains on Western society, so that no technological convergence between East and West is expected. He considered that state intervention in the Asian economies would not make any discernible difference.

While Paul Krugman presents sound arguments about problems of government intervention, he misconstrues important points about the EAM, where investment is not a simple accumulation of fixed capital. In major equipment purchases from advanced countries, Seoul requires extensive transfer of technology. Technology transfer also naturally
occurs through the learning-by-doing process on the job at joint-venture facilities. The World Bank estimates that the contributing share of total factor productivity to total growth was over 33 percent for Japan, Taiwan, and South Korea during the period 1960 to 1989. This number is much higher than Jorgenson’s estimate of 24.7 percent for the United States. As long as the marginal return of capital exceeds its cost, growth based on rapid capital accumulation would be highly desirable, though its marginal productivity is likely to decline — not sharply, as Krugman worried, but gradually, as the capital stock deepens.

Due to the following shortcomings in its definition, the EAM needs to expand its scope to include the stage of advanced democracy. First, even though economists have disregarded the influence of political elements in the model, democratization has, in fact, greatly affected economic development. Political elements are fundamental to accurately defining the EAM from the viewpoint of political economy. Second, the time-line of the EAM has formerly considered only the two stages of economic takeoff and growth expansion. But the model must include the advanced stage of democracy to be built after structural adjustment since financial crisis is part of the process of economic development. Third, technological advancement in transportation and communications has brought the world closer more rapidly than ever before. Trade relations strongly affect foreign relations, as recently seen in the interaction between the United States and China. The globalization of the information age must be considered in defining the economic development model.

South Korean economic history is divided into three periods of major political change. In the initial stage, economic takeoff under the authoritarian regime (1962-1979), President Park controlled the hybrid market economy by suppressing democracy. By crushing the opposing freedom movement, he fortified his authoritarian regime and allocated resources by launching a series of EDPs. An input-output analysis by this author indicates that the export-led growth strategy of South Korea was the best choice among available alternatives. This strategy produced the largest GDP for the same level of aggregate final demand. Import substitution required a huge amount of physical and human capital, which could be financed by export earnings, while export promotion required advanced technology, which could be accumulated by import substitution; both were mutually supportive and complementary. The movement of comparative advantage due to the shorter product-life cycle transformed the industrial structure absorbed
by import substitution, and proper adjustment helped to maintain its competitiveness. Finally, a supportive strategy of domestic demand expansion was desirable only if market openness did not suppress consumption of domestic products in fair competition, though it proved to be wrong because of government failures.

The export-led growth strategy exploited economies of scale through foreign trade despite a narrow domestic market. Using comparative advantage with favored patterns of trade through efficient resource allocation, South Korea improved its products' competitiveness. Protection and subsidization allowed monopolistic profits to export industries rapidly promoting exports, and trade expansion widened the production possibility frontier in the economy. Though the overall economic returns from export promotion were larger than the cost, the incentives became a serious problem. As the economy grew, inefficiency developed due to poor allocation of resources, income inequality widened between favored and disfavored, and heavy social costs compounded from the suppression of democracy by the authoritarian regime.\textsuperscript{40}

Thus, the government could achieve neither efficiency nor equality, and voices demanding freedom and democracy became louder. The Korean Economic Planning Board found that "inefficiencies have been imbedded in the economy . . . . Government-initiated investment activities as well as protective measures, such as import restriction and monopolization, have weakened economic versatility and hindered proper functioning of the market mechanism. . . . . The inequalities between income classes and regions were aggravated."\textsuperscript{41} During the second half of the 1970s the entire South Korean system declined in efficiency because political development lagged far behind economic growth. It was proven that government intervention had caused market failures by the time of President Park's assassination in 1979.

In the second stage, conflict between democracy and economy (1980–1997), presidents Chun and Roh relaxed control, but politics remained only half-democratic as chaebols strengthened their monopolistic power. Seoul did not have westernized intellectuals to incite military revolution against President Park in the early 1960s, but the situation changed when economic development expanded education.\textsuperscript{42} In fact, anti-government sentiment began to evolve in 1972 when President Park revised the constitution to include his rule for life. The suppressing forces of the authoritarian regime were strong enough in the 1970s, when the driving forces for democratization were
relatively weak. Park's assassination amidst the social instability of 1979 temporarily reduced these problems, but little progress in democratization was made by his two successors.

President Kim Young Sam allowed full freedom of expression, unlike his predecessors, but his administration could not make any real difference because the system and people remained unchanged. As the first civilian president, he removed the military culture from the government and pursued ambitious social reforms. However, his lack of professional knowledge and experience caused him to ignore the need for a democratic decisionmaking process in the system, and his authoritarian leadership caused many errors. After the Hanbo Steel Group scandal, Kim lost control of his presidency, which was shared with President-elect Kim Dae Jung, who had been meeting with his Transition Committee at his home since the election. Conflicting political and economic interests plagued Korea during this period, and the confused leadership failed to integrate differing social interests. Seoul experienced government failures, and the external forces of the IMF took control of the Korean economy. The political situation, which would be expected to change in the third stage, was the major reason for this external supervision.

In the third stage, balanced development of politics with economy (1998–2015), the South Korean economy pursues a balanced development for its structural reforms, where the following must be considered: First of all, market forces are not enough to remove the monopolistic power prevailing throughout the nation's system; the lack of driving forces slows reform. Only government intervention will promote efficient reform, by rooting out resistance from the anti-reform groups, including politicians and chaebols. In order to avoid errors, the reform priorities should be clearly delineated through professional evaluation free from the persuasive pressures of political interest groups. Temporary state intervention will help to reconstruct fair competition in South Korea.

Second, the burdens caused by reforms should be shared equitably in a manner acceptable to all parties. The political opposition, chaebols, and labor unions do not want to lose any part of their interests, but no reform will succeed without downsizing and cutting costs. The leadership should force all parties to share burdens coming from systemic reforms. The Tripartite Committee, consisting of labor, business, and government, should unite constructively to achieve the goal of recovering economic strength. If not, the South Korean people will pay a high cost.
Third, the initial conditions for fair competition should be seriously considered in reforms. The wealth of the chaebols came not from fair competition but from monopoly power provided by the corrupt government, which devastated nearly all small businesses. The revival of small and medium-sized businesses is essential in reforms. Therefore, the government should bar chaebols from participating in government contracts, except in certain industries which are not appropriate for small businesses, until the initial conditions are fully recovered. This kind of concession to small businesses would correct the distorted initial conditions that suppressed fair competition.

Fourth, in banking reforms it is essential to investigate the real demand of funds and to set available resources. Previous bank management should be brought to justice for their misconduct and replaced by fresh, new, efficiently operating management teams. The Bank Supervision Commission should be controlled not by the Office of Prime Minister but by the Bank of Korea in order to ensure its political neutrality. It is dangerous to amend the banking laws by allowing chaebols to enter the banking business; such amendments oppose the direction of economic reforms.44

Fifth, the Bank Supervision Commission should strictly require banks to maintain each firm’s debt-equity ratio below 200 percent through removal of cross-finance guarantees. The Fair Trade Commission should closely watch internal transactions among group companies to root out monopolistic practices that violate antitrust laws. Consistent supervision increases efficiency and expedites structural reforms. It is neither reasonable nor helpful that chaebols incite nationalistic sentiments in order to avoid foreign competition, or that labor unions reinforce workers’ hatred of foreign investment in order to promote union cohesiveness. The labor market, particularly, jeopardizes economic reforms by encouraging domestic firms to operate in foreign countries and by forcing foreign firms to hesitate in their direct investment activities in Korea, which threatens job creation in South Korea.45

Sixth, in the course of economic recovery Seoul should reduce the negative effect on the economy of excessive military expenditures. The United States-Korea security alliance deters external threats from the North, establishing a low-cost national defense. If Kim Dae Jung’s engagement policy with the North yields a peace treaty and disarmament agreement as a preliminary step toward Korean unification, the two Koreas can divert military spending to future...
economic development. The leaderships of the two Koreas should achieve disarmament benefits by compromise as soon as possible.46

In sum, the outlook is optimistic for South Korean economic recovery because of its highly educated labor forces, accumulated capital and technology through advanced industries, world-class management and marketing experience, and mature and self-adjusting democratic leadership. When South Koreans pursue speedy reforms by sharing burdens equally for structural adjustment, the recovery will be successful, proving that the EAM is not dead but progressing, alive and continuing its rapid growth. As mentioned, however, reforms and recovery can be significantly delayed if conflicting interests weaken the driving forces as seen in political underdevelopment.

We may consider the following three possible scenarios: (a) If the Kim Dae Jung leadership pursues speedy and aggressive structural reforms in the right direction, South Korea will regain its previous economic strength and growth rate within three years. (b) If Kim Dae Jung’s administration fails to integrate productive reform elements because of conflicting interests within the system, economic recovery will take more than a decade, as witnessed in Latin American countries. (c) If the Kim Dae Jung government fails in promoting expeditious change but maintains a desirably focused reformatory direction, the result will lie somewhere between these two extreme cases, taking five to seven years. However, it is too early to predict economic recovery since there are various obstacles hindering structural reforms in South Korea — such as political skirmishing, the resistance of the chaebols, and labor strikes. Swift success of system reforms depends on the people’s ability to mobilize all possible resources, and the historical results will be judged by the next generation in Korea.

Application of South Korea’s Experiences

As discussed previously, South Korea has experienced the development of political-economic relations while modernizing from authoritarian rule to the Western standards of democracy. Democracy, reducing intervention costs through its feedback adjustment mechanism, is essential to maximize capitalistic efficiency. The balanced development of the system minimizes costs induced by lagging subsystems. Government intervention in politics causes market failures, and corruption from the political-economic complex results in government failures, becoming a heavy burden on growth. EDPs are efficient in the early stages of economic takeoff, when the economy is
small and inelastic. But in the later period, when the economy becomes large and complicated, problems in efficiency and equality emerge under EDPs due to misallocation of resources without competition in the market.

If South Korea had chosen a different strategy, the adjustment costs would have taken a different form. As long as the difference between integrated returns from the chosen growth strategy and those from other strategies is larger than reform costs, the costs must be the lowest price that South Korea has to pay for adjustment. If from the beginning Seoul had chosen a strategy that balanced economics with democracy, today’s frustration would not have occurred; no greater economic performance could have appeared in the history of its economic growth. Once recovered, Seoul’s economy will be stronger than ever before, having achieved both advanced democracy and a market economy through structural reforms. Through this financial crisis, with the help of external forces, South Korea will have matured towards political and economic internationalization.

The South Korean experiences provide several lessons for the transition economies of China, Vietnam, and North Korea. (a) A series of economic development plans should be used in the early stages of economic takeoff, even if political freedom is restricted. The aggressive driving forces will expedite a big “push” effect on the economy. The planning period must be less than fifteen years. (b) Government intervention should be gradually reduced after ten years, and a balanced path should be pursued between politics and economics by leaning in the direction of fair competition. It is necessary for the leadership to watch corruption closely. (c) Economic development should start from import substitution of labor-intensive products and move to export promotion of the same industries. Import substitution of capital- and technology-intensive products should be emphasized at the start, moving to export promotion of the same products. (d) Proper capital should be supplied by selling ownership, except in energy, transportation, communications, finance, and media businesses. Aggressive investments should be made in education and training with research and development, but with an effort to minimize protection of infant industries. (e) If politics remain unchanged, the economy will lose efficiency and equality, which will reduce exports, employment, and income. Then the economy will have a problem in the balance of payments, which threatens continuous growth. Time is of the essence in this case to reduce adjustment costs for recovery. (f) Balanced growth of politics and the economy is essential, and other sectors are
also important to reduce adjustment costs. The defense budget should be minimized to avoid damaging the economy. (g) Subsequent policy reforms for adjustment are necessary to make the economy efficient, reducing accumulated costs arising from state intervention. It is dangerous to maintain improper or outdated policies without correction, because such inaction raises unnecessary costs in the future. Speedy policy adjustment is possible by making people work together with the system through the democratic process, with qualified economists.

In the case of China, system transformation has faced obstacles in justifying its ideological shift, improving privatization and managerial efficiency, and struggling with corruption. Zeng Peiyan writes, “Building a socialist economy with Chinese characteristics means developing a market economy under socialism and constantly emancipating and developing productive forces.... The party and the state have shifted the focus of their work from the practice of ‘taking the class struggle as the key link’ in the past to socialist modernization with economic construction as the core.” The party conservatives need excuses for transformation since they, who have enjoyed the old system of equality, are not used to the new system of efficiency. China has set four goals for building its socialist economy through reform programs: to readjust its ownership structure, to improve its socialist market economy, to enhance its system of income distribution based on the ownership of productive means, and to liberalize its domestic market to the world. Thus Chinese policy pursues efficiency with equality.

The starting point of economic transformation in China is allowing property rights and privatizing state-owned enterprises by introducing the price system into the market. This generally invites three major problems: bankruptcies due to poor corporate management, unemployment due to efficiency improvements, and inflation from high growth and poor financial policies. A survey suggests that the authorities should suspend production of unprofitable products, make calculations in light of real market conditions, and drop production plans that are not cost-effective. Meanwhile, the unemployment rate in China has approached 20 percent in major cities such as Harbin and Shenyang. The government fears high unemployment may cause social instability. Fortunately, the authorities have been able to curb inflation, while yuan values have appreciated due to the fall of other currency values in Asia.
Corruption has been a persistent problem in China. Property in the socialist economies belongs to the state, and the political power sets privatization rules and distributes state-owned properties to qualified individuals. The phenomenon of corruption emerged along with private property and ownership, so China has initiated a radical cure for corruption, as follows: First, China maintains an ideological guarantee opposing corruption and advocating integrity by enhancing party building and education in ideology and ethics. Second, China is providing better administration to remove the environment in which corruption flourishes, by formulating new regulations and institutions. Third, China has launched a comprehensive project of system engineering for effective supervisory mechanisms to oppose corruption and to advocate proper behavior. Since the initial political conditions were based on proletarian dictatorship and Marxist class struggle, political monopoly allowed corruption, as the second generation of bureaucrats were helped to acquire privatized corporations. The same set of conditions must be considered in transforming the North Korean economy.

Military confrontation in the Korean peninsula has remained unchanged for half a century despite paying the price of authoritarian political rules, economic burdens from national security costs, and an extreme dichotomy in societal values. Pyongyang has also paid the price of confrontation directly and indirectly — more than South Korea has, because of the fall of the Soviet Union and its satellites. In applying lessons from the reform of other economies, it is necessary to revisit the reasons why the North Korean economy has hopelessly fallen, similarly to the fall of communism.

The DPRK's problems are caused by the nature of the system. The centrally planned economy, with projected consumption and production determined by the state, causes inefficiency by creating bottlenecks and idle capacities in industries. Marxist ideology does not allow for personal property rights, and a small interest group holds all political and economic power in the name of the proletariat. Position in the hierarchy of the proletarian dictatorship is rewarded as opposed to performance-based compensation for workers, which undermines motivation and reduces productivity. Heavy military spending from the dual economic system reduces investment in infrastructure and manufacturing facilities, raising overhead costs in the economy. Government censorship threatens communications, socialist brainwashing preempts creative ideas, and lack of education and training with research and development delays technological
advancement, reducing productivity. Its self-sanctioned autarkic economy makes it difficult for North Korea to exploit comparative advantages and to mobilize resources, thus limiting its production possibility frontier. North Korea misuses its resources by repressing its own people, particularly intellectuals and political dissidents, in order to prevent internal uprising. The rigidity and inflexibility of centralized power interrupt self-adjustment, which reduces efficiency and productivity. While China is expediting economic transformation towards a market economy, Pyongyang wastes its golden time in playing fruitless games. Ignoring the value of the moment, the DPRK leadership is losing opportunity and money.

Pyongyang faces a dilemma: openness threatens survival of its regime, but the economy cannot be revived without openness. The only choice for the regime’s survival is in the strategy of “soft landing” and multidimensional, simultaneous, and gradual transformation of the system. To be multidimensional and simultaneous in change, all subsystems of North Korea, including its politics, security, economy, and society, should be developed at the same time, in a balanced manner. Gradual transformation means that reform starts partially in a specific region, such as the Rajin-Sunbong area, in a first step, and gradually expands to other locations, such as Wonsan on the east coast and Nampo on the west coast, thus minimizing shock waves from new freedoms. Eventually, after building confidence and immunity to external culture in the population, openness can be applied to the entire area of North Korea.59

Time is essential in economic development. Let us assume that Pyongyang wants to build a manufacturing plant for fertilizer in the suburban area of Wonsan. The first thing to be done is to build infrastructure, including power stations, water and sewerage lines, highways and byways, railways, seaports, airports, and communications facilities — which will take at least five to seven years. The second step is to build the manufacturing plant itself, including buildings and equipment, which will take at least three to five more years if there are no financial problems. The third step is to recruit and train employees and to assign jobs, including overseas marketing, accompanied by the opening of plant operations and sale of products to the world, taking three to five more years. Pyongyang thus would need at least ten years to normalize its new plant without constraints. There is no time to waste.

The real condition of the North Korean economy is rather serious. Interviews with North Korean refugees suggest that “over 25%
of population in many villages...have died, with the height of the crisis occurring in fall 1996....Even isolated instances of cannibalism are simply too widespread and too specific to be dismissed....A major humanitarian disaster has already occurred with tens of thousands of people already dead from starvation and starvation-related illness.”60

The central government has been losing political influence over provincial and local authorities due to lack of “grain power.” The private market activities throughout the country are accepted, and the household responsibility system is selectively implemented. But no reforms have yet been observed.

North Korea has burdened China by demanding economic aid and producing a flow of refugees into the Chinese border provinces.61 Meanwhile, South Korea has been a partner with China in the growth of mutual trade and investment. Despite the rhetoric of equidistance in its relationship with the two Koreas, China has begun to recognize that its economic interests in Seoul are more significant than its strategic interests in Pyongyang, and that a unified Korea is not a danger to China’s security. As Sino-American relations improve, China’s economic interests generally become more important than its strategic ones. So China may agree that the status quo is not sustainable on the Korean peninsula.62 It is true that the ball in the North-South game is in the court of the Koreans; they themselves must determine their future peace and prosperity.

A Chinese study maintains that a “soft landing” is the most feasible strategy for achieving Korean unification.63 First, the risk of destruction caused by war is unacceptable to both sides, and war does not correspond with the interests of the relevant parties when North and South both have serious economic problems. Second, China wants to strengthen its traditional friendship with the North while improving its economic relations with the South. The United States for its part does not want the casualties of war, nor does Japan desire a second Korean War threatening its national security. Finally, quadripartite talks will help find a way towards a rational settlement of the Korean peninsula issue in terms of relaxation of tensions, cooperation, and consultations as a gradual process. This view represents the reality as honestly judged by Chinese intellectuals.

The United States and South Korea pursue constructive engagement with North Korea, and the regional powers are supportive of peace and prosperity. The international community is becoming closer through market openness as barriers towards globalization are removed, and Pyongyang would be wise to lean with the wind. South
Korea wants to save military expenditures and apply them to economic recovery and repayment of external debts. Further suppression of the North Korean economy pushes the regime towards collapse, which Seoul does not want. Possible returns from negotiations are limited, and continuous demands for concessions from the North waste time without gains. If Pyongyang cannot develop constructive relations with the Kim Dae Jung government, another five more years will be necessary before North Korea can meet the next South Korean leadership — which may not be as friendly as Kim Dae Jung’s.

Kim Dae Jung’s engagement policy towards the DPRK includes three principles: no armed offensive from the North, no intention on the part of the South to harm or to absorb the North, and pursuit of conciliation and cooperation between North and South. The theory is realistic and mutually beneficial; North Korea can transform its system without external risks while South Korea can minimize unification costs as a result of Northern self-regeneration. Both sides can save and divert resources from defense to economic purposes by signing a peace treaty with disarmament. Thus, it was not wise for the hardliners in the North to cause the recent submarine incident and armed infiltration of the South when the two sides are pursuing cooperation. If Kim Dae Jung loses patience, Pyongyang will become the loser, and its difficulties will be prolonged.

