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Cuba and North Korea are the most completely repressive countries in the world, Assistant Secretary of State Richard Schifter said Wednesday in detailing the government's international human rights report.

''What we are talking about is total oppression,'' Schifter declared at a news conference called to outline the 11th annual report a day after it was issued by the State Department.

As the assistant secretary of state overseeing human rights issues, Schifter informed reporters, ''If you think of the nightmare state that George Orwell envisioned in the novel '1984,' North Korea comes closest to it. That is a government that tries to turn people into automatons.''

Communist Cuba, he continued, has a similar governmental effort ''to achieve total penetration of the country by secret police, spying on every citizen.''

In terms of lives lost during 1988, the international list would be topped by Sudan, where a civil war and drought have created widespread famine, Schifter said. The State Department estimates ''hundreds of thousands'' of Sudanese died of starvation in the last year.

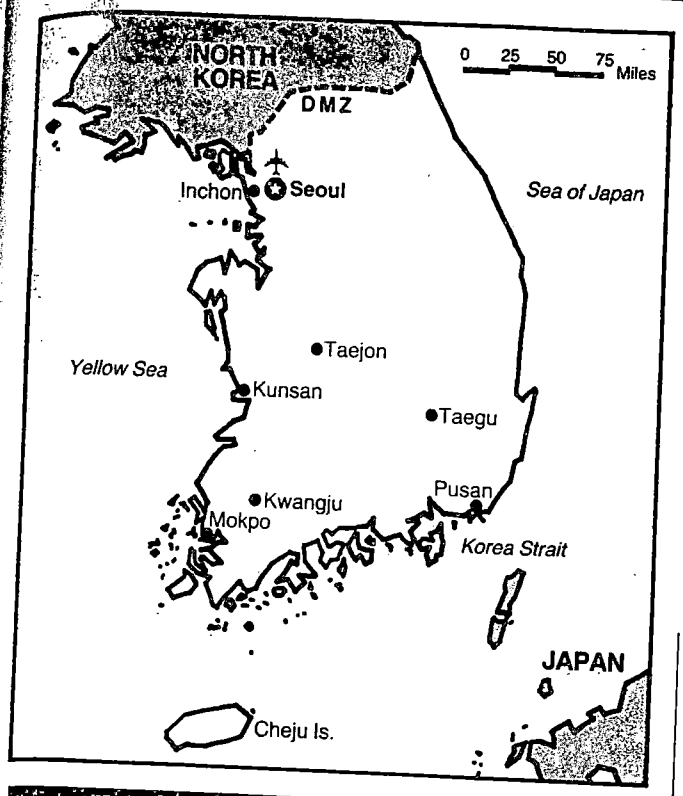
Estimates of Sudan's 1988 death toll range to 250,000, he explained, though because no outside observers are allowed into the areas of civil strife, the estimates are based on refugee reports.

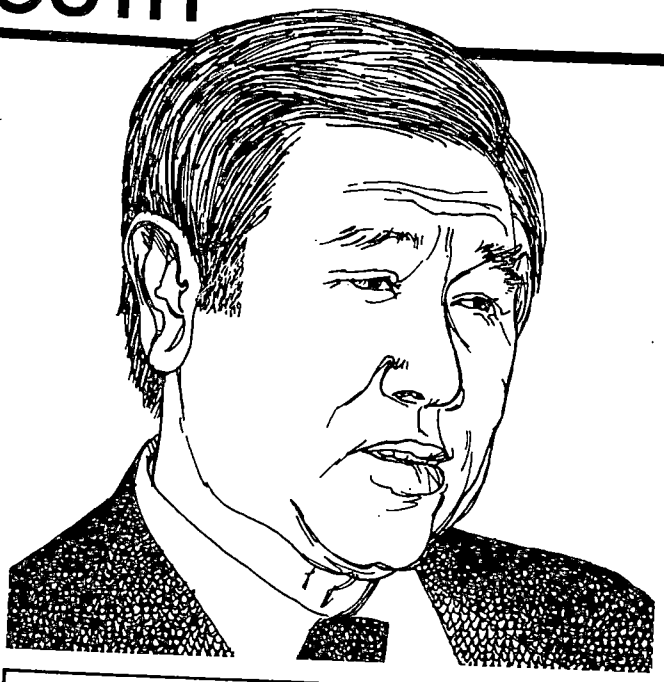
Schifter said on another point the department estimated Iraq's chemical warfare against its rebel Kurdish population probably killed 8,000 people while ''hundreds of thousands of Kurds have been forcible relocated.''

The department's report estimated between 5,000 and 10,000 civilians were killed in the tribal warfare between Tutus and Hutsis in Burundi last year.