The lessons from the experiences of South Korean and Chinese reforms prove to be meaningful as North Korea faces difficulties of capital formation in its transformation. DPRK capital comes from external loans, foreign direct investment, foreign assistance, war compensation, cooperation with Seoul, disarmament, domestic savings, sales of state properties, and labor exports. Its resource allocation should coordinate the structural balance with South Korea, invest early in agriculture, substitute imports of labor-intensive products, provide sufficient infrastructure, and educate human resources. If Pyongyang hesitates to transform its system with the Kim Dae Jung engagement policy due to its “absorption phobia” of the South, it may permanently lose the chance of recovery. Now is the time for the two Koreas to engage each other in economic revival and peaceful reunification.

**Conclusion**

In summary, we have viewed the role of state in the economy, survival of the EAM with reforms, and application of South Korean experiences to transforming North Korea. First, the EDPs were efficient in the early stage of development, when the economy was
small and inelastic. As the economy grew in scale and complexity, government intervention invariably caused market failures, and a corrupt political-economic complex led to government failures. Economic development facilitates democracy since it is essential for sustainable growth. In turn, democratic development promotes checks and balances in politics, minimizing corruption while enhancing competition in the economy by maximizing efficiency. Thus, the theory of balanced development between subsystems becomes persuasive while the effects of Asian values in the economy have been controversial. The direction of structural reform in South Korea points towards promotion of fair competition in the entire political, economic, and social system by removing the monopolistic power held by the old interest groups.67

Second, the current financial crisis is a stage in economic development, and the EAM is still valid and continuing to progress. Krugman argues that the EAM is driven not by productivity growth but by resource mobilization, a view we can reject since its contributing share of total factor productivity to growth proved to be over 33 percent during the period 1960 to 1989. The prospects for the South Korean economy are optimistic owing to a highly educated labor force, accumulated capital and technology, world-class management and marketing experiences, and mature leadership and democracy with a self-adjustment function. If the Kim Dae Jung leadership pursues speedy and aggressive reforms, the economy will start to recover by the year 2000. South Korean reforms require government intervention in restructuring, appropriate burden-sharing, equalized initial conditions, tight bank supervision, fair trade supervision, disarmament and resource conversion, and no leadership corruption.

Third, the experiences of South Korea reveal how North Korea can escape its economic vicious circle, while those of China can teach the DPRK how to transform its system towards openness by smoothing out “freedom waves.” Since inter-Korean economic cooperation is fundamental for revival of the DPRK economy, Pyongyang may permanently lose the chance of recovery if it hesitates to make system changes due to “absorption phobia” of the South. Kim Dae Jung’s engagement policy is realistic and mutually beneficial since the North can transform its system without external risks, the South can minimize unification costs by Northern self-regeneration, and both sides can save costs by diverting resources from military to economic purposes. It is necessary in supplying and allocating resources in North Korea to consider the likely industrial structure of a future unified Korea, to
invest in the agricultural sector first for self-sufficiency, to substitute imports of labor-intensive products, to provide sufficient infrastructure for inexpensive overhead costs, and to educate and train human resources.

This study concludes with three policy recommendations: first for the South, second for the North, and the last for the international community.

**Recommendations to Seoul:** South Korea is now in the third stage of political and economic development and is approaching the Western standard of democracy and market economy. The Kim Dae Jung leadership was successful in managing the current financial crisis in its early stages, but the people have begun to question the president's capability and intentions regarding structural reforms. President Kim must maintain speedy and aggressive driving forces in a consistent direction to recover fair competition within the system. In rooting out corruption, the government must honestly investigate campaign finance and political contribution scandals related to corrupt politicians and businessmen who have violated the law. Bringing wrongdoers to justice is a starting point for making the system fair. The South Korean people should not confuse nationalism with patriotism. In domestic capital formation, it is better for South Korea to sell ownership to foreign investors than to borrow funds from foreign banks when domestic firms are weak in financial creditability and technological competitiveness. The kind of nationalism that rejects foreign investment is not truly patriotic since it hurts the Korean economy in the age of globalization.

**Recommendation to Pyongyang:** The North Korean leadership pursues survival of its regime through economic recovery. As long as the *Juche* regime holds onto its old principles, the DPRK economy will not fully recover its strength. Pyongyang must shift its ideological orientation, as did China, from the equality sought through Marxist class struggle towards the efficiency of classless competition by removing the monopolistic power of the proletarian dictatorship system. The dual economic system separating the military from the economy hurts integrated policy formulation. The independent military sector expedites arms buildup and reduces investment in infrastructure and capacity generation, jeopardizing productivity growth. Both a peace treaty and a disarmament agreement between the two Koreas is urgently needed so that resources may be diverted from military to commercial purposes. Inter-Korean economic cooperation is essential
for the recovery of the North. The South is undoubtedly the most potentially helpful partner for the North in the world. The DPRK must recognize that economic interests in the post-cold war period have become more important than political-military interests due to the absence of external threats.

Recommendation to the international community: Other nations should help the two Koreas to pursue balanced development of democracy along with their economies. Constructive engagement between the United States and China became visible after President Clinton’s China visit in late June 1998. Since both powers want peace and stability in the region, they should cooperate to build a peaceful, reunified Korea. Particularly China should make greater efforts to construct a peaceful relationship between Seoul and Pyongyang, since a unified Korea is more beneficial to China than a divided one. Politically, China has been successful in transforming its system, so the “freedom waves” from Korean reunification would not be a threat. Economically, China’s capital market is mature enough to absorb foreign capital, and a shift of South Korean capital from China to North Korea would not present a problem. China’s trade with a unified Korea would be much greater than at present with North and South. Strategically, the DPRK’s buffer role for China has gradually faded out since Washington has begun to engage Beijing. Seoul has been approaching Beijing for mutual security cooperation, while Pyongyang has created problems threatening regional security in various ways. Culturally, Koreans share more similarities with the Chinese than with people in any other Asian country. It should be persuasive to China that a unified Korea would satisfy more Chinese interests than a divided Korea does.

Notes

A draft of this paper was presented to the Eighth International Economic Convention held at Korea University in Seoul on August 18 and 19, 1998, sponsored by the Korea Economic Association. For more information see the author’s home page at http://www.ewri.org/drkim.html.

2. Some reflections of the “old habits” that may be observed are as follows: (a) The Kim Dae Jung administration placed the Commission on Bank Supervision under the control of the Office of the Prime Minister, though it should have been under the control of the Bank of Korea to keep political neutrality. (b) The National Assembly stopped the adoption of the Real Name System in financial transactions mainly to allow the continued flow of hidden funds. The president’s party collaborated, though it was criticized since the use of parties’ real names in financial dealings would help to provide transparency of campaign funding. (c) Kim Dae Jung’s party allows chaebols to own their own banks, a practice which was restricted in previous administrations. See “The Ruling Party Allows Bank Ownership to Chaebols,” *Joongang Ilbo Internet*, June 8, 1998. (d) The five top chaebols absorbed over 76 percent of the total amount of corporate bond sales during the first five months of 1998, another type of corporate debt that should be reduced. See Yoo Seung Ho, “Big Five Alone Ate All Funds, 27 Trillion Won by Selling Bonds,” * Hankook Ilbo from Korea Link*, June 25, 1998.

3. President Kim Dae Jung emphasized that balanced development of politics with economics is necessary in order to avoid the political-economic complex. See his speech delivered to Korean-American invited guests at the Korean ambassador’s residence, Washington, D.C., June 9, 1998.


8. The exceptional cases can be seen in government investment for production capacity generation

9. Arthur M. Okun, *Equality and Efficiency: The Big Tradeoff* (Washington: Brookings Institution, 1975), p. 120. “In that sense, capitalism and democracy are really a most improbable mixture. Maybe that is why they need each other — to put more rationality into equality and some humanity into efficiency.”

(Washington: World Bank, 1998). Lack of infrastructure investment is a case of
government failure.


13. Larry E. Westphal, "Industrial Policy in an Export-Propelled Economy: Lessons from South Korea's Experience," *Journal of Economic Perspectives* 4, 3 (Summer 1990), pp. 41-59; and Mrinal Datta-Chaudhuri, "Market Failure and Government Failure," ibid., pp. 25-39. Both authors viewed the results of state intervention as positive. Corruption effects were hidden under the surface at that time.


25. The transition economy, as in China, has faced a similar conflict between political conservatism and economic liberalism. In line with this, the DPRK has hesitated to open its economy due to conflicts between the different interests of politics and economy. The engagement policy of the Kim Dae Jung administration has tried to win compromises in the differences by separating economies from politics despite transitional challenges from internal and external adversaries. The human rights movement in developing countries is considered as a similar process of democratization.


32. Susan Rose-Ackerman, "Corruption and Development," in Boris Peskovic and Joseph E. Stiglitz, eds., Annual World Bank Conference on Development Economics 1997 (Washington: World Bank, April 1998), pp. 35–57. Laws and programs breeding corruption rather than promoting competition must be eliminated, but deregulation and privatization should be carried out with care not to worsen the existing problems. See
Michael Johnson, “What Can Be Done about Entrenched Corruption?” in the same volume, p. 82.


40. Since 1961, authoritarian regimes in Korea have faced difficulties due to their lack of legitimacy and political consensus. Political operations exhausted funds collected from chaebols expecting corresponding favors. Since the judicial system was controlled by politics, social justice was seriously damaged. The weakness of checks and balances caused corruption in personnel and financial affairs in every part of the society and provided special benefits to interest groups, deepening income inequality between rural and urban, east and west, owners and workers, and favored and disfavored. The flow of information was monopolized and controlled by the authorities to avoid fueling antigovernment movements. The intelligence agencies and national police used huge amounts of funds to collect information needed to dry up student protest turmoil and to destroy the organized activities of opposition parties and human rights groups. The planned economy lost efficiency in resource allocation due to centralized decisionmaking. Political instability and government inefficiency discouraged savings and foreign investment. The tenure system in university faculties was used by the government in order to coerce loyalty or at least silence from intellectuals in academic circles. The authorities arranged duties of the officer corps of the armed forces so they would not have free time to read or think, in order to avoid military uprisings against the regime. For further reference, see “South Korea: A New Society,” Economist, April 15–21, 1989, pp. 23–26.


43. The third stage is set to end in 2015, based on an eighteen-year political cycle as seen in the previous periods. The extension does not necessarily mean the EAM will be successful. Whang In-Joung, Economic Transformation of Korea 1945–1995: Issues and Responses (Seoul: Sejong Institute, 1997), pp. 9–40. This author divides the period into three segments, including the nation-building stage (1945–1961) but excluding the period after 1995.

44. The reasons why chaebols should not own banks are as follows: (a) Chaebols may use the banking system for their own interests rather than for general public good. Chaebols should not own infrastructure, financial institutions, or media, for the same reason. (b) The debt-equity ratio of the top thirty chaebols was 518.9 percent by the end of 1997. They should reduce the ratio to below 200 percent by selling existing bank stocks to keep their main industries. (c) The concept of a leading bank insisted upon by the owners of Daewoo is no more than that of a banking monopoly. Chaebols have tried to stimulate nationalism as a tactic in order to gain bank ownership, but the existence of at least a couple of foreign banks in Korea is beneficial for consumers, to improve competition. (d) Since the funds for bank restructuring come from taxes, bank ownership should be transferred to the people, not to chaebols, which would raise savings and improve income distribution. (e) Chaebols’ participation in the banking
business would help to revive the old corruption coming from the political-economic complex.

45. The chaebol reforms have been often interrupted by politics due to campaign fundraising for approaching elections, as seen in June and July 1998 under Kim Dae Jung's leadership. The next election for the National Assembly, in the year 2000, may cause the same effects. If the Kim Dae Jung administration fails in reforms by that time, the driving force towards reforms will be greatly reduced, and the regime may fail to make the needed changes. In this case, the survival of the EAM will be hopeless. See Morton I. Abramowitz and James T. Laney, "The Costs of Unification," in Managing Change on the Korean Peninsula: Task Force Report (Washington: Council on Foreign Relations, 1998), p. 41.


49. The duration is based on the initial political-economic conditions of South Korea in 1962.

50. Ching-yuan Lin, "East Asia and Latin America as Contrasting Models," Economic Development and Cultural Change 36, 3 (Supplement, April 1988), p. S156. "What set the experiences of Taiwan and South Korea apart from those of Chile and Argentina, therefore, were not the initial conditions and the incentive systems, which were largely similar, but the subsequent policy reforms, which were successful in Taiwan and South Korea, but not [in Chile and Argentina]."


52. On November 7, 1997, in New York, the author interviewed Dr. Dyu In Yu, an immigrant from Moscow to New York. He indicated that his most difficult problem after immigration was competition for survival in the free market, which it had not been used to previously.


59. This is the Chinese model, which is in line with Kim Dae Jung's engagement policy.


62. Robert Scalapino, "An Interview: Two Korea Relations, Advancement or Stalemate," Hankook Ilbo from Korea Link, January 30, 1998. Scalapino believes that China will not give up its interests in North Korea. However, we can imagine the time when economic interests will become more important than strategic interests between the United States and China.


Change and Continuity in Korean Political Culture
An Overview

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The South Korean political system has undergone drastic changes since the establishment of the Republic of Korea (ROK) in 1948. Following the authoritarian Syngman Rhee regime (1948-1960), South Korea had to endure over a quarter-century of military rule, from 1961 to 1987. In the wake of massive student demonstrations against the Chun Doo Hwan regime in 1987, the historic June 29th declaration was issued to accommodate popular demands for the democratization of the political system. It promised drastic democratic reforms, including popular direct election of the president. Following the presidential election of 1987, South Korea embarked on a new era of democratic politics.

The purpose of this paper is to examine change and continuity in South Korea's political culture since the establishment of the Republic of Korea. The first section will analyze the components of traditional (authoritarian) Korean political culture, followed by an analysis in the second section of subsequent changes induced by American influence, rapid industrialization, and socioeconomic development between 1961 and the 1980s. The third section will discuss how traditional political culture still influences the political behavior of South Koreans and what implications this has for the future of Korean democracy.

In this paper, Korean political culture is defined as a set of beliefs, values, and attitudes about politics which are widely shared among Koreans. Political culture is not static, but dynamic, changing slowly over time. It is generally acknowledged that political culture is transmitted from one generation to the next through the process of political socialization. Among several agents influencing the process, the most important ones are (1) the family, (2) schools, (3) peer groups, and (4) the mass media.
The Influence of Confucianism

Korean political culture has been deeply influenced by Confucianism, the official state doctrine of the Choson dynasty (1392-1910). Confucian moral principles and ethical norms regulating human relations permeated traditional Korean society. Under the Confucian system, the fundamental goal of government was to create harmony and unity among men and between man and the universe. Provided that the king exemplified moral behavior by acting in accordance with Confucian precepts, his subjects would voluntarily emulate him and thereby ensure harmony in the sociopolitical order. The king ruled as the symbolic head of his extensive family, the Korean people.² Obviously, such idealistic theory was violated in practice, as paternalism frequently became despotism. Indeed, on occasion, subjects would revolt against their rulers.

The government was the exclusive domain and responsibility of the king and the yangban aristocracy. Theoretically, the bureaucracy was open to all who passed the civil service examination, but in actuality commoners were excluded from participating in the examination. Only the offspring of the yangban class, based on their access to privilege and their status at birth, were able to receive the tutorial instruction required to prepare for the examination.³

Confucianism placed great emphasis on maintaining a hierarchical social order, stressing that an individual’s social identity was to be defined in the context of collectivity, particularly within the context of family and kinship in Korea. The primary focus of loyalty was, therefore, to family and kinship group, not to the state. The authority of the superior over the inferior was almost absolute, as with father over son and elder brother over younger brother. To be sure, a rigid code of ethics guided behavior in such relationships.⁴ This gave special strength to the groups (e.g., the family) in this hierarchically arranged society.

As political power was the monopoly of the king, who ruled under the Mandate of Heaven - with his ministers and the bureaucracy recruited through competitive civil service examinations - commoners were mere “subjects,” who were required to comply obediently with the orders and commands of the royal government. Thus, Korean political culture under the Choson dynasty was essentially a “subject political culture,” which was conducive to the maintenance of an authoritarian political system that persisted until 1910. As in many other traditional societies, although commoners constituted over 80
percent of the populace, they had no active role to play in the political process.

The political values fostered under the Confucian political system were obedience, loyalty, filial piety, and faithfulness, such virtues being regarded as essential for good, loyal subjects. In short, Korean Confucianism became an elitist, anti-egalitarian, and antidemocratic ideology. Individual rights and liberty were alien to the Confucian outlook. Rather, the hierarchical relationship extending from the king to the lowest subject stressed obligations over rights, and authority from above over representation from below. At the same time, the superior-inferior pattern of relationships and the predominance of the group, particularly the family, over the individual made it difficult for individualism to develop.

Finally, Confucianism was a status-quo oriented, conservative doctrine which attempted to promote moral-ethical principles in order to maintain a peaceful political system. Confucian virtues of loyalty and filial piety contributed to the creation of a social ethos fostering stability and harmony. Nevertheless, as Kim Kyong-Dong points out, Confucianism as practiced in Korea was “not conducive to modernization.” Rather, it was initially an obstacle. Moreover, Confucianism in the mid-nineteenth century in Korea was not keen about commerce and industry, which “belonged to a lowly place in the traditional status hierarchy.” Modernization had to wait until the Western powers forced Korea to open its door and make adaptive changes in the face of the pervasive “international acculturation called modernization.”

Following the fall of the Choson dynasty in 1910, Korea was subjected to thirty-five years of harsh Japanese colonial rule. Although the Japanese system modified the traditional Korean social structure by abolishing the special status and privileges of the yangban class and creating conditions for some commoners to rise to form a middle class, Japanese rule made all Koreans second-rate subjects of the Japanese emperor, for they were neither granted the suffrage nor allowed to participate in the political process, even though the Japanese Diet enacted the universal manhood suffrage law in 1925.

Japanese colonial rule over Korea left political legacies which were bound to affect Korean political culture. Perhaps the most important legacy of Japanese rule was its reinforcement of authoritarian political culture in Korea, as Japanese colonial officials dictated political affairs while mistreating Koreans. After the Manchurian incident of 1931, the colonial government attempted the
Japanization of Koreans. For this purpose, it adopted many slogans and programs to assimilate Koreans and to indoctrinate them into becoming willing instruments of Japanese imperialism, then bent on continental expansion in Asia.

Japanese officials used various methods of indoctrination. Public schools became important agents of political assimilation under the Japanese. In addition, the mass media, such as magazines, pamphlets, radio, and movies, were used to convert Koreans to the Japanese ideology and way of life, emphasizing the importance of loyalty, self-sacrifice, and dedication to the Japanese emperor. These indoctrination and assimilation practices, however, failed to achieve the desired objectives, because Japanese officials never treated Koreans equally even though they forced them to adopt Japanese names, language and culture.

In spite of the official slogans advocating unity between Japanese and Koreans, racial discrimination against Koreans was systematic and rampant. For example, all the highest positions, most of those above the rank of clerk in the colonial government, were held by Japanese. Moreover, as suffrage was not granted to Koreans, they remained not only second-class citizens but also people without any legitimate channel for political participation under the Japanese. Thus, the Japanese slogan, “Coexistence and coprosperity,” was meant primarily for the enrichment of the Japanese at the expense of the Koreans. The Japanese officials’ often brutal treatment of Koreans (such as torturing political prisoners) left a bitter legacy.

Emergence of Bureaucratic Authoritarianism

Following the surrender of Japan on August 15, 1945, the liberated but divided Korea was to undergo a drastic transformation. Under the United States occupation (1945 to 1948), South Korea came to learn the meaning of liberal democracy, as the American military government granted freedom of thought, speech, the press, and assembly to the Koreans. In the post-liberation era, political parties and groups mushroomed overnight.

Moreover, with the restoration of religious freedom in the post-liberation period, Christian churches sprang up all over South Korea and became a dominant factor in cultural and social progress. Meanwhile, the newly introduced American culture (e.g., songs, films, dance, and ideas) exerted considerable influence on Koreans. American influence was also keenly felt in the political realm, as the Republic of Korea was established in 1948 under American auspices.
To be sure, South Korea did not become a democratic nation overnight. The authoritarian political heritage and Confucian social order of the past, the legacies of Japanese colonial rule, and the division of the country all constituted serious obstacles to the development of democratic institutions and a new way of life. Although the authoritarian regimes from 1948 to 1987 fostered the illusion of “Korean style democracy,” the political process drastically deviated from the norms of a liberal democratic political system.

First of all, the constitution became no more than a political document. The growing disparity between democratic constitutional ideals and naked authoritarian practices inevitably created cynicism, distrust and outright antagonism among the people who came to oppose the government and politicians. To be sure, democratic formalities were maintained, and presidential and parliamentary elections were held regularly, even during the Korean War. However, political leaders and government bureaucrats were not equipped to accomplish democratic goals. Many of them were born and trained under Japanese rule and had been immersed in traditional authoritarian political culture and social practices.

Government leaders beginning with Syngman Rhee tolerated no opposition and were surrounded by men who were willing to obey their commands. They demanded absolute loyalty from their followers. In addition to being corrupt, incompetent, authoritarian, and accustomed to exercising nepotism and favoritism, self-righteousness (toksonjui) became a trademark of a number of such political leaders.  

Another major weakness hampering the development of a true South Korean democracy was the inability to develop a viable political party system. The major weakness of Korean political parties was that they were organized around a person rather than focusing on certain ideologies or programs. Thus, when the leader of the party either died or fell, the party collapsed. A fragile unity among party members characterized all political parties. Disputes and schism resulting essentially from differences in personalities, regionalism, and loyalties of the boss-follower type persisted, hindering the development of a meaningful party system. The leaders of political parties also lacked the spirit of compromise, whether they dealt with the opposition parties or with intra-party policies.

Most party leaders were primarily concerned with getting votes, by whatever means available. Party members did not dare to challenge the ideas and policies of the leaders. Instead, they were mainly concerned with the distribution of top party positions and
securing high government posts for themselves. When party leadership was weak, the members were split into bickering factions contending for power.

People's perceptions of democracy did not develop adequately as they maintained the traditional mode of thinking and behaving. While an increasing number of Koreans criticized bureaucratic authoritarianism as manifested in the form of kwanjon minbi (respect for the government and scorn for the people), the majority regarded obedience to the government as proper. They failed to develop the idea that the government is the servant of the people and that sovereignty resides in the people. Many regarded the president of the republic as a newly elected monarch and showed him the respect appropriate for an imperial presidency. Their resentment of excessive control notwithstanding, the people supported the efforts of the government to control people in the name of national security.\textsuperscript{13}

Also, the politicization of the military overshadowed the development of the democratic process. The meaning and consequences of the politicization of the military were not fully understood until after the military takeover of the government in 1961. The emergence of the military junta which ruled the country until 1963, and the rise of former high-ranking military officers to top political positions after 1963, inevitably created additional obstacles to the democratic process.

Under the leadership of the generals-turned-politicians, bureaucratic authoritarianism not only severely hindered but consistently suppressed popular attempts to democratize the political system. The politicized Korean Central Intelligence Agency (KCIA) was deeply involved in domestic politics, abusing the power of investigation and torturing numerous individuals. Indeed, it was regarded as the real power in the government, as the director of the KCIA was the second most powerful person during the dark days when the former generals Park and Chun were in power.

Another instrument of repression wielded by government leaders in Korea was the politicized national police. Police intervention in the election process, violation of civil rights, suppression of freedom, and abuse of power were ubiquitous under the authoritarian regimes headed by Rhee, Park, and Chun. The police became a government weapon in suppressing democracy in South Korea.

Under these circumstances, it was difficult, if not futile, to expect the development of viable democratic institutions in South
Korea. Nevertheless, the struggle for democracy continued throughout the post-Korean War era and triumphed at last during the summer of 1987, when the Chun government accepted the popular demands for democratization of the polity, including direct popular election of the president and a new democratic constitution. On the basis of Chun’s concessions, a presidential election was held in December 1987 and a democratic constitution was adopted in the beginning of 1988, which marked the beginning of a new era of democratic government in Korea.

Developing a Democratic System

The task of establishing a democratic political system was not easy. As Kim Chong-Lim points out, South Koreans’ inability to establish a democratic political system from 1948 to the mid-1980s could be ascribed to (1) unfavorable socioeconomic conditions, (2) weak institutional structures, and (3) the lack of democratic political culture.¹⁴

First, it is generally accepted among political scientists that there are strong correlations between the level of a country’s socioeconomic development and the likelihood of its developing a democratic polity.¹⁵ Democracy is easier to develop in an economically affluent society than in and underdeveloped, poor society. Evidently, economic modernization fosters social and political diversity, which in turn stimulates political competition, a requisite for a democratic political system. Socioeconomic conditions in South Korea, as a poor, agrarian society, were not conducive to the development of a democratic political system; but conditions changed in the 1980s, when South Korea emerged as a modern industrial society.

Second, a viable democratic political system requires several institutional devices to ensure open and orderly competition. In addition to a democratic constitutional framework, a stable party system, autonomous interest groups, local autonomy, a free press, a free electoral system, and an independent judiciary are required. These institutions facilitate political competition, restrain the abuse of power, protect personal civil rights and liberties, and impose legitimate rules by which conflicts can be peacefully resolved. Without institutional safeguards, a democratic process can degenerate into a dictatorship or chaos.¹⁶ Until 1987, South Korea had constitutions which appeared democratic but did not provide a democratic political framework. Instead, they supported authoritarian regimes.

Third, in order for a democratic political system to operate effectively, political culture consonant with the democratic process is
required. For no matter how democratic a constitutional framework may appear, as Kim Chong-Lim remarks, "if not seriously taken and practiced by the leaders and people, a democratic political system cannot develop." A democratic "participant political culture" is necessary to sustain a democratic political system, because in such a culture, citizens are well informed about public affairs, actively participate in various aspects of the political process, and are strongly allegiant to the political system. A stable democracy is unattainable unless undergirded by strong cultural norms and values that allow "the peaceful 'play' of power." Only when the people exhibit a consistent belief in democracy can they have a firm enough commitment to maintain such a system.

As several studies have demonstrated, the incongruity between formal, democratic political institutions and the cultural environment of authoritarianism in which they functioned was a major cause of the inability to develop a democratic polity in Korea from 1948 to the 1960s. The situation began to change, however, as South Korean society underwent industrialization beginning in the early 1960s. It is generally accepted that a society's industrializing process is conducive to the establishment of a democratic political system, as it entails basic changes in life styles and social relations while undermining the traditional social and political values, beliefs, and attitudes which inhibit or constrain democratic development.

From 1963 to the late 1980s, South Korea's economic development was phenomenal. The GNP grew more than 10 percent per year. During this period, Korean society experienced a massive transformation from a traditionally agrarian society to a dynamic industrial economy. By the early 1980s, South Korea had become one of the world's middle income, industrializing countries. Per capita GNP in 1980 was already above $1,500. By 1990, it was reported to be over $6,500. Thus, by the latter part of the 1980s, South Korea was able to meet the basic requirements of economic modernization needed to sustain a democratic political system.

Another significant development accompanying the rapid industrialization in South Korea has been urbanization. Between 1945 and 1980, the urban population grew from 14.5 percent to 57.2 percent. Today, over 74 percent of South Koreans live in urban areas. As millions of people came to live in urban areas, they were exposed to new ideas and modern values and became politically better informed.

It was the phenomenal growth of the educational system which had perhaps the most significant impact on the political culture of
South Koreans. School enrollments increased from less than 1.4 million pupils in 1945 to 5.7 million pupils by 1980.23 By 1996, more than 8 million pupils were enrolled. College enrollment has also increased rapidly, from less than 8,000 students in 1945 to 600,000 students by 1980. By 1995, total college enrollments stood at over 1.8 million.24 At the same time, the literacy rate had increased from 22 percent in 1945 to well over 90 percent by 1980. Today, the literacy rate is 97 percent.25

Schools are regarded as one of the most important agents of political socialization, and indeed the rapid expansion in educational enrollments has had unmistakable effects on the political culture of the younger generation, born after 1945. Through textbooks and classroom instruction, the post-liberation generations have been taught that democracy is the best form of government. Many came to acquire democratic values, beliefs, and attitudes. A large number of college students stood in the forefront of the struggle against the dictatorial South Korean regimes from the 1960s to the 1980s.

Another significant corollary of rapid industrialization has been the dramatic expansion of mass communications. By 1980, there were nearly 2.8 million telephone subscribers, representing a twentyfold increase since 1962.26 Radios and television sets have also become popular household items in South Korea. By 1980, there were more than 150 television sets per 1,000 persons;27 today, almost every household has a television set. Newspaper subscriptions also rose rapidly, from 5.2 copies per 100 persons in 1965 to 23.5 copies per 100 persons by 1979. Such rapid expansion of the mass media has facilitated popular contact with new ideas and modern values. In fact, there are clear indications that the mass media have been playing an increasingly important role in the political socialization of South Koreans, as more people rely upon the mass media, especially television, for political information.

In short, South Korean society has undergone massive social and economic changes in the process of rapid industrialization. Many new ideas and values that were alien to the traditional culture have been introduced and diffused into the society. More importantly, more Koreans have acquired democratic values and concepts such as political participation, equality, freedom, majority rule, and individual rights.28 As they have absorbed democratic values and have been willing to defend their civil rights and liberties, it has become untenable for the leaders of an authoritarian regime to stonewall popular demands for democratization. By 1987, in fact, South Korea
was able to meet the two other basic requirements for the establishment of a democratic political system: a nascent democratic constitutional framework and an emerging democratic political culture.

To be sure, the new beliefs and values accompanied by rapid industrialization have often been added to, and not fully integrated with, the existing ones. Thus, contemporary Korean culture may be best described as "a complex mixture of old and new values and cognitions," with the proportions varying by individuals and social groupings. The coexistence of the new and old beliefs and values has not only given rise to cultural tension and unrest at the social level but has also generated inconsistencies among beliefs and values at the individual level.

**Korean Political Culture Today**

What are the characteristics of Korean political culture today? According to Korean scholars, the major characteristics of South Korean political culture are (1) authoritarianism, (2) civic orientation, (3) collectivism (an orientation stressing collectivity over individual members, like familism), (4) alienation, (5) factionalism, (6) propensity to resistance, and (7) national identity (or nationalism). Some have added anti-communism as another distinct element of South Korean political culture.

A civic orientation, the propensity to resist or protest, and national identity (or nationalism) may be considered as conducive to a democratic polity, whereas the remaining characteristics have been dysfunctional in the Korean democratic political process. These relatively nondemocratic elements are legacies of both the Choson dynasty's Confucian culture and Japanese colonial rule. In other words, Japanese militaristic, bureaucratic, and authoritarian political culture reinforced nondemocratic components of the traditional Korean political culture. The civic orientation, on the other hand, was enhanced by American influence in the post-liberation period, as the new democratic institutions and education tended to strengthen such an orientation. The propensity to resist developed historically in the process of resistance to foreign invasions as well as a struggle against unjust and illegitimate rule. Until the 1980s, even though the institutional forms adopted from the West appeared democratic, the deeply rooted nondemocratic culture made it difficult for the system to function democratically.

The situation has been gradually changing since 1987. Collectivism and factionalism still remain strong in the political arena,
while the authoritarian tendency has begun to decline, albeit slowly.\textsuperscript{35} Alienation has been greatly alleviated as a result of the democratization of the polity. Although legacies of the old systems are not likely to disappear immediately, the trend seems to be moving toward further democratization and the strengthening of democratic political culture.\textsuperscript{36} Apparently, more Koreans (i.e., 60 percent) are supportive of democracy and democratic values; nevertheless, a fairly large minority (i.e., 40 percent) does not believe in either democracy or democratic values.\textsuperscript{37}

According to a survey conducted by Bae Ho Han and Soo Young Auh in 1984, such traditional values as obedience, elitism, and personalism are still widely held by Koreans. While maintaining such traditional values, a majority of South Koreans also subscribe to democratic political values such as equality, tolerance, and individual rights.\textsuperscript{38} Thus, many South Koreans do share both traditional and democratic values simultaneously, apparently with varying degrees of difference. Accordingly, Han and Auh have classified political value orientations of Koreans into three different types: (1) the obedient type - those who have strong traits of traditional values (obedience, elitism, and personalism) while maintaining weak sentiments toward the four democratic values (trust, equality, tolerance, and individual rights); (2) the critical participant type - those who have weak traits of traditional values and strong subscription to democratic political values; and (3) the accommodating type - those who have modern values but weak democratic values, or those who may have traditional social values but strong democratic political values. According to the survey, the obedient type constitute approximately 30 percent of the population; the accommodating type, about 40 percent; and the critical participant type, the remaining 30 percent.\textsuperscript{39} Han and Auh have concluded, “If it has to be defined in one sentence, the Korean political culture can be characterized as an accommodating type.”\textsuperscript{40}

In addition to Han and Auh’s survey, conducted in 1984, essential to the understanding of Korean political culture is the opinion survey conducted by Lee Jeong-Bok in 1988, which was patterned after the five-nations civic culture survey conducted by Gabriel Almond and Sidney Verba in 1960. Lee’s survey has provided not only important empirical data on the attitudinal dimension of Korean political culture but also a comparative perspective on it.\textsuperscript{41}

First, regarding the patterns of political cognition, a majority of South Koreans were aware of current political affairs, as 79 percent of them read political news in daily newspapers, and 78.9 percent
watched daily television newscasts. As a result, their level of political awareness was relatively high. Only 23.7 percent of the Korean respondents had low levels of political information and knowledge, whereas Almond and Verba’s data for low levels of political information were 8 percent (West Germany), 13 percent (U.S.), 13 percent (Great Britain), 33 percent (Italy), and 35 percent (Mexico). Thus, as compared to the five nations covered in the civic culture survey, South Koreans’ level of political knowledge was slightly lower than that of the Americans and the British but about the same level as the Italians’ in 1960.

Regarding the awareness of the impact of national government on daily life, 63.8 percent of the Korean respondents recognized the impact of their national government’s activities on their daily life. That figure was lower than Almond and Verba’s data for the same question for the U.S. (85 percent), Great Britain (73 percent), and West Germany (70 percent), but higher than those for Italy (54 percent) and Mexico (30 percent). Also, 61.2 percent of the Korean respondents agreed that the outcome of the National Assembly elections would affect their daily life.

Second, regarding political participation, South Koreans’ voting rates of 89.2 percent in presidential elections and 83.4 percent in parliamentary elections were much higher than the voter turnouts in similar elections in the U.S. (i.e., 51 percent and 69 percent). Koreans’ voting rates were also higher than those of the British, the Germans, the Italians, and the Mexicans. Nevertheless, in other areas of political participation such as joining political parties and participating in political rallies, election campaigning, lobbying, and other related activities, Koreans’ involvement was relatively low. For example, a majority of Koreans (52.7 percent) indicated their reluctance to get involved in politics, while 46.3 percent indicated their willingness to participate in politics.

Third, South Koreans had a low level of political efficacy (or confidence in their ability to influence the policymaking process), largely because a majority of the people (65.4 percent) felt that a small number of people decided governmental affairs and politics without paying attention to popular wishes. Over 80 percent of the respondents felt that their opinions were not reflected in government policies. Nevertheless, 66.3 percent of the respondents were willing to take action against the misdeeds of government officials if they encountered them. Furthermore, 68.4 percent believed that they could rectify an unjust regulation or law. The figure for Korea was lower than Almond
and Verba’s data on the same question in the U.S. (77 percent) and Great Britain (78 percent), but higher than in West Germany (62 percent), Italy (51 percent) and Mexico (52 percent).\textsuperscript{48}

Fourth, insofar as their evaluation of the government and politics was concerned, South Koreans as a whole had negative feelings and attitudes. When asked to list the things of which they were most proud, only 0.7 percent of the respondents listed Korean government and politics. Almond and Verba’s data for the five nations covered in the civic culture survey were much higher: 81 percent for the U.S., 46 percent for Great Britain, 30 percent for Mexico, 7 percent for West Germany, and 3 percent for Italy.\textsuperscript{49} Conversely, when the Korean respondents were asked to list the item of which they were most ashamed, over 49 percent of them listed government and politics. Furthermore, 64.4 percent of South Koreans expressed their dissatisfaction with current domestic politics.\textsuperscript{50} Only 26.8 percent of the respondents regarded the Roh Tae-Woo government as “democratic,” whereas 61.5 percent considered it a “mixture” of democratic and dictatorial qualities.\textsuperscript{51} The remainder (8.9 percent) regarded it as a “dictatorship.”

South Koreans’ feelings of political alienation were also reflected in their expectations of “unequal treatment by government bureaucracy and police.” Nearly one third (32 percent) of the respondents did not expect equal treatment from the bureaucracy, while their expectations for “unequal treatment from the police” were even higher (36 percent). Such survey data indicated that South Koreans expected much worse treatment from the bureaucracy and police as compared to similar data reported in Almond and Verba’s study in the U.S. (9 percent and 8 percent, respectively), Great Britain (7 percent and 6 percent), West Germany (9 percent and 5 percent) and Italy (13 percent and 10 percent).\textsuperscript{52} The only country where people had lower expectations from the bureaucracy and the police was Mexico (50 percent and 57 percent).

According to a regression analysis of the Han-Auh 1988 survey data by Lee Kap Yun, degree of satisfaction with the government was closely related to age and education: the younger generation were highly dissatisfied with the government, while the older and less-educated were the least dissatisfied.\textsuperscript{53} Also, the sense of political efficacy was correlated to the level of education: the more educated, the greater the sense of political efficacy. On the other hand, trust in government or support for the government was inversely correlated to age and education: the younger and better-educated had less trust and
support for the government than the older Koreans with less education.\textsuperscript{54}

It is quite evident that rapid industrialization has generated inconsistencies in the beliefs and values of individual citizens.\textsuperscript{55} As a result, in spite of the fact that South Korea has succeeded in establishing a democratic political system following the intense struggle in the spring and summer of 1987, we have been witnessing political behavior reflecting traditional political culture in South Korea, which could undermine the development of a democratic system. Among the more salient cultural traits plaguing the development of democracy in South Korea have been: (1) regionalism, (2) factionalism, and (3) the disinclination to compromise. Persistence of these political tendencies can inevitably distort democratic political processes and outcomes.

First, excessive regionalism has continued to be a major obstacle to the institutionalization of democratic practices in South Korea. Most theories of political development connect the degree of political development with the disappearance of such primordial sentiments as regionalism and other politically divisive cultural elements (e.g., religion, language, and ethnicity).\textsuperscript{56} Regionalism has played a significant role in national elections as well as in the recruitment and promotion of high-ranking government officials and bureaucrats since the early 1960s. As Dong Wonmo and others have pointed out, the regionally based cleavage in Korean politics (the regional rivalry between Youngnam and Honam regions) has progressively worsened with each presidential election since 1971.\textsuperscript{57}

The two most important causes of regional cleavage between the Youngnam and Honam regions can be attributed to (1) the economic development policy of Presidents Park, Chun, and Roh Tae-Woo, all natives of the Youngnam region, who provided preferential treatment to their home region while neglecting or discriminating against the Honam region in economic development; and (2) these generals-turned-politicians' preferential treatment of the Youngnam natives in the recruitment and promotion of a political elite (e.g., cabinet members and high-ranking bureaucrats).\textsuperscript{58}

Government favoritism toward the Youngnam region in economic development and the staffing of governmental institutions with elites from the same southeastern region, together with the predominant importance of the informal regional networks in the political process, have not only exacerbated Korean sociopolitical tensions but also have evoked strong reactions and resistance from the
Honamites, who have come to harbor an acute sense of relative deprivation and deep resentment against the Youngnamite-dominated government from 1963 to 1998, including the Kim Young-Sam government (1993–1998), another Youngnamite-led government.

Since 1971, the Honamites have expressed their resentment against the regime dominated by leaders from Youngnam by casting their votes increasingly for Kim Dae-Jung, a native son of the Honam region.\textsuperscript{59} In the 1987 presidential election, Kim received 88.5 percent of the Honam vote, while the remainder was divided among the other three candidates. In the 1992 presidential election, he garnered 90.8 percent of the Honam vote, while the other two candidates divided the remainder. In the 1997 presidential election, Kim Dae-Jung not only won the presidency but also received an unprecedented 94 percent of the votes in the Honam region.\textsuperscript{60} To be sure, regionally oriented voting behavior was also conspicuous in the Youngnam region after 1971. In that year, Park received 71.2 percent of the vote, and in 1992 candidate Kim Young-Sam (another Youngnam native) received 68.8 percent.\textsuperscript{61}

The fierce rivalry and animosity between the Youngnam and the Honam regions have not only poisoned the political environment of South Korea but also alienated millions of Honam voters from the political system. Such an abnormal regionalism must be overcome if a democratic political system is to develop in South Korea, for excessive regional polarization will be detrimental to the national unity.