At least 2,000 political opponents were executed by Iran's government during 1988, the report said, but opposition leaders say that number is way too low and that they have evidence, including names and places of death, of as many as 12,000 people executed by the regime of the Ayatollah Ruhollah Khomeini.

KOREA — SOUTH





The 35-year-long Japanese rule in Korea ended after World War II when the country was divided, the Americans holding the South and the Soviets the North.

In 1948, Dr Syngman Rhee became president of the republic of Korea and Kim Il Sung became head of the Democratic People's Republic. In June 1950 war broke out between North and South. The UN sent troops to aid South Korea, while China eventually aided the North. An estimated 500,000 people died in the three-year war, and an immense amount of physical and infrastructural damage was done. In April 1960, student riots toppled Rhee, and the nation changed its form of government from a presidential system to a cabinet system, electing John Chang as prime minister. His government was ousted in a military coup in May 1961.

In October 1972 — one year after he was re-elected for the third time — president Park Chung Hee proclaimed a national emergency. He began a series of reforms, including an amendment to the constitution enabling him to run the country for a further six years. On 26 October 1979, Park was assassinated and Choi Kyu Hah became president. He released political detainees and promised a series of political reforms. Student demonstrations turned to violence and there was a major insurrection in Kwangju. Choi resigned on 16 August 1980, clearing the way to power for Gen. Chun Doo Wan, who was elected president on 27 August. After seven years in power, Chun stepped aside for military classmate Roh Tae Woo, who won the presidential elections on 17 December 1987, by more than 2 million votes.

Head of State President Roh Tae Woo.
Prime Minister Lee Hyun Jae; **Deputy Prime Minister/EPB Minister** Rah Woong Bae; **Foreign Affairs** Choi Kwang Soo; **Home Affairs** Lee Sang Hee; **Finance** Sakong Il; **National Defence** Oh Ja Bok; **Education** Kim Young Sik; **Sports** Cho Sang Ho; **Agriculture, Forestry and Fisheries** Yun Kun Hwan; **Trade and Industry** Ahn Byong Wha; **Energy and Resources** Lee Bong Suh; **Construction** Choe Dong Sup; **Health and Social Affairs** Kwon E Hyock; **Labour Affairs** Choi Myung Hun; **Transportation** Rhee Bomb June; **Communications** Oh Myung; **Culture and Information** Chung Han Mo; **Government Administration** Kim Yong Kap; **Science and Technology** Lee Kwan; **National Unification** Lee Hong Koo.

POLITICS/SOCIAL AFFAIRS

If 1988 was the year of the Olympics, it was also the year of newly installed President Roh Tae Woo. Roh could not accomplish the degree of national reconciliation he hoped for, and it was probably natural that the rejuvenated opposition and other domestic critics would continue to harbour doubts about the sincerity of his commitment to democratisation. But Roh somehow said the right things and did just enough to encourage confidence in the future and in his new brand of leadership.

It has clearly been a difficult transition after former president Chun Doo Hwan's seven years in power. Policies can be changed, even overnight. Patterns of behaviour, however, take a good deal longer to transform, particularly when they have been conditioned by decades of authoritarian rule. It is those Roh must continue to address if the pragmatism he has displayed is to be parlayed into the sort of basic social reforms he has promised.

Roh's election in the 16 December 1987, presidential race was not without controversy, with opposition leaders Kim Dae Jung of the Party for Peace and Democracy (PPD) and Kim Young Sam's Reunification Democratic Party (RDP) both levelling charges of computer fraud against the ruling Democratic Justice Party (DJP). But the 2 million-vote margin was compelling and in the absence of any real evidence, much of the blame for the opposition's failure to capture the presidency fell on the two Kims themselves for failing to agree on a single candidate.

More than anything else, the election revealed again the regional schisms that continue to afflict South Korea and which were re-opened to a disturbing degree in the heat of the campaign. While Kim Dae Jung polled heavily in his native Cholla region and in Seoul, where there is a substantial Cholla population. Roh and Kim Young Sam took the lion's share of the votes in their more populous Kyongsang birthplace in the southeast.

Roh won 35.9% of the 23.1 million votes cast, comfortably ahead of Kim Young Sam with 27.5% and Kim Dae Jung with 26.5%. Despite the former general's surprisingly wide margin of victory, however, most analysts believed it would have been a different story if Kim Young Sam had stood alone. Although he does not have the intellect, political panache and charisma of Kim Dae Jung, the RDP leader was seen to have a broader appeal than his opposition rival, whose supposedly radical credentials trou-

bled many of South Korea's traditionally conservative voters.

The general public disillusionment with the opposition blunted any open protests over the election outcome and allowed for an easier transition period than many commentators had forecast. Following his 25 February inauguration, Roh called for national reconciliation and set about honing a distinctively populist image — a style he has adapted to easily and stands in stark contrast to Chun's stern and seemingly uncompromising manner as incumbent of the presidential Blue House.