Second, Korean democracy must overcome its vulnerability to factionalism arising from the overlapping of primordial and patron-client political ties. The recent electoral outcomes and realignment of political forces have vividly illustrated the resilience of this traditional pattern of political behavior. For example, the intense strife between the Kim Young-Sam and the Kim Dae-Jung factions within the major opposition party in 1987 resulted not only in a party split but also in the inability to field a single opposition candidate in that year's presidential election, handing the victory to Roh Tae-Woo. Unless factionalism is contained within manageable limits, it could undermine the existence of the democratic political system itself, as the case of the Second Republic under Prime Minister Chang Myon so clearly demonstrated during 1960–61. The government was paralyzed by the factional strife between the New and the Old factions within the ruling Democratic Party, which paved the way for the fall of the short-lived democratic republic in 1961.\textsuperscript{62}

Since a faction or a clique is frequently organized around a particular leader and not ideas or ideologies, followers normally would
not dare to challenge the ideas and policies of the leader. Instead, they are mainly concerned with the distribution of top party positions or the securing of high government posts. Based on hierarchical superior-inferior relationships, subordinates of a powerful factional boss become virtual "vassals" of the all-powerful political lord. Such an authoritarian hierarchical clique operates like the Japanese groups which are known for the so-called oyabun-kobun relationship,\(^{63}\) where the followers tend to develop an uncritical, blind, and total personal loyalty. When such a group or faction takes over the government, the key positions in the government are distributed too often among important faction members as rewards for their loyal service to the leader rather than on the basis of merit (e.g., the Hanahwae under the Chun and Roh governments, or the so-called "Democratic Party clique" under the Kim Young-Sam government). Such anachronistic cronyism is detrimental to the development of a viable democratic system.

Third, the Confucian proclivity to convert political conflict into a morality play makes it difficult for parties to compromise. Conflicts in Korean politics often become "deadly contests over moral issues" and are couched in moral terms which are difficult to resolve. Therefore, traditional Korean political culture is not conducive to compromise, bargaining, or pragmatic negotiations.\(^{64}\) Instead, politicians tend to display a strong sense of self-righteousness. Moreover, when a person takes a political stance, he is expected to do so with an "iron inflexibility."\(^{65}\) Such a rigidity inevitably dooms any possibility of political compromise. Also, such behavioral norms intensify political polarization rather than facilitating compromise solutions. Under the authoritarian governments of Park and Chun, as the government attempted to break up a major opposition party by playing political tricks, compromise of any sort with the government was regarded as political treachery by many opposition politicians. Thus, at the level of partisan politics, Korean politicians have frequently committed the sin of kukhan tujaeng (a duel to the death).\(^{66}\)

Conclusion

From the foregoing analysis, a few basic conclusions can be drawn: First, traditional authoritarian political culture nurtured under Confucianism and reinforced by Japanese colonial rule was essentially
a subject political culture which did not allow most Koreans to play any significant role in the input aspect of the political system. Such a culture was conducive to the maintenance of the authoritarian political system in Korea.

Second, following Korea’s liberation from Japanese rule by the United States in 1945, South Koreans were influenced by Western culture, and especially by the democratic political culture of the United States. Although a democratic republic was established under American auspices in 1948, the development of a democratic political system was not an easy task, as many political leaders were affected by authoritarian political culture inculcated under Japanese colonial rule and were unfamiliar with democratic values and beliefs. As a result, it took approximately four decades of trial and error before a democratic system could be established in South Korea.

Third, South Koreans’ political culture underwent a substantial change during the period of rapid industrialization and urbanization from the early 1960s to the latter part of the 1980s. As a result of rapid modernization, more Koreans came to acquire democratic values and norms from schools and the mass media, which have played important roles in political socialization. Classroom instruction in democracy inevitably inculcated democratic political values and orientations among the new generation of Koreans. At the same time, rapid expansion of the mass media, especially television, has facilitated the dissemination of democratic ideas and values to the older generation as well. As more people have come to acquire democratic political culture, it has become increasingly untenable for the authoritarian regime to resist popular demands for democratization.

Fourth, South Korean political culture is in the process of transition from an authoritarian subject political culture to a democratic participant political culture. Since residues of traditional political culture coexist with the newly acquired democratic values and ideas, many South Koreans display inconsistencies in their beliefs and values. Until the majority of Koreans become firmly committed to democratic ideas and values, South Korea’s democratic political system will likely remain fragile and tentative.

Finally, in order to consolidate the democratic polity in South Korea, it is necessary to eliminate certain cultural traits rooted in the traditional authoritarian political culture, namely excessive regionalism and regional orientations, factionalism, and the disinclination to compromise. These tendencies are detrimental to the development of a democratic polity, for they tend to poison the political environment
while making it difficult to develop healthy and open political competition among political parties and groups under the rules of the democratic "game."

\section*{Notes}

The original version of this paper was presented at the 1998 Conference on Change and Continuity in Korean Culture, University of South Carolina, Columbia, on May 15–17, 1998.


6. Ibid., pp. 5–6.


8. Ibid., p. 85.


10. Ibid., p. 226. According to Nahm, in 1936, 52,570 out of 87,552 officials of the colonial government in Korea were Japanese. Furthermore, more than 80 percent of the higher ranks, 60 percent of the intermediate ranks, and about 50 percent of clerical positions were occupied by Japanese.

11. Ibid., p. 259.

12. Ibid., p. 259.

13. Ibid., p. 478


17. Ibid., p. 49.


24. Ibid.


27. Ibid., p. 68.

28. Ibid.

29. Ibid., p. 69.

30. Ibid. See also Do Chull Shin, "Democratization in Korea As Perceived by Its Mass Public," in A Collection of Theses on Korean Studies (Seoul: Korea Foundation, 1995), pp. 11–32. According to Shin, nearly 40 percent of South Koreans refused to subscribe to the notion that democracy is the best form of government. Among those who choose democracy over authoritarian systems, 43 percent do not desire to transform the political system into a complete democracy. Instead, they prefer to live in a partially democratized political system. Furthermore, according to Shin, nearly one-third (30 percent) of South Koreans are "uncommitted to" democracy, while a plurality (44 percent) of the South Korean population is fully committed to democracy. See ibid., pp. 23–24. The data were collected in the fall of 1991.

32. Ibid., p. 275.

33. Ibid., p. 274.

34. Ibid., p. 201.

35. According to an opinion survey conducted by Han and Auh, 54.1 percent of the respondents believed that "it is proper and right for the people to obey their superiors and people in high positions," while 45.3 percent of the respondents disagreed. To another question, whether "society will improve when it is led by several able leaders rather than by the masses," 49.8 percent of respondents agreed, whereas 49.1 percent disagreed. See Han and Auh, *Hankuk Jeongchi Munhwa*, pp. 58–59.


40. Ibid., pp. 253–54.


42. Ibid., pp. 226–27.


46. Ibid., p. 231.

47. Ibid., pp. 231–32.

48. Ibid., p. 232. See also Almond and Verba, *Civic Culture*, p. 185.


51. Ibid., p. 271.


54. Ibid., p. 17.


57. Ibid., pp. 14–24.


60. Chosun Ilbo, December 20, 1997. Kim Dae-Jung received 92.3 percent of the votes cast in the North Cholla Province, 94.6 percent in the South Cholla Province, and 97.3 percent in the city of Kwangju. See ibid.


62. For a detailed analysis, see Sungjoo Han, Failure of Democracy, pp. 103–37.

63. For a detailed analysis, see Frank Langdon, Politics in Japan (Boston: Little, Brown and Co., 1967), pp. 72–90.

64. Chong Lim Kim, “Potential for Democratic Change,” p. 65

65. Ibid.

66. Ibid., p. 67.
Democratic Political Culture
vis-a-vis the Challenges
of Global Competitiveness and Lean Government
A Case Study of South Korea

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After three decades of military rule in South Korea, civilian democratic government was inaugurated in 1992 with direct election of the president. The political culture in South Korea, therefore, is still in the process of developing; and the transformation from authoritarian to democratic politics may take a long time.

In the five years following 1993, the Korean government under the leadership of Kim Young Sam introduced more than two hundred bills and measures to transform the government from an authoritarian system to a democratic one. But these laws and reform measures were not fully implemented, due largely to the authoritarian political culture prevalent in the body politic of South Korea. This paper will focus on three areas that the Korean government has attempted to change through political reform: decentralization of political power, deregulation of economic institutions, and development of democratic values.

Decentralization

Some effort to decentralize political power in South Korea had already begun when the president of the republic was elected by popular vote in 1992. The Local Autonomy Act, a landmark decision in the evolution of Korean democratic politics, was adopted in March 1994. Article 1 of the Local Autonomy Act states,

The purpose of this Act is to strive for democracy and efficiency of local autonomous administration and to achieve balanced development of local areas and democratic development of the Republic of Korea by prescribing matters concerning type, organization and
operation of local governments and the basic relations between the state and local government.

Because of the act, full-fledged local government elections were held in June 1995, establishing the first full-scale local governments in the history of Korea. However, the traditional and historical political structure had been characterized by the concentration of authority in the central government, the control of the government organization by the chief executive, subservience of local authority to central control, and allocation of resources by the central government. This practice, termed "the politics of the vortex," continued despite the Local Autonomy Act. The central government maintained its enormous power over the local governments.

The transfer of power began in the early period of Kim Young Sam's government, but jurisdictions of the central and local governments have not been clearly drawn. Therefore, there is not only an overlap of administrative power between the central and local governments but also the continuity of central government supervision of the implementation of central directives by the local governments. However, more than two-thirds of the administrative rules have been transferred to local government, leaving 300 out of 1,071 administrative rules in the hands of the central authorities. The question is how to increase the autonomy and efficiency of the local governments.

Another effort to decentralize political power was made by attempting to downsize the government and reduce the size of the bureaucracy. The entrenched bureaucracy in South Korea has exercised enormous power in government institutions because bureaucrats remain though politicians come and go. The terms of cabinet appointments average a year and a half, whereas bureaucrats may be in power for a lifetime so long as they follow the rules of bureaucracy.

There are 932,000 civil servants in South Korea who provide a variety of administrative services in government agencies. Efforts to downsize the government and reduce this bureaucracy were launched by Kim Young Sam's administration in 1993. Predictably, the civil-service personnel resisted reforms, and the size of the bureaucracy actually increased during the reshuffling. Administrative reforms have not met the expectations of the public, and therefore the debate continues.

South Korea has one civil servant for every 49.2 people, while Great Britain, for example, has one civil servant for every 118.8
citizens. If Korean bureaucratic reform follows the British model, Korea should be able to reduce the number of civil servants to 540,000 at the present time. While the Kim Young Sam government failed to reform the bureaucratic structure and reduce the number of bureaucrats, the Kim Dae Jung government has already succeeded in decreasing the number of cabinet-level offices from 23 to 16 by cutting 10 percent of the civil service across the board.

The Plan for the Development of the Local Autonomy System, prepared by the South Korean Ministry of Internal Affairs, established twin goals: to achieve local government autonomy, and to enhance the administrative efficiency of the local bureaucracy. "The administrative jurisdiction of the central government should be transferred to the local authorities," according to the plan, "and . . . the people's active participation in local affairs [should be encouraged] for the sake of regional development and the improvement of the quality of life at the local level." The local autonomy plan also criticized the central government for not transferring either sufficient authority or financial resources to local institutions.

It is helpful to analyze the process by which the decentralization of political power from the central government to the local institutions has been implemented. According to public opinion survey data, people believe that President Kim Young Sam's government failed in its attempt to downsize the government and carry out administrative reform at the local level. The first local election took place in 1995 and a second in 1998. Voters selected 245 local administrators for three-year terms. An evaluation team from the Joong-Ang Daily conducted a survey of how well the fifteen provincial governors (the mayor of the City of Seoul was excepted), had implemented their campaign pledges. During the campaign, the candidates had pledged an average of 104 programs each, a total of 1,456 programs. Following their election, as of November 1995, only 10.4 percent of the programs were implemented, 73.1 percent were in the process of being executed, and 16.4 percent of their pledges had not even been initiated.

The governor of Chulla Buk-do, You Jong Keun, who was later appointed economic adviser to President-elect Kim Dae Jung, carried out 61.9 percent of his pledges, rating the highest score among the fifteen governors. The lowest rating was received by the governor of Chung-chong Nam-do, Shim Dae Pyong, with 74.8 percent of his pledges unfulfilled.
One of the major obstacles to the development of local autonomy is the problem of transferring the central authority to local officials. Moreover, the central authority still controls the allocation of financial resources on which the local administrators depend heavily.

**Deregulation**

It is clear that deregulating economic and financial institutions enhances the open market and increases the competitiveness of the nation’s economy. A recent report published by the World Economic Forum (WEF) and the International Management Development (IMD) in Switzerland indicated that South Korea’s international competitiveness (defined as the nation’s capacity to maintain sustained growth of per capita GDP) has declined. South Korea was ranked in thirty-first place this year, down from twenty-seventh last year, while Singapore and Hong Kong ranked third. South Korea is losing international competitiveness because of the decline in its economic growth rate, which was 12.7 percent during the period 1980-1990 but fell to 7.3 percent in the period 1990-1996. This has created a mood of gloom and doom among both entrepreneurs and economists that has been exacerbated by the bankruptcies of the conglomerates in recent years. The public perceives that an economic crisis is possible unless the government successfully implements a deregulation program.

Because of the financial crisis and despite the subsequent IMF bailout in October 1997, South Korea’s economic growth rate continued its decline and was registered as -7 percent in that year. One of the major causes of the economic and financial crisis was the failure of the Kim Young Sam government to implement the restructuring of the bureaucracy and deregulation of the economic institutions. The new administration of Kim Dae Jung immediately formulated deregulation programs, which were executed in two major areas: in economic institutions, to increase the initiative and efficiency of the economic sector, and in administrative rules governing the people’s livelihood, to increase their participation in local government.

In the presidential elections of December 1997, all the candidates - Lee Hoi Chang, Kim Dae Jung, and Kim Jong Pil - advocated drastic deregulation, or even abolition, of the regulations impeding liberalization of the market and moves toward a free market economy. However, the population is skeptical about the presidential candidates’ pledges to alleviate the South Korean economic crisis. The voters have heard enough deregulation slogans and have been
disillusioned by the failures of President Kim Young Sam's government to implement them.

The Kim Young Sam government allied itself with the *chaebol* (the conglomerates) and big industry, which were motivated to maintain the status quo and resisted any changes. When the Prime Minister and Vice Premier for Economic Affairs were appointed at the beginning of the Kim Young Sam administration in 1993, the centerpiece of their efforts was to be execution of a policy of economic deregulation to increase the international competitiveness of the South Korean economy. However, more than two hundred regulations control economic institutions and impede their structural adjustment. Because of current tax regulations, the big entrepreneurs are not able to take over bankrupt industries or merge unprofitable industries. Institutional reform towards a free-market economy requires the full understanding and support of the general public. The people need to know why the economic crisis came about and how presidential candidates propose to address it.

The South Korean economy lost its forward momentum due largely to increased intervention of the government by means of regulation. Wealth was unevenly distributed among the population due to policy failures of the government. Discouraged by government practices, the people seemed unwilling to participate in the democratic process.

### Development of Democratic Values

According to a public opinion survey conducted by the YMCA of Seoul, more than 25.4 percent of the 1,029 people polled said that they most desired a “president who can execute the reform programs of the government,” 24.0 percent wanted a president “who has excellent management skills to administer state affairs,” and 22.7 percent said that “the president should maintain honesty and a moral standard.” More than half of those polled, 56.5 percent, said the most important quality of the next president should be his credibility, whereas 16.4 percent considered it to be the capacity to make a “democratic decision.” According to the same poll, the most important issues for the next president would also be resolution of education problems (16.7 percent) and the eradication of corruption in the government (14 percent).

The political culture of South Korea is being transformed as a result of gradual changes in the traditional values of the people. Korea, the South as well as the North, has been greatly influenced by
Confucianism for more than six centuries; and the authoritarian political culture of Confucianism persists in Korean politics and society. Confucianism inculcated the values of loyalty to the king, filial piety to the parents, and cohesiveness of the family values that still influence contemporary politics in South Korea.

There have been extensive debates among scholars and observers of economic development in East Asia on the question of whether Asian values impacted the rapid growth and development of East Asian economies in the 1960s and 1970s. At the turn of the century a similar debate focused on the reasons that China was unable to modernize while Japan did so. Most analysts attributed the cause of economic underdevelopment in China to Confucian values. However, when East Asian states, including South Korea, Taiwan, Hong Kong and Singapore, began their rapid development, this time scholars and observers attributed their enhanced growth to their Confucian heritage. When the economic and financial crisis came to East Asia in 1997, the debate again focused on the role of Asian values, including corruption, tight regulations, and irregular business practices. Thus debate on the role of Confucian values has come full circle in the aftermath of the current East Asian economic crisis.

The Korean bureaucracy maintains the values that were inculcated by Confucian education and reinforced by the Japanese civil service system. During the Chosun dynasty an examination system, based on rote memorization of the Confucian classics, was devised to recruit officials to serve in the government. Candidates for official positions spent many years studying the Confucian classics, and once they passed the examination and entered government service, they became the elite of the society. They held themselves aloof from the common people and worked to maintain their own status and power. The imperial tradition of the Japanese civil service system reinforced the authoritarian characteristics of Korean bureaucracy. Government officials were held superior to the common people, not equal, nor were they expected to serve the people. A civil service system like those in Britain or in Europe has never developed in Korea. Instead, the bureaucracy increased their power over the people by establishing and then maintaining rules and regulations of government, which ended up choking many economic institutions as well.

It is true that the older generation of Korean bureaucrats are gradually retiring from positions of power, but the younger civil servants that will replace them are unlikely to be different unless the values and behavior of government officials change and a democratic
political culture is generated. The most likely way for this to happen is through the communications and information revolution.

Conclusions

Korean society is evolving from a semi-industrial society into an information society as the result of rapid development in communications and information technology. The introduction of telecommunications (telephone, television, and computers) and the rapid expansion of the Internet have accelerated changes in education and beliefs, and the cultural values of the Korean people are being transformed. In April 1996, public opinion survey data evaluating Kim Young Sam’s administration suggested that the majority of the people supported reform programs. For example, the “real name” banking reform, instituted in 1994, which required customers to open accounts in their true names, was intended to create transparency that would remove the possibility of tax fraud and other abuses, while enabling the government to better manage money circulation. This reform measure was approved by 82.1 percent of the people polled. Administrative reform had an approval rate of 56.1 percent, and the education reform program received 41.6 percent approval.7

In the same survey, 31.6 percent of those polled considered themselves conservatives, 41.3 percent liberal progressives, and 27.2 percent indicated they were neither conservatives nor liberals, an indication of change in political values and belief systems. When the public was asked to evaluate the priority of policy issues the government should resolve, 51.7 percent put the economy at the top, 13.3 percent politics, 11.9 percent social problems, and only 11.3 percent national security and reunification. The survey data also showed that 5.3 percent were most concerned about the environment, and 0.1 percent about issues of women’s welfare. The data showed that the majority of people still expected the government to play an important role in solving economic and political problems.

Seven major advertising companies in Seoul jointly conducted a public opinion survey of 6,000 people from six large and fifteen medium-size cities in South Korea in April-May 1996. Ages of the respondents ranged from thirteen to sixty. Of those polled, 67.6 percent indicated that they believed their values had changed, of which 64.4 percent were men and 70.7 percent women. The survey data indicated that the younger generation expressed their value changes more readily than the older generation. Thus, the communications and information
revolution seems to have brought more rapid values changes to the younger generation than to the older generation.3

To increase the international competitiveness of South Korea, the Kim Young Sam government introduced the decentralization of the central government, the downsizing of the bureaucracy, and the deregulation of the economy. In January 1997, as part of downsizing the government, the Kim Young Sam administration launched a program to eliminate 10,000 civil servants. One thousand more were to be dismissed in 1997, followed by a reduction of two or three thousand more each year for the next three years, thus achieving the goal of "lean government" by the year 2000. However, this goal will meet stiff resistance. It is still too early in Kim Dae Jung's administration to be able to predict if this program will succeed in surmounting the challenging political situation as well as the persistence of the Confucian political culture in the body politic of South Korea.

Notes

This paper was presented at the 17th Congress of the International Political Science Association (IPSA) in Seoul, Korea, August 17–21, 1997. It was revised and updated following the presidential election in December 1997 and the inauguration of the Kim Dae Jung government in February 1998.


4. For a summary of the plan, see the Joong-Ang Daily, June 28, 1997.


The Economic Crisis of South Korea and Its Political Impact

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The spectacular performance, until recently, of East Asia’s emerging economies, popularly known as the Asian tigers, has fueled wild speculation in the West about the so-called “Asian Century.” “Never before in world history,” noted the Economist in March 1997, “has any region sustained such rapid growth for so long.” The GDP per capita of Taiwan ($13,200) and South Korea ($11,900) were already impressive enough in 1997 to place them at the gate of the advanced industrialized nations of the world. Japan, of course, has long been an acknowledged super-economy, often said to have led the flock of economic “flying geese” before they turned into what Chung-In Moon ten years ago called the “swarming sparrows” in Asia. Then suddenly last summer, seemingly as if from the blue, came the financial crisis in Pacific Asia. In reality, however, it followed what had been a decade-long period of sclerosis in the Japanese economy.

The awe inspired by the image of the Asian “miracle” has been quickly replaced by derisive commentaries in the Western media about “crony capitalism” and its “bubble economy.” The close government-banking-business connections which once inspired admiration in the West as a driving force behind the alleged miracle are now said to have been its nemesis. The current popular image of Asian countries is that they have bubble economies characterized by reckless overinvestment, carried out by favored Asian business groups who have received corrupt government protection against the competitive discipline of the free, open, and fair markets of the world. To many observers, the bottom has dropped out of debt-financed Asian economic growth as the capital flow into the region has abruptly reversed its course. A dark cloud now hangs over much of East Asia, with structural adjustment programs demanded as the condition for IMF loans. With rising unemployment in Asia, with daily reports of business and bank failures, and with both blue- and white-collar layoffs, the world wonders if the Asian miracle indeed is over, or if it ever existed.

Among East Asian countries, South Korea, which is my main
focus, is experiencing its gravest economic crisis in decades. Almost all output figures are being revised downward. At the time of this writing, it appears that the economy is swinging from growth of more than 5 percent in 1997 to contraction on the same order of magnitude in 1998. Industrial production is down 12 percent from a year earlier. Capacity utilization is less than 70 percent — the lowest on record. Unemployment is more than 8.4 percent and rising (Business Week, November 16, 1998). The trade surplus is increasing, but this is mainly due to import compression. Exports are growing strongly in real (volume) terms, but in dollar (value) terms are more or less flat, due to falling dollar export prices. The Bank of Korea (BOK) sees no positive signs for the second half of 1998. Private growth forecasts are on the order of -1 to -7, with the consensus around -4 to -5, as reported in Table 1.

<table>
<thead>
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<th>1997 (Actual)</th>
<th>1998 (Actual)</th>
<th>1999 (Forecast)</th>
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<tr>
<td>United States</td>
<td>3.8</td>
<td>3.4</td>
<td>2.2</td>
</tr>
<tr>
<td>Blue chip consensus</td>
<td></td>
<td>3.2</td>
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<tr>
<td>Financial Times consensus</td>
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<tr>
<td>Japan</td>
<td>0.8</td>
<td>-1.6</td>
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<tr>
<td>Blue Chip consensus</td>
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<tr>
<td>Financial Times consensus</td>
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<tr>
<td>South Korea</td>
<td>5.5</td>
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<td>Blue Chip consensus</td>
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<td>-5.1</td>
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<td>Financial Times consensus</td>
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<tr>
<td>China</td>
<td>8.8</td>
<td>6.0</td>
<td>6.3</td>
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<td>Blue Chip consensus</td>
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<td>7.0</td>
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South Korea is afflicted with dual crises, in currency and banking. With the caveat mentioned below, the currency crisis is not
biting; South Korea is running a large trade surplus and the exchange rate has stabilized. However, the domestic financial crisis significantly clouds the horizon. Bad loans are officially put at more than 30 percent of GDP, though Deutsche Bank estimates that the actual figure is more than 40 percent. Moreover, Korea has a bank-centered financial system. Korean firms are highly leveraged. This means that even “good” firms may have trouble raising capital if bank lending is impaired, and it could take a long time to unwind this situation.

The South Korean government has developed a plan which envisions the issuance of 50 trillion won worth of government bonds to recapitalize the banking system (equivalent to about 12 percent of GDP). But the plan may be overly optimistic; actual outlays could prove to be much higher. One reason is that the estimates of bad loans may be understated, thereby minimizing the problem. Another is that the country may not be able to attract foreign investment on the scale envisioned in the government plan. The non-transparent accounting and “business as usual” attitudes and practices that occur in both corporate and government bureaucracies are deterring foreign investment. Non-transparent accounting means that foreign investors are afraid of buying failed businesses; they fear they will find out too late that what they thought were viable enterprises are in fact saddled with large contingent liabilities in the form of cross-enterprise loan guarantees. The recently botched auction of the failed automaker Kia, in which Ford (its shareholder through investment in Mazda) was essentially forced out of the bidding, is an example of hostility to foreign investment.

South Korea’s difficulties are compounded by relatively tough external conditions. An obvious comparison is the situation that Mexico confronted in 1994. Unlike Mexico, Korea faces a regional crisis. When the Mexican peso collapsed in 1994, the nominal depreciation was translated into real depreciation and enhanced competitiveness in the traded-goods sector. By contrast, if the won depreciates, the currencies of its neighbors may also depreciate, diluting any real depreciation that could boost competitiveness. Moreover, unlike Mexico, South Korea is relatively “big” in some product markets, most obviously DRAMS (dynamic random access memories), steel, autos, and ships. As Korean exports increase, downward pressure is generated on world prices in value terms, offsetting the increase in export volume. Finally, in 1994 Mexico had access to the booming United States market, while South Korea must contend with Japan. One consequence of the weakness of Japan and the
likely Japanese reliance on a cheap currency policy (to export their way out of their own crisis), is that South Korea will be forced to rely even more heavily on the United States market. The emergence of large bilateral surpluses with the United States could well lead to trade tensions and even retaliatory action.  

South Korea's economy, once admired by a scholar as "Asia's next giant," has not held real investment, which has declined 30 percent, and consumption, which has declined 13 percent. The unemployment rate will go up and cause numerous social and economic problems. These problems are particularly troublesome since there is no reliable social safety net in Korea. There will be more protest demonstrations similar to those which took place on November 9, 1998, in Seoul — when about 30,000 workers, farmers, and students marched demanding speedy reforms to overcome South Korea's economic crisis. More than 10,000 riot police were deployed for possible violence, but there were no reports of arrest or serious clashes. Organizers, representing sixty labor and civic groups, demanded that the government disband the nation's bloated, debt-ridden conglomerates and increase financial assistance to the unemployed. The Kim Dae Jung government is trying to tackle all these difficult problems and achieve the goal of democracy and a market economy simultaneously. It must do so, moreover, while facing resistance from various social sectors.

The purpose of this paper is to review the causes of the economic crisis in Korea and evaluate their impact on Korean politics. The discussion will focus on the political-economic complex which has produced corruption and cronyism in the economy. I will discuss some reform measures which are necessary to alleviate the political and economic crisis.

**Explanation of the Economic Crisis**

The main story of the East Asian crisis began with persistent, large current account deficits and what Martin Feldstein calls the "misguided attempt of Thailand, Indonesia, Malaysia, and the Philippines to maintain fixed exchange rates relative to the dollar." The heroic attempt by the Thai government to support a dollar-pegged baht failed. The collapse of the baht was inevitable, as the speculative attack on it from various sources began in earnest in May 1997. The currency crisis soon spread to Indonesia, Malaysia, and the Philippines, and Feldstein observes that "financial investors became worried about their large account deficits, high ratios of foreign debt to local GDP,
and deteriorating trade competitiveness. The contagious effect of the Southeast Asian financial crisis soon reached the northern Pacific shore, notably Korea, which represented a “phase transition” in the speculative process.

To be sure, there were signs of trouble in Korea even before the baht crisis erupted in Thailand. In January 1997, the news of Hanbo Steel Group’s default on its loans shook the nation. Scandal soon broke: it was discovered that the Hanbo Group, the country’s fourteenth-largest chaebol (conglomerate), had bribed the banks and government officials to obtain huge loans to build the world’s fifth-largest steel-mill complex, in Tangjin, Korea. The Hanbo scandal exemplified a reckless business adventure in the extreme-corrupting government officials to obtain an extraordinary loan to build a mammoth venture — one which, furthermore, totally disregarded the overcapacity problem (Korea already had the huge Pohang steel mill), while accumulating some $6 billion in debt, sixteen times as much as Hanbo’s entire equity. If the Hanbo default was an extreme case, it nevertheless brought into the open more general problems of debt-financed industrial growth centered around chaebols. One financial journalist summed up the problems in the following words:

Korean banks had traditionally been easily influenced by the government. They lent money according to the government’s wishes, without regard for the soundness of the borrower. Bank directors’ elections are influenced by the government, making them vulnerable to corrupt government officials.

Double-digit growth in Korea’s plant capacity since 1995 had flooded markets with too many products, creating a growth in stock inventories, followed by price cuts. This in turn caused a drop in profits for Korean companies that left them helpless in the face of their crushing debts, commonly several times their equity.

The Chaebols were having trouble paying the interest on their loans. Even in the tax year 1966, when the economy grew at 7%, more than a third of the top 30 Chaebols were losing money. The Hanbo bankruptcy was a sobering experience for the Korean banks. They began reexamining their banking practices and started calling in short-term loans, thereby “creating a vicious circle of liquidity.” This, in turn created a “domino effect” as more companies failed. The biggest blow came to Kia Motors, Korea’s eighth-largest chaebol. Its debt was greater than Hanbo’s. Kia was, however, different from Hanbo. Hanbo could be accused of blatant corruption and total recklessness in a business venture, whereas Kia was a respectable


chaebol. Efforts by creditor banks to save Kia from bankruptcy nonetheless failed. Ten days later, because of the bank sector’s exposure to Kia and other debt-ridden conglomerates, several Korean banks were placed on negative outlook by Standard & Poor’s and Moody’s. The result, says Callum Henderson, who played a key role as Standard & Poor’s Money Market Managing Currency Analyst (Asia), was an increased credit risk within the Korean financial system as a whole and thus rising market rates and bond yields to compensate.”13 The rush was on. In September, Jinro, Korea’s nineteenth-largest chaebol — and the largest liquor group — failed.14 The bankruptcy of the Korean First Bank, which soon followed, was particularly ominous because it was generally considered one of the premier banks in Korea. By the end of the year, over 15,000 companies, large and small, went bankrupt; and one million people lost their jobs.15 The total flight from Korea of the famous (or infamous) Soros Management Fund symbolized an age of instant and unfettered capital flow which moved in and out of countries in search of international profit-making. Indeed, Korea exhibited many common weaknesses that have come to light in the Southeast Asian crisis. This is particularly true with respect to “immature” banking institutions and corporate governance.

Yet, despite all these internal problems arising from corruption, scholars like Jeffrey Sachs, Robert Wade, and Martin Feldstein blame external factors such as the global financial environment. They are particularly critical of IMF recommendations for solving the financial crisis in Asia. Politically and philosophically, they are opposed to the IMF as the appropriate institution for solving international financial problems.

Criticizing the IMF, Feldstein contends that Korea needed only “coordinated action by credit banks to restructure its short-term debts, lengthening their maturity and providing additional temporary credits to help meet the interest obligations,” which was the approach taken fifteen years earlier with the Latin American debtors.16

The rate of interest required to attract such long-term foreign lending on a voluntary basis — and thereby avoids withdrawal of private lending to other emerging-market countries — was about four percentage points above the interest rate on U.S. Treasury bonds and therefore well within what Korea could finance by its exports. The I.M.F. could have helped by providing a temporary bridge loan and then organizing the banks into a negotiating group [which the I.M.F. did in late December].17

“Instead,” notes Feldstein, “the I.M.F. organized a pool of $57 billion from official sources — the I.M.F., the World Bank, the U.S.
and Japanese governments, and others — to lend to Korea so that its private corporate borrowers could meet their foreign currency obligations to U.S., Japanese, and European Banks.” It was as much a rescue operation for creditor banks in the advanced economies as for private corporate borrowers in Korea. In exchange for these public loans, the IMF required Korea to undergo the fundamental structural changes alongside such contractional macroeconomic policies as higher taxes, reduced spending, and high interest rates. Regarding IMF policies, the following list of eight structural changes required of Korea is very revealing:

1. Foreign investors should be able to own majority stakes in Korean business.
2. The Korean domestic financial markets must be fully open to foreign banks and insurance companies.
3. There should be no restriction on industrial products, especially Japanese cars.
4. Korean banks must adopt a system of good credit evaluation in making loans (thus abandoning the Japanese style and adopting the Western banking method).
5. The Bank of Korea must be independent and adopt price stability as its goal.
6. The corporate structure and activities must be more open and transparent.
8. Korean labor laws must be liberalized to allow easier layoffs as well as the flow of workers between companies.

It is interesting to note that Feldstein objects to the IMF’s “conditionality” requirement for Korea on the ground that an international agency and its technical staff ought not to usurp the sovereign right of the state “to determine the nation’s economic structure of its institutions.” He argues, a “nation’s desperate need for short-term financial help does not give the IMF the moral right to substitute its technical judgments for the outcomes of the nation’s political process.” This would be so even if there were unanimity of agreement on the appropriate policies for Korea. There was no such unanimity. Many of the structural reforms included in the IMF’s early December package, Feldstein observes, were “not needed for Korea to gain access to capital markets.” In fact, according to Feldstein, Korea’s outstanding economic performance — persistent high growth rate, combined with low inflation and low unemployment—“suggests that
the current structure of the Korean economy may now be well suited to Korea’s stage of economic and political development and to Korean cultural values stressing thrift, self-sacrifice, patriotism, and worker solidarity.” Korea, he says, is now unfairly “forced to cause widespread bankruptcies, by tightening credit when inflation is very low, when the rollover of bank loans and the demand for the won depended more on confidence than on Korean won interest rates.”

Feldstein is particularly critical of the way in which the IMF came to the Korean rescue. By rushing in too quickly with the promise of public loans, the IMF probably has made the “moral hazard” problem worse since lenders could see IMF action as a promise of future bailouts. Meanwhile, the toughness of the reform programs imposed on Korea would discourage the emerging markets from asking for the IMF’s help “until it is absolutely necessary.” In order to avoid painful medicine from the IMF, the emerging market economies would be inclined to accumulate large foreign currency reserves by running trade surpluses and savings, while they could instead better use the money to import productive capital goods for their further growth. These were the lessons for Hong Kong, Singapore, Taiwan, and China, which with large foreign exchange reserves could remain relatively safe from international speculative attacks.

Another prominent critic of the IMF, Jeffrey Sachs, has also argued that there was nothing wrong with the fundamentals of the Korean economy before the crisis. The economic crisis was not caused by any weakness in Korea’s economic fundamentals but by international investors’ panicky behavior in late 1997. Similarly, Robert Wade, a “developmental state” theorist, has contended that the Asian economies were relatively healthy and efficient prior to the crisis, and probably could have remained so even after it. High levels of savings in East Asian countries naturally led to a high debt/equity ratio in industrial firms, which worked as the engine of strong economic growth. Wade, like Feldstein, believes that Western and Japanese banks and investment houses were responsible for the crisis. These international bankers, who usually had a powerful incentive to follow the herd, ignored their own prudential limits and lent heavily to Asian companies over the 1990s. They just assumed that high growth would continue and that the exchange rate would remain stable in these countries.

The problem with critics who pinpoint the IMF as a major culprit in the Korean crisis is that they concentrate on only external factors in explaining the crisis. They totally fail to acknowledge that
from early 1997 (thus even before the crisis), the Korean banking sector had been saddled with huge amounts in non-performing loans and several chaebols had experienced bankruptcies. Instead, Sachs and Radelet emphatically argue, exchange rate depreciation was precipitated by sudden withdrawal of capital and that the IMF macroeconomic policies were the major cause of the debt problems of Korea.\textsuperscript{24}

If Sachs sees nothing fundamentally wrong with the Korean economic model, Wade seems even to admire it. For instance, according to Wade, those Western commentators who dismiss the system as “crony capitalism,” missed

the financial rationale for cooperative, long-term, reciprocal relations between firms, banks and government in a system which intermediates high savings into high corporate debt/equity ratios. (They also miss the crony capitalism US-style, generated by the regime of electoral campaign finance.)\textsuperscript{25}

As a distant observer of the Korean economy, Wade might not have been able to understand the agony of most Koreans when they had to witness the jailing of two former presidents and another president’s son. He might not recognize that these “cooperative, long-term, and reciprocal relations between firms, banks, and government” also provided politicians and chaebol owners with the opportunity to seriously distort Korea’s political and economic structure. The slush fund scandals of former presidents Chun and Roh, as well as the Hanbo collapse, have vividly shown how seemingly benign trilateral relations could be turned into ugly ones. The “moral hazard” phenomenon, rampant in the Korean banking and industrial sectors, was nothing but the mirror image of these “cooperative, long-term, and reciprocal relations.”

Some Koreans might have felt comforted by the arguments made by Sachs and Wade. Sachs’s point of view was given wide coverage in the Korean press early this year, when most Koreans were angry about the IMF bailout and the reform measures adopted by the government. In other words, this argument, as well as the “conspiracy theory” on the East Asian crisis,\textsuperscript{26} has been politically utilized as an ideological tool against economic reform by those who opposed reform of the Korean economy and wanted to maintain the status quo.

A balanced explanation of the crisis would be one that considers both the internal and the external factors simultaneously,
since they are deeply interlaced. Externally, Korea suffered from the contagious effects of the Asian financial crisis and earlier from a global recession in its key export industries, such as semiconductors. The magnitude of the latter shock was so severe that Korea’s terms of trade reached the lowest point since the early 1980s.

Although the external shocks were significant, we cannot deny that the Korean economy might have survived them had its fundamentals been sound. But external factors alone cannot explain why Korea fell in 1997. Other countries in East Asia, especially Taiwan, have been able to escape the financial crisis so far. So we must look for internal factors. Regarding economic factors, it took a congruence of three forces (bankers, bureaucrats, and chaebols) to create a banking and currency crisis in Korea: deterioration of bank balance sheets, mounting foreign debts, and declining corporate profits. Korea could have survived the adverse international conditions if any one of these three factors had been absent. For example, a banking crisis could have been prevented from spilling over to the currency market if it had not had such high exposure to international debts.

In contrast to Sachs, Feldstein, and Wade (who tried to view the Korean economic crisis as a liquidity and currency crisis), Paul Krugman and Nouriel Roubini focus on the moral hazard problem in the debtor countries’ financial and industrial sectors. For instance, Paul Krugman states.

The problem began with financial intermediaries -institutions whose liabilities were perceived as having an implicit government guarantee, but were essentially unregulated and therefore subject to severe moral hazard problems. The excessively risky lending of these institutions created inflation of not goods but asset prices. The overpricing of assets was sustained in part by a sort of circular process, in which the proliferation of risky lending drove up the prices of risky assets, making the financial condition of the intermediaries seem sounder that it was.