The 26 April national assembly elections, however, were to make it a short honeymoon. Despite the loss of confidence in the opposition, there was a feeling in the electorate that it did not want a return to the days of an arrogant, overbearing ruling party either. There was concern, too, about Roh's apparent foot-dragging over the release of political prisoners, and the composition of his first cabinet, which smacked of old wine in suspiciously old bottles.

When the votes were in, and after the allotment of an additional 75 representatives on the basis of total votes cast for each party, the DJP found itself with only 125 seats and a minority in the expanded 299-seat assembly, the first time a South Korean leader has had to contend with such a division of power. The PPD emerged as the largest opposition bloc with 70 seats, 11 more than the RDP, while former prime minister Kim Jong Pil's conservative New Democratic Republican Party surprised many analysts by securing 35 seats — and potentially the crucial swing vote in any parliamentary showdown.

For some stability-conscious South Koreans, it was a dismaying situation, carrying with it the prospect of legislative paralysis. But it was also regarded as probably the sternest test yet of the South Korean political structure, forcing assembly representatives to submit to a process of compromise and reconciliation the country may need to go through to lay the foundations for stable and democratic government.


Student rioter: continuity.

Roh took the opportunity following the election to make changes to the DJP hierarchy and his Cabinet, but in both cases he fell short of expectations. After retaining seven of Chun's ministers in February in what the DJP insisted was only a transitory lineup, he made only three changes, including the appointment of his presidential campaign manager, Lee Chun Ku, as home affairs minister. Easily the most criticised choice in the party reshuffle was that of reputed hardliner Park Jun Byung as secretary-general. Park is a controversial figure mainly because of the former general's involvement in putting down the bloody 1980 Kwangju uprising.

The opposition made it clear from the outset that it was intent on establishing its own political agenda, pushing demands for assembly investigations into the Kwangju affair and alleged wrongdoing during Chun's Fifth Republic, the repeal or revision of the National Security Law and other repressive legislation, local autonomy and a host of other democratisation measures. With an eye to the future, Kim Dae Jung announced he was shedding his confrontational approach and taking a more moderate stance — provided, of course, the DJP played ball.

South Korea's student activists were not nearly so conciliatory. Unimpressed with the change in the balance of power, they quickly turned to the longer-term and intertwined issues of reunification and the presence of US forces on the peninsula in what appeared to be a determined effort to remain outside established party politics. The 15 May suicide of a Seoul National University student, a home-made bomb attack on the US Embassy five days later, and the attempted firebombing of the US cultural centre in Kwangju in October pointed to a continuing pattern of street violence.

It was noticeable, however, that despite the growth of anti-Americanism — exacerbated by incidents and related misunderstandings during the September Olympics — and the emotional import of the reunification issue, the students appeared to have lost contact with the mainstream. This, in itself, may reflect a general willingness on the part of the populace to give Roh a chance to prove himself, particularly during a difficult period of adjustment when he has had to walk a thin line between the opposition and his nervous rightwing supporters.

If patience had to be exercised, then lessons still had to be learned. In mid-June, more than 300 judges — many of them junior members of the bench — issued a statement demanding judicial independence and a restructuring of the court system, which had long been subjugated by government interference. Within two days, Supreme Court Chief Justice Kim Yong Chul, a Chun appointee, had resigned. Of the other 12 justices who followed suit, only four were retained. When Roh unwisely tried to replace Kim with another politically tainted appointee, Chung Ki Seung, the nomination caused an uproar and was promptly rejected by the opposition-dominated assembly.

A second nominee, retired Supreme Court justice Lee Il Kyu, won unanimous approval, largely because he had overturned convictions in a number of Fifth Republic political cases. In further developments, judges were removed from so-called "liaison duty" with the Blue House — the channel through which verdicts were influenced — and operatives of the Agency for National Security Planning (formerly KCIA) were ordered out of judicial and parliamentary buildings — part of Roh's pledge to re-direct its activities away from internal political surveillance.

The government released a further 46 political prisoners on 30 June, bringing the total freed since Roh assumed power to 171. Among the June group was torture victim Kim Keun Tae, 40, whose brutal treatment at the hands of police interrogators attracted the attention of international human-rights organisations. But if Kim's release was regarded in diplomatic circles as one of the acid tests of the president's commitment to reform, controversy continued to swirl around the remaining political detainees, a good number of whom appeared to fall outside the government's criteria for those it intended keeping behind bars.