Roubini also argued that the moral hazard problem was the major cause of the crisis. Most banks in the East Asian economies have been implicitly and explicitly guaranteed by governments. Thus, international investors made excessive loans to the banks in East Asian countries, which in turn transferred capital to firms involved in risky projects. This caused the asset bubble. The fixed exchange rate of Southeast Asian nations, mostly pegged to the dollar, also contributed much to the excessive inflow of foreign capital. This in turn led to
appreciation of the real exchange rate and accumulating current account deficits.\(^{30}\)

**Political Analysis of the Korean Economic Crisis**

The major causes of the financial crisis in Korea can be investigated by examining the long history of the political-economic complex. The merger of politics and economy in South Korea started when President Park Chung Hee launched the First Economic Development Plan in 1962. In the early stages of the economic takeoff, it was necessary for the Korean government to allocate limited resources to specific industries. This determination was based on the unbalanced growth strategy.\(^{31}\) President Park provided various subsidies for import substitution and export promotion. He suppressed labor movements like those in other developing countries. Moreover, special favors went to selected business owners in his home province, creating a fortified political base which allowed him to defend the weakness of the regime’s legitimacy and to supply easy funds for political operations. This in turn helped him maintain his dictatorial rule against anti-government movements until he was assassinated in December 1979.\(^{32}\)

During his tenure, President Park achieved rapid economic growth for the nation, but his economic success came only with a serious distortion of the Korean economy. For example, Park initiated the *chaebol* as an offspring of his state-led development strategy. As the years passed, the *chaebols* came to monopolize the market and play the leading role in the economy. Thus the *chaebols* have been the natural target of political criticism involving the Korean economic crisis. As one Korean analyst puts it, the *chaebols* “have become symbols of corruption and failure.”\(^{33}\) *Chaebols* have faced a host of accusations: they have dominated the economy to the exclusion of small and medium-sized enterprises, they have pursued market shares rather than profits, and they have become over-leveraged and overextended. Family control of *chaebols* has been blamed for their failure to respond appropriately to changes in the global market and for poor business decisions, such as investment in native industries facing overcapacity. A special economic adviser to the president, You Jong Keun, has gone so far as to say, “The families that control the *chaebol* are the same ones responsible for bringing the country to such a mess.”\(^{34}\) These claims have led many inside and outside of government to call for sweeping changes. *Chaebol* reform has been attempted by successive governments since 1980, but in each case the effort
ultimately failed because there were both lack of consensus within the economic bureaucracy and strong vested interests in the private sector. Some believe the chaebols have become too powerful to be handled by the state. The changing balance between the state and the chaebol, from dominance to symbiosis, has already been analyzed in detail. Chung-In Moon also notes that the very success of the developmental state in economic growth resulted in increased social mobilization, which augmented the power base of social forces.

As Lord Acton pointed out, absolute power brings absolute corruption. The chaebol became too powerful and degenerated into a corrupt enterprise without much efficiency. Under Park, Chun, and Roh, the Korean government became too powerful to be responsive to the people’s desires. Even the civilian president Kim Young Sam was authoritarian in style. Furthermore, his lack of knowledge and the corruption displayed by his son begot economic troubles that occurred later in his term. To avoid just such abuses, political philosophers such as Locke and Montesquieu advocated separation-of-powers and checks-and-balances principles in government.

In South Korea, instead of separation of powers, however, a political monopoly has been established by the professional, power-seeking politicians and bureaucrats. A business monopoly has been dominated by top chaebols. The chaebol has become powerful under government protection. This interrupts resource allocation in the economy. Monopoly in both politics and economics reduces competitiveness and encourages more corruption.

Unfortunately, corruption is deeply rooted in Korean society. As pointed out, this corruption is a product of the combination of political dictatorship and economic monopoly. The system of antidemocracy and anti-market economy provides fertile ground for corruption. There are very few grossly corrupted nation states among the economically and politically developed countries, but there are many among less-developed countries. Democracy and a free market economy should be further implemented in Korea; this is the best medicine for the eliminating of corruption.

Among forty nations listed by Transparency International in its corruption index, Korea is ranked twenty-seventh. The least corrupt is Denmark, and the United States is eleventh, and Japan seventeenth. The practice of corruption worldwide has become so alarming that the OECD and five other countries signed the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. The signatory countries are expected to implement their
obligations arising from the convention into their respective domestic laws by the end of 1998. This pact penalizes businessmen who offer bribes to foreign government officials to win contracts. It was endorsed in a cabinet meeting in Korea chaired by President Kim Dae Jung on October 19, 1998.

The government of Kim Dae Jung is serious about political and economic reform, and the president has repeatedly declared the Anti-Corruption Campaign. However, as long as the domination of government by the presidency and executive branch continues, corruption cannot be easily eliminated. It should be pointed out again that the main source of corruption in South Korea is due to the lack of check-and-balance system among the three branches of government. The Ministry of Finance and Economy is a good case in point. It demonstrates how the lack of separation of powers is detrimental to effective functioning. The Ministry of Finance and Economy has monopolized fiscal and planning function by controlling central banking, financial supervision, and budget allocation. This ministry has been unsuccessful in supervising banks, chaebols, and the foreign currency reserves. Instead of supervising, the government has been allied with big business since the 1970s, utilizing the alleged “advantages” of backwardness and economies of scale. One of the results was strong economic growth, but the seeds of corruption, the “moral hazard,” and the current economic crisis were also sown at the same time.

To avoid becoming hostage to big business again, the Korean government should begin to focus more on taking up the role of the manager of the whole economic system. The state will have to reduce its role as an economic player by, for example, privatizing state-owned companies and resisting from its past habit of intervening in the financial sector. On the other hand, it will have to increase its role as a neutral umpire who executes fair rules of the game, protects property rights, and provides legal as well as physical infrastructure for economic players. It will also have to remove the possibility of collusion among the financial, industrial, and governmental sectors, by installing a new institutional framework. For instance, the autonomy of the Financial Supervisory Commission should be strictly guaranteed. Financial institutions must not again become captives of big business via the chaebols' ownership of the banks. The government will also have to revise the laws on national elections and political parties to reduce the amount of political funding that can be used by politicians.
Conclusion

The financial crisis in South Korea was caused by more or less corrupt politics, overexpanded business, and uncompromising labor. Corrupt politics forced financial institutions to give loans to business groups without proper examination of credit qualifications, so businesses had easy access to the financial market. This caused business overexpansion through debt-financing, raising the capital costs in production. Meanwhile, the Parliament passed labor laws prohibiting layoff, and the workers could then force employers to comply with their continuous demands for wage increases. The high labor costs made Korean businesses prefer investment in foreign countries, where they could pay lower wages. This expedited capital outflow and shortage of foreign exchange reserves. In short, the politicians sold their generosity to both business and labor in order to achieve easy compromise. This practice cannot survive forever in any economy. In Korea high costs of capital and labor reduced the country’s economic efficiency and competitiveness and invited economic decline.

In addition to the issue of corruption, some other immediate causes of the Korean financial crisis which afflicted the Korean economy must not be ignored. Broadly, they can be grouped into three areas: labor, finance, and chaebol problems (each area having multiple sub-issues). Since these problems were so closely related to the immediate causes of the crisis, we can argue that if the government had taken corrective measures early on, it may have been able to prevent the crisis or at least weaken its severity.

At least two conditions make this line of reasoning valid. First, the government was aware of the problems long enough to tackle them. Second, there is little disagreement that a policy of institutional reform measures in those three areas would have made a difference. Most of the issues have been publicly debated, and the government has taken some actions to address most of them, though without much success.

How important was the success of the economic reforms to the Korean economy? One indicator is that a package of structural reforms that the Korean government promised to the IMF (as bailout conditions) covered all three areas of reform and explicitly addressed most of the sub-issues. The issues that the IMF left out—such as corruption and industrial relations—were outside the traditional boundaries of structural reform programs. Thus, it is fair to say that successful early reforms would have spared Korea a painful economic adjustment under the IMF.
Unfortunately, few reforms were carried out before 1997. Areas in which some progress had been made before the crisis include the labor reform of 1997 and the financial liberalization plans in 1993-94. However, even those successful reforms came too late, and there have been some doubts about their effectiveness. For example, more than a year after the new layoff clauses became law, unions and management are still disputing their interpretation. As the IMF bailout conditions showed, the level of financial liberalization was far short of international standards.

Currently, Korean political, business, and labor leaders are choosing to steer clear of painful choices. Many are simply too weak or too closely linked to vested interests to undertake sweeping reforms. Structural bottlenecks, bureaucratic resistance, and labor issues slow or even thwart reform. It is hard to see how these leaders, who were so deeply involved in creating the problems, can turn around and now create their solutions.

Now there are fears that South Korea will remain so mired in the old ways of doing business that reform will founder. Then the chronic problems — cronyism, opaque banking practice, immature political systems — will continue to fester, weakening foundation for recovery and setting the stage for future crisis.

In South Korea, president Kim Dae Jung runs a weak coalition government. Prime Minister Kim Jong Pil, a partner in the coalition, advocates the constitutional amendment even before settling the economic crisis. The government of reform-minded Kim Dae Jung, in the eyes of many Koreans, seems to have opted to play politics the old-fashioned way, by hitting its opposition with corruption probes rather than setting up strong institutions that can truly combat cronyism. The chaebols, the target of President Kim’s reform, still have not moved to overhaul themselves. There is also little sign of change in a banking culture that has produced staggering loan losses. Essentially, the banks cannot afford to allow the chaebols to fail, because the banks themselves would incur staggering loan losses. Most analysts estimate that it will cost at least $70 billion to cover bad loans and recapitalize banks, far more than the $37 billion pledged by the government. Newspapers in Korea report many company bankruptcies and rising numbers of unemployed.

The Korean economic crisis cannot be turned around unless there is a strong political will on the part of political leaders, and a strong general will (as in Rousseau’s Social Contract) on the part of Korean citizens.
Notes

1. Beginning with the original four “tigers” — Hong Kong, Singapore, Taiwan, and South Korea — the East Asian NICs now include Malaysia, Thailand, Indonesia, and China.

2. For an insightful view, that the “flying geese” image, suggesting a hierarchical industrial order based on the level of technology and division of labor, has been replaced by a horizontal “swarming sparrow” pattern of development in East Asia, see Chung-in Moon, “Conclusion: A Dissenting View on the Pacific Future,” chapter 13 in Stephan Haggard and Chung-in Moon, eds., Pacific Dynamics: the International Politics of Industrial Change (Boulder, CO: Westview Press, 1989), pp. 359–74.

3. It is worth mentioning two things in regard to the banking crisis in South Korea. First, at the time the crisis broke, private analysts were estimating that the ratio of non-performing loans to GDP was as high as 30 percent, but the South Korean government maintained that the true figure was less than one percent. Subsequent revelations proved the private analysis right, weakening the government’s credibility on this issue. Second, whether loans are good or bad is based on macroeconomic conditions. A loan that is good when the economy is growing at a rate of 5 percent a year may turn bad when the economy is shrinking by a similar amount. Some of the bad-loan problem could be solved by increasing growth.


13. Ibid., pp. 140–41.


19. Ibid.

20. Ibid., pp. 27–29.

21. Ibid., pp. 30–31


26. The key point of the conspiracy theory is that the United States intentionally rigged the crisis to curb rising East Asian economic progress.


34. *Washington Post*, December 22, 1997. However, the government is not free of culpability. For example, the government had no small role in the Hanbo implosion. Hanbo was able to receive billions of dollars in loans for its white-elephant steel-mill venture as a result of government pressure on banks.

35. Eun Mee Kim, "From Domincance to Symbiosis: State and Chaebol in Korea," *Pacific Focus* 3 (Fall 1997), pp. 105–32.


40. Calomiris offers a good definition of the moral hazard problem for banks. “If the risk-taking bankers know that future gains from taking on risks will be private, but losses will be borne by taxpayers (again), that amounts to a government subsidy for risk, which thereby encourages excessive risk taking.” Charles W. Calomiris. “The I.M.F.’s Imprudent Role as Lender of Last Resort,” *Cato Journal* 17, 3, p. 5, http://www.cato.org/pubs/journal/cj17n3-11.htm

41. Jongryn Mo classifies all of these sub-issues into three tables for clarification. See Mo, “Political Origins of the Asian Economic Crisis.”

The Intergenerational Gap in Korean-Americans' Attitudes toward Unification of Korea

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To provide a better picture of Korean-American attitudes toward the unification of the two Koreas in this essay, I have employed a more definitive assessment of the generation gap in Korean-Americans’ attitudes toward Korean unification issues. By using a regression analysis of survey data, this study reports and explores the intergenerational gap in perceptions of Korean unification among Korean-Americans. In operational terms, I seek to understand the generation gap by employing a multi-regression analysis of Korean-American postures on various issues concerning Korean unification. A regression analysis permits analysis of age groups without the need for panel data. It is proposed that intergenerational contrasts emerge on a number of Korean unification issues. I assume that the younger Korean-American generation tends to hold different views from those of their elders about the two Koreas and their unification. The purposes of this study are: (1) to identify socioeconomic characteristics of the younger Korean-American age groups by comparing their responses on various social values to those of their elders, (2) to develop and to test some hypotheses concerning plausible impacts that this intergenerational population replacement in the Korean-American community has on its members’ postures toward the unification of their motherland, and (3) to present major findings and suggest some policy implications.

Data and Method of Analysis

Throughout this study, I assume that the intergenerational population replacement in the Korean-American community influences Korean-American attitudes toward Korean unification. Looking at the views of Korean-Americans and examining possible differences between the older and younger generations, I am relying primarily on a public opinion survey directed by the authors with Dr. Ilpyong J. Kim during the period between October 20 and November 5, 1995, with the sponsorship of the National Unification Board, Republic of Korea.
The respondents on this survey were randomly selected: 1,042 Korean-Americans who have U.S. citizenship or green cards (U.S. residents), and who are more than fifteen years old. The personal interview was generally used, but self-administration was permitted upon a respondent's request. The respondents are drawn from a national-level sample by the probability sampling procedure with regional quotas in fifteen United States cities known to have high rates of Korean-American residence. Of the participants, 250 (23 percent) were from the Northeastern region and 458 (44 percent) were from the Western region, excluding Hawaii. The remainder of the respondents (32 percent) were from the Midwestern region or the South. [See Table 1*]

In this survey, the Korean-American respondents were asked various questions concerning Korean unification corresponding to our research questions, which included measures of some dimensions of Korean-American beliefs about unification. Appropriate questions were selected to represent different Korean unification belief components.

The analysis of the intergenerational differences in Korean-American attitudes toward Korean unification proceeds in four stages. First, I define dimensions and develop measures of age groups for the Korean-American respondents in this survey. As discussed above, I draw on some socioeconomic characteristics of the younger Korean-American generation by addressing the impact of intergenerational population replacement on the Korean-American community. Based on this discussion, I provide some theoretical propositions on the generation gap in Korean-American attitudes toward the Korean unification. Second, I construct several different measures standing for Korean-American attitudes toward Korean unification. I divide Korean-Americans' general beliefs about Korean unification observed in the survey into the following three components: their overall views about unification, their preferred process of unifying the two Koreas, and their knowledge and approval of unification policies formulated by the North and South Korean governments. Each unification belief is composed of several specific measures. Based upon these respective measures, I formulate the hypotheses to be tested. Third, I explore the differences in postures on Korean unification issues between the younger age groups and the older age groups. In particular, the third step is intended to examine how respondents in various age groups

* Tables referred to in this article appear on pp. 171-178.
respond to a variety of survey questions regarding the Korean unification. I construct multivariate models which introduce "respondent's age," "bilingual ability," "place of birth," "educational attainment," "gender," "social participation," and "duration of residence in the United States" and provide regression coefficients that show the impact of each respondent's age on his or her beliefs about Korean unification. For each regression model, I compare the regression coefficient of the "respondent's age" variable to those of other independent variables. Then I examine whether regression coefficients employed for each model are statistically significant based on the analysis of variance (ANOVA). Fourth, in the concluding section some substantive implications based on important findings are offered. In particular, I discuss how consistently the younger Korean-American generation differs from its older counterparts in perceptions about the reunification of their divided motherland. Therefore, the research question on which I focus is whether or not, after controlling for the other independent variables, age has a significant effect on the various attitude variables regarding Korean unification.

**Intergenerational Replacement and the Issue of Korean Unification**

The most remarkable characteristic of Korean-Americans' beliefs about Korean unification is originally developed in the context of their own interpersonal social relations. Thus, the breakdown of Korean-Americans' beliefs about Korean unification issues is associated with measuring their positions in the Korean-American community. To this end, I need briefly to describe the social impact of the intergenerational population replacement on the Korean-American community observed in the 1995 survey. The reason for focusing on the intergenerational population replacement is that the concept of political generation has found increasing acceptance in recent empirical literature on mass political behavior. In particular, this political generation variable is the most striking subgroup of the demographic variables in explaining various sociopolitical phenomena. For example, the idea of political generation is readily adaptable to the concept of mass belief systems in the political culture approach. Different generations, by virtue of their exposure to particular kinds of socialization processes or experiences, can be seen as manifesting the traits of a political subculture. Furthermore, since the Korean-American community has experienced multiple social and political discontinuities over recent decades, it is possible that several distinct
subcultures of generations may exist. It is evident that there has been a remarkable increase in the growth of the younger generation of Korean immigrants. For Korean-Americans, the problems of population replacement between the younger Korean-American generation and the older Korean-American generation are no longer produced simply by the passage of time, but by a sum of changes which impose singularity on a generation according to its social values and political behavior.

Among many Korean-American analysts and journalists, there is a consensus that the younger Korean-American generation can be subdivided into two groups, commonly represented by the terms “one-point-five generation Korean-Americans” and “second generation Korean-Americans.” The so-called “one-point-five generation” are mostly those born in South Korea and who have experienced South Korean political changes and economic growth. Most of them came to the United States in their early teens. It was this generation that experienced the student protest movement in South Korea in the 1980s. By contrast, so-called “second generation” Korean-Americans were mostly born in the United States or immigrated at an early age. It is a natural guess that their coming of age in the United States might lead to identity problems. In particular, the paradoxical coincidence of adopted Western individualization and the Confucian orientation received from their parents is reflected in their political and social attitudes. Since there are no existing survey data drawing on attitudes of “one-point-five” and “second generation” Korean-Americans, the present study considers age groups of Korean-American respondents as an alternative to political generations. Thus, the term “younger age groups” mostly refers to Korean-Americans in the “one-point-five generation” or “second generation.”

Several factors underlie the widespread political and social interest of this remarkable intergenerational population replacement in the Korean-American community. As the community is grows older and becomes involved in life in the United States, younger Korean-Americans are coming to possess more Western or American values than their elder counterparts. The social and economic attitudes held by younger Korean-Americans are associated with the forces molding the Korean immigrant community, focusing on values of individualism at the cost of their parents’ traditional views. At home, they are taught by their parents to respect Confucian values, but they learn from their teachers at school and from American society in general the norms derived from the drastic social changes in the United States. It is
natural that these young Korean-Americans have two sets of social values and thus identity problems. It is empirically found, for instance, that the majority of Korean-American students have dual sets of values. They appear to be well adjusted to life in the United States, and seem happy with their schools, family life, and friends, on the one hand, but quite a few students seem also to be worried about social life and learning difficulties, on the other hand.\textsuperscript{3}

Table 2 describes the specific measurements demonstrating intergenerational differences in socioeconomic experiences and behavior of the Korean-American respondents. In the survey employed in this study, 1,012 of 1,042 participants indicated their respective ages. I am interested in the differences in socioeconomic characteristics between the younger and older generations of Korean-Americans that are most likely to stimulate their socioeconomic attitudes and policy preferences concerning Korean unification. To this end, I divide the Korean-American respondents into six age groups.

Regarding the impact of the intergenerational population replacement in the Korean-American community on Korean-Americans' sociopolitical attitudes, in the survey data employed in this study, major findings are summarized as follows:

\textit{Finding 1}: Younger Korean-Americans have more and more Western or American values than their elder counterparts. The 1995 survey shows that as the number of Korean-Americans born in the United States increases with time, they feel English to be their primary language, and sometimes their bilingual ability surpasses that of their elders.

\textit{Finding 2}: Young Korean-Americans' experiences with political stability and economic prosperity lead to greater commitment to individualistic values of self-realization than to physical security and economic interests. I found that people in the young age groups participate more vigorously in various associational activities than do people in the older age groups. I assume that young Korean-Americans' energy and vigorous democratic participation stem from their adeptness in forming voluntary associations and participating in Korean community activities.

\textit{Finding 3}: Even if education historically has been an attractive value among Korean-Americans, younger Korean-Americans' clear emphasis on education is closely associated with their commitment to both their own ambitions and their own hard
work. In particular, the younger Korean-American generation was the first to experience the massive expansion of systemic educational programs influenced by the United States. Likewise, the survey data employed in this study show that even if there is no lack of support for education across any group lines among Korean-Americans, education is found to be an important indicator of intergenerational change among Korean-Americans. It is inevitable that the higher education levels achieved by young Korean-Americans leads to significant value change.

These findings (F1, F2, and F3) have important implications for exploring the generation gap among Korean-Americans in attitudes toward Korean unification, in that the sociopolitical values of the younger generation could raise potential discord over unification issues. Sociopolitical variations among Korean-Americans could lead to a breakup of the far-reaching consensus among the members of the Korean-American society. Subsequently, intergenerational differences will undoubtedly play a key role in setting the tone of Korean-American perceptions of the two Koreas and their unification. Considering the fact that those who have consistent democratic belief systems are much more politically active, the beliefs of the young and the better-educated among Korean-Americans have important implications for their behavior and their posture toward Korean unification issues. Based upon these preliminary findings, I need to provide specific questions to be explored concerning how Korean-Americans in younger age groups differ from their older counterparts, as follows.

**Question 1:** How do beliefs of younger Korean-Americans about Korean unification issues differ from those of older Korean-Americans? I need to examine whether Korean-Americans in the younger groups with looser Korea connections have less interest in and less optimism about Korean unification than their elder counterparts. In particular, I test hypotheses on Korean-Americans’ overall projections of Korean unification and its outcomes.

**Question 2:** If younger Korean-Americans have more democratic and liberal values than older Korean-Americans, do those in the young age groups, more than those in the older age groups, support liberal and peaceful procedures to unify Korea over
Question 3: Considering the accessibility of information for younger Korean-Americans and their higher levels of education, how much do the younger birth groups know about the North and South Korean governments’ unification policies, and do they support them? I test a hypothesis that young Korean-Americans are more likely than their elders to have knowledge of the unification formulas developed by the two Korean governments, and to approve or disapprove of those unification policies.

Generally speaking, specific beliefs Korean-Americans hold about Korean unification issues delineate the international behavior of the two Koreas over the comparatively long term and confine bilateral relationship of the two Koreas. The present study therefore postulates that Korean-American unification beliefs may be operationalized and discussed based on the three continua developed above: the projection of the Korean unification, the preferred process of unifying the two Koreas, and the knowledge and assessment of the two Korean governments’ policy.

Korean-Americans’ Beliefs about Korean Unification

In the following section, I briefly address the conceptual definition and empirical measures of Korean-American beliefs about Korean unification issues employed in the 1995 survey. The empirical scales presented here represent an emphasis that is slightly different from the original conceptual definition intended in the survey. It is possible that the measures employed in this study to examine the generation gap in Korean-American unification beliefs do not accurately tap into the empirical concepts for suggested propositions. However, this study does not consider systematic coding biases that the data produce. The empirical scales for all measures have been re-coded differently from those originally measured in order to make them appropriate to this study without any changes in meanings intended in the original conceptual and operational definitions. They have been re-coded so that mean scores of all age groups range from minus-1 to plus-1, with a hypothetical midpoint at zero. Then I formulate particular hypotheses to be tested based upon both measures of Korean-American beliefs about Korean unification. Measures and specific question wordings drawn from the 1995 survey are also put together and given in the appendix of this paper. I have taken the "No Response
rate" and the "Don't Know rate" as missing data, and thus do not consider them.

**Measures of Projections about Korean Unification**

Korean-Americans' projections about Korean unification undoubtedly play a key role in setting the tone of their attitudes toward reunification. These measures deal with the question of Korean-Americans' overall postures on Korean unification issues. Measures of overall projections incorporate questions regarding Korean-Americans' hopes for unification, their expectations of the timing of unification, and the outcomes of unification for them.

The hypothesis is that the Korean-Americans in the younger age groups think about Korean unification issues more optimistically and functionally than the Korean-Americans in the older age groups. More specifically, younger Korean-Americans, more than their elder counterparts, are expected to think of Korean unification as definitely necessary, to see Korean unification as a question of economic integrity over political or institutional integrity, and to expect the unification to happen in the near future. Based on the suggested hypotheses, all plus (+) signs of regression coefficients (B's) indicate the Korean-Americans' optimistic and functional views of unification over realistic views. By contrast, all minus (-) signs indicate the Korean-Americans' pessimistic views toward unification and their understanding of unifying Korea in terms of achieving political and institutional unity.

**Measures of Preferred Process of Unification**

A key element of Korean-Americans' unification beliefs is related to their preferences of specific means of unifying Korea. In 1990, South Koreans watched emotionally as West Germany absorbed East Germany, thinking that perhaps the two Koreas would also be soon unified. Initially, many Korean-Americans wanted to believe that the Korean case was similar to that of Germany and that South Korea could somehow absorb North Korea. Among many Korean-Americans, it was thought likely that a German-type scenario would take place and that South Korea would quickly and suddenly absorb North Korea. However, I hypothesize that the Korean-Americans in the younger age groups are more likely than their elder counterparts to favor a gradual and peaceful unification process over a more abrupt or violent means. Likewise, I hypothesize that, based on their more liberal values, Korean-Americans in the younger age groups would place priority on non-political cooperation between the two Koreas in resolving conflict.
In 1991, the United Nations Security Council unanimously approved the membership of North and South Korea, and they were finally admitted into the United Nations together, leading to a new chapter in inter-Korean relations based on peaceful coexistence and co-prosperity. As members of the United Nations, the two Koreas should settle their disputes by peaceful means without resort to violence. I here test another hypothesis, that young Korean-Americans support the separate but simultaneous entry of the two Koreas into the United Nations and also support unification policies based North Korea’s social stability and its socialist system’s making peaceful changes. These hypotheses lead to the suggestion that the younger Korean-Americans will support the South Korean government’s decision to provide rice and financial aid to North Korea. Measures of the preferred unification process include questions regarding Korean-Americans’ preferred means of unification, their approval of gradual and peaceful unification procedures, and their support of South Korean aid to North Korea. Based on the suggested propositions, all plus signs (+) of regression coefficients (B’s) indicate Korean-Americans’ support of gradual and peaceful unification processes and their support of South Korean aid to North Korea. By contrast, all minus (-) signs show Korean-Americans’ support of political unification over socioeconomic unification and their disapproval of South Korean aid to North Korea.

Measures of Policy Knowledge and Policy Assessment

Measures of Korean-Americans’ policy knowledge include questions regarding the South Korean government’s Korean National Community Unification Formula, and the Korean Federal System Formula, North Korea’s unification plan. South Korea’s Korean National Community Unification Formula is designed to achieve the reunification of the peninsula on the principles of independence in keeping with a spirit of self-determination, peace without the use of military force, and a democracy conducive to “grand national unity.” By contrast, North Korea’s confederation idea is “a Soviet-type central-local political arrangement such as the erstwhile union of autonomous republics.” A research question in this study asks how aware Korean-Americans appear to be regarding the differences in the unification formulas of the two Korean governments. I focus on the generation gap in knowledge of these two formulas. Considering that those in the younger age groups in the Korean-American community hold higher education levels and maintain vigorous social participation, I hypothesize that younger Korean-Americans will have more knowledge of the two Korean governments’ unification formulas than
older Korean-Americans. Based on the suggested propositions, all plus (+) signs of regression coefficients (B’s), as re-coded for each regression model, indicate greater knowledge of Korean governments’ unification formulas. All minus (-) signs indicate the Korean-Americans’ ignorance of these formulas.

Another research question concerns Korean-Americans’ evaluations of the two Korean governments’ efforts toward reunification. I do not address how many Korean-American respondents in the 1995 survey indicated their realization that there have been differences between the two Korean government unification formulas, but I discuss indirectly which age groups of Korean-American respondents support the unification policy of either South Korea or North Korea. I hypothesize that Korean-Americans in the younger age groups are more likely than those in the older age groups to approve of the South Korean government’s unification policies, and that they are less likely to approve of the North Korean government’s unification policies. I re-code response option scores so that all plus (+) signs indicate Korean-Americans’ favorable assessments of efforts the two Korean governments are making.

Findings

The main question of this study deals with whether or not age, after controlling for the other independent variables, has a significant effect on Korean-Americans’ attitudes toward Korean reunification. For each regression model, I employ as independent variables “respondent’s age,” “bilingual ability,” “place of birth,” “educational attainment,” “gender,” “social participation,” and “duration of residence in the United States.” I examine regression coefficients of the “respondent’s age” variable, which covaries along with other independent variables.

Table 3 is a tabulation of Korean-Americans’ overall projections about Korean unification, broken down by various independent variables. I found that Korean-Americans are most likely to consider the unification of their country to be definitely necessary, but according to an appropriate pace. As a whole, they recognize the necessity of the unification on the one hand, but they do not think they need to be in a hurry. However, as shown in the second row of this table under “Necessity of Unification,” the regression coefficient (0.13; with t value of 4.89) is statistically significant at the 0.01 level. This clearly shows a generation gap in Korean-Americans’ overall assessment of the Korean unification question. Compared to Korean-
Americans of the older generation, those in their teens and twenties tend to have passive attitudes on the indispensability of Korean reunification. Young Korean-Americans are less likely than those in the older age groups to regard the reunification of two Koreas as essential at this moment. By contrast, older Korean-Americans strongly believe, or take it for granted, that Korea should be unified as soon as possible. The relatively high $r$ value (4.89) shows a close relationship between the degree of intensity of the desire for reunification and the respondent’s age. It is interesting that after controlling for the “age” variable the coefficients of the “bilingual ability,” “place of birth,” and “gender” variables are all statistically significant. This finding indicates that Korean-Americans with bilingual ability, born in the United States, and women are likely to have passive views on the indispensability of the Korean reunification. This finding also corresponds to another, that expected timing of Korean unification is associated with respondents’ ages. As shown in the third row of table 3, “Expected Time of Unification,” Korean-Americans in the young age groups are shown to expect the reunification of Korea to be accomplished over the comparatively long term. Substantively speaking, it is evident that young Korean-Americans are less likely than their elders to view Korean reunification as necessary and inevitable.

Regarding the significance of unification, I hypothesized earlier in this study that the younger Korean-Americans are are more likely than their elder counterparts to see Korean unification as a process to achieve economic integrity over political or institutional integrity. However, I cannot prove that this hypothesis is not to be rejected. When asked why Korea should be unified, the majority of Korean-American respondents indicated political reasons over economic reasons. As all regression coefficients in the fourth row, “Significance of Unification,” are statistically insignificant, most Korean-Americans appear to think that Koreas should be unified because they must have a unitary political system, not because they must have a unitary economic system. The low $r$ value (-0.62) shows no difference between Korean-American respondents’ age groups. However, it is still noteworthy that Korean-Americans in the 16-to-19 age group see the significance of unification to be more economic than political or ideological. Even though not discussed in this essay, the mean value for this group (-0.01) is found to be considerably distant from the total mean value (-0.24) and from any other age groups’ mean values.
Taken together, it is surprising to find that younger Korean-Americans regard Korean unification issues less optimistically than their elder counterparts in terms of necessity and the expected timing of unification. More specifically, I found that younger Korean-Americans are less likely than older Korean-Americans to believe that Korean unification as definitely necessary and to be expected in the near future. In addition, I found that they tend to see Korean unification as desirable to achieve political or institutional integrity over economic integrity. I also found that, even if this belief is evenly distributed across various age groups among Korean-Americans, young Korean-Americans in the 16-to-19 age group take an exceptionally pragmatic view.

Questions about the preferred process for Korean unification undoubtedly play a key role in settling the debate over Korean-American perceptions of the two Koreas and their unification. Table 4 indicates some fundamental similarities and differences in views between younger and elder Korean-Americans on issues of great importance in measuring Korean-Americans’ preferred process of Korean unification. I divide measures of preferred unification process into three categories. The first category is composed of two measures of Korean-Americans’ preferred ways to unification, the second is of two measures of their attitudes toward the peaceful coexistence of the Koreas, and the third is of two measures of Korean-Americans’ support of South Korea’s aid to North Korea. [See Table 4]

The breakdown of the first two measures by seven regression coefficients clearly shows the generation gap in Korean-Americans’ preferred ways to unification. I hypothesized earlier in this study that the Korean-Americans in the younger age groups would be more likely than their elder counterparts to favor a gradual and peaceful unification over a more drastic scenario. The striking result is that younger Korean-Americans, more than their elder counterparts, tend to favor abrupt processes to achieve political integrity or South Korea’s absorbing North Korea, rather than a gradual process such as achieving economic integrity. This is not to say that most Korean-Americans prefer a drastic process; it is evident that the majority of Korean-American respondents in the 1995 survey think it desirable for the two Koreas to achieve cooperation first in economics and culture. However, I found that the low mean scores of the 16-to-19 and 20-to-29 age groups contrast with the mean scores of the older age groups. Moreover, the regression coefficient (0.08) of the “age” variable is statistically significant at the 0.01 level. I also found that the
regression coefficient (-0.35) of the “bilingual ability” variable is statistically significant at the same time. It may be substantively argued that the younger respondents differ from their elder counterparts in that most young Korean-Americans prefer a gradual unification, but they surpass older Korean-Americans in the proportion of those who prefer a drastic kind of unification.

Concerning Korean-Americans’ evaluations of the most urgent tasks facing the two Koreas, the regression coefficient of the “age” variable is not found to be statistically significant. However, the finding about the generation gap in Korean-Americans’ assessment of urgent tasks needs more explanation. I provided four response categories for the urgent-tasks question: meetings of separated family members, activating inter-Korean cooperation, resuming inter-governmental talks, and transforming the armistice agreement into a peace treaty. I found that a plurality of Korean-Americans place a priority on non-political issues such as the reunion of separated family members and activating inter-Korean cooperation rather than on political problems like resuming inter-governmental talks and developing a peace treaty. It is also evident, however, that there is a remarkable generation gap in Korean-Americans’ perception of what are the most urgent issues. Breaking down response categories on the urgent-task question by age group, I find the low mean scores of the 16-to-19 age group (0.14) and the 20-to-29 age group (0.11) contrast with the relatively high mean scores of the other age groups, resulting in the statistically significant F value (4.51). In other words, it is reasonable to say that the younger Korean-Americans differ from their elder counterparts in that, even though most young Korean-Americans place a priority on non-political issues, they are more likely than the older Korean-Americans to see political issues as urgent for Korean reconciliation.

The second category of measures of Korean-Americans’ beliefs about the unification process involves two components of their attitudes regarding peaceful coexistence of the Koreas. I tested the hypothesis that Korean-Americans of the younger generation differed from those of the older generation in that they are more likely to endorse the assumption that North Korea should be stable and be making peaceful changes, and to support the separate but simultaneous entry of North and South Korea into the United Nations in 1991. Regarding the generation gap in Korean-Americans’ endorsement of North Korean social stability, I found that young respondents tended to support it less than did older Korean-Americans. The regression
coefficient (0.03; with t value of 1.91) of the “age” variable is statistically significant at the 0.05 level, indicating that even though young Korean-Americans evaluate North Korean stability positively, they are less likely than those in the other age groups to think unification policies based on the North Korean stability to be favorable to reconciling the two Koreas. In measuring attitudes toward the two Koreas’ entry into the United Nations, generational differences among Korean-American respondents is found to be statistically insignificant (-0.01; with t value of -0.55). However, when the response categories are broken down by age groups, the mean score of the 16-to-19 age group (0.16) is shown to considerably depart from the total mean score (0.25). I would say that the evaluation of Korean-Americans in the youngest age group concerning the simultaneous entry of North and South Korea into the United Nations is significantly distant from that of Korean-Americans in the other age groups.

Another measure employed in this study to represent Korean-Americans’ beliefs about the unification process concerns their support of two South Korea’s aid programs to North Korea. I tested a hypothesis that the young Korean-Americans support South Korea’s decision to provide rice and financial aid to North Korea for developing its atomic energy facilities. The test results concerning these two policy preferences are contradictory to each other, but very suggestive. Asked about South Korea’s providing North Korea with 150,000 tons of rice, a majority of the Korean-Americans indicated that it was a good thing. A great majority of Korean-Americans support South Korea’s food aid to North Korea, and this support was widespread across all age groups. The regression coefficient (-0.01; with t values of -0.41) was statistically insignificant, and it is hard to say that young Korean-Americans’ strong support of the food aid is discernible from older Korean-Americans’ support. In measuring attitudes toward South Korea’s aid to atomic energy facilities, however, I found that there is a remarkable difference between the views of young Korean-Americans and those of their elders. More young Korean-Americans than older Korean-Americans are found to believe that South Korea’s providing North Korea with financial and technical support for its atomic energy facilities is not so good (regression coefficient 0.12). In particular, those in the 16-to-19 age group (-0.25) and in the 20-to-29 age group (0.06) have their respective mean scores below the average (0.22). This variation leads to a relatively high t value (4.99) and is statistically significant. I would say that the young Korean-Americans represented by the respondents in the
16-to-19 and 20-to-29 age groups have a rigid but reasonable stance on South Korea’s aid to North Korea, supporting South Korea’s humanitarian aid to as much as do the older Korean-Americans, on the one hand, but being more likely than their elders to disapprove of South Korea’s nuclear-related aid to North Korea, on the other hand. Based on these findings, it is argued that among Korean-Americans commitment to a humanitarian and gradual approach to Korean unification appears to have persisted over past decades and to have survived the enormous socioeconomic changes in the Korean-American community. However, it is also evident that young Korean-Americans’ departure from this commitment in some respects is also clear and consistent.

A growing skepticism among young people about the desirability and effectiveness of government planning and control corresponds to a growing concern about the government’s unification policies among the young generation. I tested a hypothesis that they have less knowledge about formal unification formulas presented by the two Korean governments than older Korean-Americans. Likewise, I tested a hypothesis that younger people approve of the efforts being made by the two governments less than do older Korean-Americans. [See Table 5]

I measured Korean-Americans’ policy knowledge with questions regarding the Korean National Community Unification Formula, South Korea’s formula, and the Korean Federal System Formula, North Korea’s plan. Table 5 shows a tabulation of the generation gap in policy knowledge and policy preferences. Testing how aware Korean-Americans appear to be of the differences in Korean unification formulas, I found that there is remarkable deviation across respondent age groups. There is a strong association between Korean-Americans’ knowledge of the formulas and their ages, showing that young Korean-Americans have even less knowledge about the formulas than do their elders. In particular, the ignorance about the formulas among Korean-Americans in the 16-to-19 and 20-to-29 age groups is outstanding, but it is noteworthy that the lack of knowledge is observed among Korean-Americans born in the United States and those having resided in the United States only a short time, as well as young Korean-Americans. By contrast, ignorance about the North Korean unification formula is observed among Korean-Americans with English-Korean bilingual ability and short duration of residence in the United States as well as among the young generation of Korean-Americans.
Based on the anti-government mood among young people, I tested a hypothesis that Korean-Americans in the younger age groups are less likely to approve of the North Korean government’s unification policies than are Korean-Americans in the older age groups. I asked respondents how much they thought the South Korean or North Korean government was making efforts toward unification. As shown in the last four rows in Table 5, respondents overall tended to evaluate positively the South Korean government’s efforts (the regression coefficient is 0.11), but to evaluate negatively those of the North Korean government (the regression coefficient is 0.03). Especially, margins of the assessment of the South Korean government’s efforts, broken down by Korean-Americans age groups, clearly shows that a generation gap exists in their assessments. Substantively speaking, Korean-Americans in the younger generation tend to have an optimistic stance on South Korean unification policies, but the intensity and strength of their approval is somewhat weaker than those of older Korean-Americans. However, when asked to evaluate the North Korean government’s efforts toward unification, a majority of Korean-Americans indicated that North Korea was not very much or not at all making such efforts. In particular, I cannot find any statistical significance in the regression coefficient (0.03). This skeptical posture of Korean-Americans toward North Korean government unification policies is found evenly distributed among Korean-Americans across age groups. However, the regression coefficients of the “bilingual ability” and the “duration of residence in the United States” variables are statistically significant. It is reasonable to say that the Korean-Americans in the younger age groups have negative views of the North Korean government, as do their elders, and thus all age groups are very doubtful of North Korean unification policies. Throughout the early 1990s, Korean-Americans were increasingly insecure about the North Korean nuclear development agenda. This preoccupation with the perceived military threat to South Korea became a major obsession.

**Discussion and Conclusion**

The Korean-American community is a unique society in that its members have both strong traditional values and Western values at the same time, on the one hand, and they are experiencing marked economic achievement and an obvious intergenerational replacement, on the other hand. In particular, in what signifies the substance of value shift among Korean-Americans, the democratic values held by the intergenerational replacement sometimes co-exist or interpenetrate and
sometimes clash with or are counterbalanced by traditional values. This proposition leads to an assumption that the intergenerational replacement of the Korean-American community has impact on Korean-Americans' postures on the reunification of their motherland. I employed the 1995 survey data to examine intergenerational contrasts on a number of Korean unification issues. These survey data do not deal with a sample randomly selected from a subpopulation of young Korean-American age group. I instead employ the age group analysis to identify impacts of intergenerational replacement on the Korean-American community and on Korean-Americans' attitudes toward the reunification of Korea.

It should be kept in mind that the variation in unification beliefs across age groups of Korean-Americans might not derive from actual differences in the beliefs of the younger and the older generations. That is, analysis of unification beliefs of different age groups cannot ignore the possibility that life-cycle influences may be operative. In recognition of this possible life-cycle impact on the Korean-American community, I hypothesized that Korean-Americans' socioeconomic values and their attitudes toward Korean unification would be expected to change over time and to vary across age groups. I proposed the hypothesis that the variation in Korean-Americans' unification beliefs based on a generation gap is significantly observed in the contemporary Korean-American community, as a result of intergenerational replacement. I need to examine whether the intergenerational replacement is to some degree making a contribution to the variation in Korean-American value shifts among different age groups. By employing the 1995 survey data, I identified socioeconomic characteristics of the younger Korean-American age groups by comparing their responses on various social values to those of the elders as follows:

First, I found that Korean-Americans in the young age groups have greater bilingual ability, favor Protestantism, and have a higher U.S. birth rate than those in the older age groups. It is possible that as the Korean-American community ages and becomes more involved in the national life of the United States, younger Korean-Americans are increasingly likely to hold Western or American values than their elder counterparts. It is inevitable that the social and economic attitudes held by the younger Korean-American generation will be associated with some forces molding the Korean immigrant community.

Second, I found that Korean-Americans in the younger age groups tend to think the most important issue for them is the problem
of identity resulting from dual nationalities and economic stability. This value choice is most conspicuous among the Korean-American group in their teens and derives from their experiences with dramatic social changes such as political stability, détente, and economic growth over recent decades. It may be suggested that this value change enforces young Korean-Americans' tendency to adopt democratic values and an anti-government mood. I also found in the 1995 survey that young Korean-Americans are more active participants in various social activities which are assumed to promote democracy.

Third, I found that the education level of the Korean-American respondents in the 1995 survey is closely associated with their age at the aggregate level. There is no doubt that Korean immigrants are deeply committed to the enterprise of education, and education historically has been an attractive value among young Korean-Americans. However, the young people's commitment to high-level education differs from that of their elders, in that their valuing of education is closely associated with their commitment to both their own ambitions and their own hard work. It is worthy of notice that the younger Korean-American generation was the first to experience the massive expansion of educational programs influenced by the United States.

Some socioeconomic characteristics of the younger Korean-American age groups have important implications for exploring the generation gap in attitudes toward Korean unification. I provided three questions concerning how the new sociopolitical values of the younger Korean-American generation could raise potential discord over unification issues. I operationalized and discussed the intergenerational gap in Korean-Americans' unification beliefs based on the projection of the Korean unification continuum, the preferred process of unifying the two Koreas continuum, and the knowledge and assessment of the two Korean governments' policy continuum. Drawing on the 1995 survey, I employed three question items to examine the generation gap in Korean-Americans' projection of the Korean reunification possibilities. I designed six question items to see whether young Korean-Americans, with more democratic values than older Korean-Americans, supported a liberal and peaceful unification process over a drastic process. I also made use of four question items to test the hypothesis that Korean-Americans in the younger age groups, with their relatively higher education levels, are more or less likely than those in the older age groups to be familiar with the two Korean governments' unification formulas and to approve of them. I found
that ten out of thirteen cases tested (76.9 percent) are statistically significant at least at the 0.01 level. In most cases, Korean-Americans’ attitudes toward the unification of the two Koreas are observed to be fairly associated with their age groups. It is evident that there are significant intergenerational differences in Korean-Americans’ unification beliefs.

In particular, major findings of this study suggest policy implications. First, I found that Korean-Americans are most likely to think the unification of Korea to be definitely necessary, but should be appropriately pace. Korean-American respondents in the 16-to-19 and 20-to-29 age groups are less likely than those in the other age groups to regard the reunification of two Koreas as indispensable at this moment. This finding corresponds to another, that young Korean-Americans are less likely than their elder counterparts to think that the Korean reunification is necessary and inevitable. Based on these young Korean-Americans’ less optimistic views of unification, I argue that with their increasingly American values, young Korean-Americans are losing interest in Korean unification issues and are becoming skeptical about the reunification prospects of their motherland.

Second, I found that Korean-Americans clearly show a generation gap in their preferred ways of achieving unification. Even if a majority of Korean-Americans think it desirable for the two Koreas to cooperate first in economics and culture before reunifying, more younger Korean-Americans than their elders prefer a dramatic unification process, like the reunification of Germany, over a gradual process. This finding is equivalent to another finding, that young Korean-Americans, more than their elder counterparts, tend to see political issues like resuming inter-governmental talks and developing a peace treaty as urgent before North and South Korea can be reconciled. By contrast, older Korean-Americans place a comparative priority on nonpolitical issues such as reuniting of separated family members and promoting inter-Korean cooperation. I also found that Korean-Americans in the younger age groups, especially those in their teens, were less likely than those of the older generation to approve an assumption that North Korean should be stable and should be making peaceful changes. Korean-Americans in their teens are also observed to disapprove of the simultaneous but separate entry of the two Koreas into the United Nations, and to South Korea’s supporting of North Korea’s developing atomic energy facilities. Among Korean-Americans, even if the commitment to the humanitarian and gradual approach to Korean unification appears to have persisted over the past
decades and to have survived the enormous socioeconomic changes in the Korean-American community, young Korean-Americans’ departure from this commitment is clearly and consistently observed. The young Korean-Americans’ attitudes toward the process of the unification are more severe and rigid than those of the older generation.

Third, I found that neither the South Korean nor the North Korean unification formula is sufficiently well known to Korean-Americans, though young Korean-Americans are found to have even less knowledge of the formulas than their elders. In particular, ignorance about the unification formulas is outstanding among Korean-Americans in the 16-to-19 age group who belong to the “second generation” group. Young Korean-Americans have an optimistic stance on South Korean unification policies, but the intensity and strength of their approval is weaker than that of the older generation. I argue that a growing skepticism among young people about the desirability and effectiveness of the government’s planning and control corresponds to a growing concern about the government’s unification policies among Korean-Americans in the younger generation. In other words, evidence is presented here that suggests the declining support among the young Korean-American population for unification policies may be part of a long-term trend linked with an anti-government mood among them. The erosion of political support for government policy is not likely to accelerate; but it may be difficult to avoid in the long run. I could not find any significant intergenerational differences in Korean-Americans’ assessment of North Korea’s efforts toward unification. However, the 1995 survey demonstrates that a majority of Korean-Americans evaluate North Korea’s efforts very negatively. It is reasonable to say that the Korean-Americans in the younger age group have as negative images of the North Korean government as their parents, and thus they are very doubtful of its unification policies. I argue that the anti-government mood among Korean-Americans in the younger generation leads to less knowledge and more distrust of the government’s unification policies than is found among their elders. In addition, I argue that their cool position regarding North Korea is inherited from their earlier generations of Koreans, and that their negative images of North Korea lead to ignorance of and indifference toward North Korean unification policies.

An important lesson may be drawn for the formation and conduct of unification policies. Even if the unification policy agenda changes in the post-cold war era, the heuristic of intergenerational replacement will still continue to enable the Korean-American
community to process whatever issues dominate the discussion arena. In reality, among most Korean-Americans, there is overall recognition that a secure and stable North Korea is in their interest and that a democratic and stable South Korea benefits them. However, I found a strong degree of correlation linking their beliefs about the unification of their motherland with intergenerational replacement of their community. Given the central place of unification issues in the Korean-American community, attitudes toward the unification held by their descendants will be especially important for the community to guide preferences of their commitment to the inter-Korean and United States-Korean relations. It is obvious from the 1995 survey data employed in this study that young Korean-Americans view Korean reunification issues differently from their elders in terms of its necessity, their knowledge about it, and the unification process preferred. Even if the intergenerational gap in unification beliefs progresses in a slow and gradual manner, its importance should not be underestimated.

In this sense, the presidential election of 1997 in South Korea and Kim Jong Il’s ascendency to power are important turning points in the process of inter-Korean unification - not only because North and South Korea have a good opportunity to resume talks under the autonomous procedure, but also because the possibility of United States diplomatic recognition of North Korea is bigger than before. It implies that the young Korean-American population, born and brought up in the post-Korean War era, is likely to play an unprecedented role in the Korean-American community.

Notes

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1. In political analysis, some theoretical models are normally used to define a political generation. See Kenneth P. Adler, "The Successor Generation: Why, Who and How," in Stephen F. Szabo, ed., The Successor Generation: International Perspectives of
Postwar Europeans (Boston, MA: Butterworths, 1983), pp. 4–16.


7. Concerning the generation gap in political attitudes, for example, there is a general finding that young people tend to be less militaristic than older people. See Barbara Bardes and Robert Oldendick. "Beyond Internationalism: A Case for Multiple Dimensions in the Structure of Foreign Policy Attitudes," Social Science Quarterly 59, 3 (December 1987), pp. 496–507.
Appendix: Measures of Unification Beliefs drawn from the 1995 Survey

1. Measures of Korean-Americans’ projections regarding Korean unification are based on the following three question items:

(1) Necessity of Unification: Do North Korea and South Korea need to be unified? The re-coding is as follows: Yes, they do (+1); Yes, however this is not the best time for unification (+0.5); Status quo is the best policy (0); Not necessarily (-0.5); No, they do not (-1).

(2) Expected Time of Unification: When do you expect the two Koreas to be unified? The re-coding is as follows: Within 5 years (+1), Within 10 years (+0.5), Within 20 years (-0.5), In 20 years and more (-1).

(3) Significance of Unification: What do you think is meant by Korean unification? The re-coding is as follows: The two Koreas would have a unitary political system (-1), The two Koreas would have a unitary economic system (+1).

2. Measures of Korean-Americans’ preferred process of unifying Korea are based on the following six question items. The first two questions are designed to examine Korean-Americans’ preferred way toward unification, and the next two questions measure their support of the peaceful coexistence of two Koreas. The last two questions relate to Korean-Americans’ approval of South Korean aid to North Korea.

(1) Unification Procedure: What is the best way to unify the two Koreas? The re-coding is as follows: Either South or North Korea absorbs the other just as happened in Germany (-1), First political integrity and other kinds later (-1), First cultural and economic interaction, later political integrity (+1).

(2) Urgency of Unification Tasks: What do you think is most urgent in the two Koreas’ reconciliation with each other? The re-coding is as follows: Political solutions such as resuming of talks between the two governments and transforming the armistice into a peace treaty (-1), Non-political solutions such as meeting of separated family members and activating cooperation between the two Koreas (+1), Other (0).

(3) Stability of North Korea: How much do you approve of Korean
unification policies based on the assumption that North Korea must be socially stable and making peaceful changes? The re-coding is as follows: Very much (+1), Somewhat (+0.5), Not very much (-0.5), Not at all (-1).

(4) Two Koreas' Entry into UN: How helpful to their unification do you think the simultaneous entry of the two Koreas into the United Nations was? The re-coding is as follows: Very much (+1), Somewhat (+0.5), Not very much (-0.5), Not at all (-1).

(5) Providing of Rice: What do you think about South Korea's providing North Korea with 150,000 tons of rice? The re-coding is as follows: A good thing (+1), A bad thing (-1), Hard to say (0).

(6) Support of Atomic Facilities: What do you think about South Korea's providing North Korea with financial and technical support for its developing atomic-energy facilities? A good thing (+1), A bad thing (-1), Hard to say (0).

3. Measures of Korean-Americans' knowledge of unification formulas and their preferences among such policies are based on the following questions:

(1) South Korean Unification Formula: How familiar are you with the Korean National Community Unification Formula, the unification policy of the South Korean government? The re-coding is as follows: Very familiar (+1), Somewhat familiar (+0.5), Not very familiar (-0.5), Not at all familiar (-1).

(2) North Korean Unification Formula: How familiar are you with the Korean Federal System Formula, the unification policy of the North Korean government? The re-coding is as follows: Very familiar (+1), Somewhat familiar (+0.5), Not very familiar (-0.5), Not at all familiar (-1).

(3) Assessment of South Korean Policies and Evaluation: How much effort do you think South Korea is making toward unification? The re-coding is as follows: Very much effort (+1), Some effort (+0.5), Not very much effort (-0.5), No effort at all (-1).

(4) Assessment of North Korean Policies: How much effort do you think North Korea is making toward unification? The re-coding is as follows: Very much effort (+1), Some effort (+0.5), Not very much effort (-0.5), No effort at all (-1).
Table 1: Survey Regions and Samples

<table>
<thead>
<tr>
<th>U.S. Census Region</th>
<th>Northeast</th>
<th>West*</th>
<th>Midwest</th>
<th>South</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated numbers of Korean-Americans**</td>
<td>Thousands</td>
<td>180M</td>
<td>360M</td>
<td>110M</td>
<td>160N</td>
</tr>
<tr>
<td>Percentage of residents (100X/800)</td>
<td>%</td>
<td>23</td>
<td>44</td>
<td>14</td>
<td>19</td>
</tr>
<tr>
<td>Number of respondents</td>
<td></td>
<td>250</td>
<td>458</td>
<td>135</td>
<td>199</td>
</tr>
<tr>
<td>Percentage of sampling (100Y/1042)</td>
<td>%</td>
<td>24</td>
<td>44</td>
<td>13</td>
<td>19</td>
</tr>
</tbody>
</table>

* We did not interview Korean-Americans residing in Hawaii.

<table>
<thead>
<tr>
<th>Measures of Americanization</th>
<th>Birthplace</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>South Korea</td>
</tr>
<tr>
<td>Age 16-19</td>
<td>9</td>
</tr>
<tr>
<td>Age 20-29</td>
<td>24</td>
</tr>
<tr>
<td>Age 30-39</td>
<td>27</td>
</tr>
<tr>
<td>Age 40-49</td>
<td>18</td>
</tr>
<tr>
<td>Age 50-59</td>
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<td>Age 60+</td>
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N = 1042

(continued)
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<th>50</th>
<th>38</th>
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<td>Korean better than English</td>
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<td>71</td>
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<tr>
<td>Fluent in both languages</td>
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<td>28</td>
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<td>17</td>
<td>11</td>
<td>9</td>
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<table>
<thead>
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<th>8</th>
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<th>8</th>
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<td>37</td>
<td>31</td>
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<tr>
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<td>11</td>
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<td>12</td>
<td>14</td>
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<td>1</td>
<td>4</td>
<td>3</td>
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<table>
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<th>48</th>
<th>54</th>
<th>56</th>
<th>44</th>
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<tbody>
<tr>
<td>Permanent resident</td>
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<td>43</td>
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<td>48</td>
<td>44</td>
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(continued)
<table>
<thead>
<tr>
<th>Measure of educational achievement</th>
<th>Social participation</th>
<th>Economic and social</th>
<th>Issues of democratization</th>
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</thead>
<tbody>
<tr>
<td>More than college</td>
<td>Less than high school</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not much + Not at all</td>
<td>Very much + Somewhat</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Higher education</td>
<td>Cultural identity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stability</td>
<td>Dual nationality</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<p>| 67  | 64 | 84  | NA | 95 | NA | More than college | Less than high school |
| 33  | 36 | 26  | 16 | 5  | NA | Not much + Not at all | Very much + Somewhat |
| 49  | 44 | 33  | 67 | 66 | 66 | Higher education | Cultural identity |
| 36  | 39 | 47  | 31 | 43 | 32 | Stability | Economic and social |
| 21  | 20 | 14  | 10 | 8  | 4  | Issues of democratization |                           |</p>
<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Necessity of unification</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>$B$</td>
<td>0.13</td>
<td>-0.20</td>
<td>-0.24</td>
<td>0.04</td>
<td>-0.13</td>
<td>-0.01</td>
<td>-0.02</td>
</tr>
<tr>
<td>$t$</td>
<td>4.89**</td>
<td>-2.60**</td>
<td>-2.21*</td>
<td>0.17</td>
<td>-1.29*</td>
<td>-0.48</td>
<td>-0.53</td>
</tr>
<tr>
<td><strong>Expected timeframe for</strong></td>
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<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td><strong>unification</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>$B$</td>
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<td>0.13</td>
<td>0.06</td>
<td>0.06</td>
</tr>
<tr>
<td>$t$</td>
<td>-5.14**</td>
<td>1.34</td>
<td>2.08*</td>
<td>1.32</td>
<td>2.26*</td>
<td>0.18</td>
<td>1.67</td>
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<tr>
<td><strong>Significance of unification</strong></td>
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<td>0.01</td>
<td>-0.04</td>
<td>-0.01</td>
<td>-0.01</td>
<td>-0.09</td>
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<tr>
<td>$t$</td>
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<td>0.28</td>
<td>0.09</td>
<td>-0.94</td>
<td>-0.20</td>
<td>-0.36</td>
<td>-1.7</td>
</tr>
</tbody>
</table>

* $p < 0.05$; ** $p < 0.01$

A: Respondent’s age, B: Bilingual ability, C: Place of birth, D: Education, E: Gender, F: Community participation, G: Duration of residence in the United States
Table 4: Regression Coefficients for Unification Beliefs:
Preferred Unification Process

<table>
<thead>
<tr>
<th>Ways of unification</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unification procedure</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>B</td>
<td>0.08</td>
<td>-0.35</td>
<td>-0.02</td>
<td>0.08</td>
<td>0.04</td>
<td>0.04</td>
<td>-0.07</td>
</tr>
<tr>
<td>t</td>
<td>-2.99**</td>
<td>-4.01**</td>
<td>-0.23</td>
<td>2.27*</td>
<td>0.68</td>
<td>1.39</td>
<td>-1.89*</td>
</tr>
<tr>
<td>Most urgent task</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>-0.03</td>
<td>0.14</td>
<td>-0.05</td>
<td>-0.14</td>
<td>-0.09</td>
<td>-0.07</td>
<td>-0.03</td>
</tr>
<tr>
<td>t</td>
<td>-0.99</td>
<td>1.58</td>
<td>-0.46</td>
<td>-3.08**</td>
<td>-1.44</td>
<td>-2.16*</td>
<td>-0.95</td>
</tr>
</tbody>
</table>

Peaceful coexistence

| Stability of North Korea | B   | -0.13| 0.11| 0.01| -0.09| 0.03| 0.03|
| t                       | 1.91*| -2.26*| 1.26| 0.27| -2.11*| 1.62| 1.28|
| Two Koreas' entry into UN | B   | -0.01| 0.15| -0.04| 0.02| -0.01| 0.04|
| t                       | -0.55| 1.94*| -0.38| 0.66| -0.24| 1.38| 0.37|

(continued)
### South Korea’s aid to North

<table>
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<tr>
<th>Providing rice</th>
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<tbody>
<tr>
<td>$B$</td>
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<td>0.01</td>
<td>0.08</td>
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<td>0.07</td>
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<td>-0.25</td>
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</table>

<table>
<thead>
<tr>
<th>Support of atomic-energy facilities</th>
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<th></th>
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<tbody>
<tr>
<td>$B$</td>
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<td>-0.03</td>
<td>0.03</td>
<td>-0.10</td>
<td>0.04</td>
<td>-0.02</td>
</tr>
<tr>
<td>$t$</td>
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<td>-0.35</td>
<td>0.88</td>
<td>-1.91*</td>
<td>1.59</td>
<td>-0.79</td>
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</table>

* $p < 0.05$; ** $p < 0.01$

### Table 5: Regression Coefficients for Unification Beliefs, Policy Knowledge and Assessment

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge of South Korean</td>
<td>0.12</td>
<td>-0.09</td>
<td>-0.16</td>
<td>-0.01</td>
<td>-0.26</td>
<td>-0.11</td>
<td>-0.14</td>
</tr>
<tr>
<td>unification formula</td>
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<td></td>
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<tr>
<td>( t )</td>
<td>6.86**</td>
<td>-1.85</td>
<td>-2.33*</td>
<td>-0.48</td>
<td>-6.79**</td>
<td>-5.34**</td>
<td>-5.64**</td>
</tr>
<tr>
<td>Knowledge of North Korean</td>
<td>0.10</td>
<td>-0.13</td>
<td>0.01</td>
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<td>( t )</td>
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<td>0.17</td>
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<tr>
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<td>-0.08</td>
<td>2.38*</td>
<td>-1.65</td>
<td>1.97*</td>
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<tr>
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<td>-2.93**</td>
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</tbody>
</table>

* \( p < 0.05 \); ** \( p < 0.01 \)

A: Respondent's age, B: Bilingual ability, C: Place of birth, D: Education, E: Gender, F: Community participation, G: Duration of residence in the United States