Although he had made several last-minute, unannounced changes in the army hierarchy and reportedly sought to influence the choice of candidates for the assembly elections, Chun's fall from grace was so total he had to cancel plans to attend the opening of the Olympics. Forced into seclusion in his heavily guarded suburban home, he watched his younger brother, Chun Kyung Hwan, sentenced to seven years' imprisonment on charges of corruption and influence peddling during his years as head of the Saemaul Undong community development organisation. By most assessments, it was only a taste of things to come.

The political parties called a truce during the Olympics — a two-week, highly profitable mega-party marked by

magnificent opening and closing ceremonies, generally superb organisation and moments of high drama, ranging from the Ben Johnson doping scandal to disputed boxing decisions and a level of nationalism that might have even outdone that at the 1984 Los Angeles games. But no sooner had the South Koreans got over their joy of finishing fourth in the medal tally behind the Soviet Union, East Germany and the US than they were plunged once again into political intrigue.

Each day, it seemed, new disclosures were surfacing, most of them dealing with the nefarious affairs of the Fifth Republic and various key figures who had played a prominent role in the Chun administration. Just how long it would go on was difficult to forecast, but in speeches to the national assembly in late October Kim Dae Jung and Kim Young Sam both made it clear that he would not be satisfied until Chun himself had made a full public apology and returned to the public coffers what were alleged to be his ill-gotten assets. If he did not, then the preoccupation with the past would continue, perhaps to the detriment of the future.

Although Kim Dae Jung indicated on several occasions during the year that he was not pushing for criminal proceedings against the former president, the DJP opposed Chun's appearance before assembly investigators and continued to insist into November that if he was responsible for any wrongdoing, it should be balanced against what he had achieved after coming to power in the 12 December 1979 coup. Many analysts were questioning how long Roh could go on shielding his military academy classmate given the efforts he has made since his inauguration to distance himself from the Fifth Republic.

Roh appeared to become more assertive as he grew into the job. In the latter part of the year, he reshuffled or removed a number of senior army officers, among them second assistant defence minister Maj.-Gen. Lee Chang Koo who had supervised defence industry procurements. The dismissal of army intelligence chief Maj.-Gen. Lee Jin Baek and the arrest of two brigadier-generals over a street assault on a journalist, whose writings they disapproved of, showed that old ideas die hard. But while Roh obviously had to move carefully, speculation over a possible military backlash against his reforms seemed ill-founded. □

MILITARY FORCES

Total armed forces:
Active: 629,000. *Terms of service*: all services, 30-36 months.
Reserves: 4,500,000; being re-organised.

Army: 542,000.
HQ: 2 Army, 7 Corps.
2 mech inf divs (each 3 bdes: 3 mech inf, 3 mot, 3 tk, 1 recce bns; 1 fd arty bde).
19 inf divs (each 3 inf regts, 1 recce, 1 tk, 1 engr bn; 1 arty regt).
1 indep inf bde.
7 Special Warfare bdes.
2 AA arty bdes.
2 SSM bns with *Honest John*.
2 SAM bdes: 3 *HAWK* bns (24 sites), 2 *Nike Hercules* bns (10 sites).
1 avn bde.
Reserves: 1 Army HQ, 23 inf divs.
Equipment:
MBT: 1,500:200 + Type 88, 350 M-47, 950 M-48A5.
MICV: some 200 (KIFV).
APC: 450 M-113, 400 Fiat 6614/KM-900/-901.
Towed arty: some 3,100: 105mm: M-101, KH-178; 155mm: M-53, M-114, KH-179; 203mm: M-115.
SP arty: 155mm: 100 M-109A2; 175mm: M-107; 203mm: M-110.
MRL: 140 *Kooryong* (36 x 130mm).
SSM: 12 *Honest John*.
Mor: 107mm.
ATGW: *TOW*.
RCL: 57mm, 75mm, 90mm, 106mm.
ATK guns: 76mm: 8 M-18; 90mm: 50 M-36 SP.
AD guns: 600: 20mm: incl. 60 *Vulcan*; 35mm: 20 GDF-003; 40mm: 80.
SAM: some *Javelin*, 110 *HAWK*, 200 *Nike Hercules*.
Aviation:
ac: 60 Cessna O-1A.
hel: 120+ Bell UH-1 B/H, 194 Hughes 500MD (50 with *TOW*); AH-1S due in 1988.

Navy: 54,000 (19,000 conscripts) incl. 25,000 marines.
Bases: Chinhae (HQ), Cheju, Inchon, Mokpo, Mukho, Pukpyong, Pohang, Pusan.
3 Fleet Commands.
Subs: 3 KSS-1 *Tolgorae* SSI (175 tonnes) with 2 x 406mm TT.
Principal surface combatants: 29:
Destroyers: 11:
7 *Chung Buk* (US *Gearing*) with 2 or 3 x 2 127mm guns; plus 2 x 3 ASTT; 5 with 2 x 4 *Harpoon* SSM, 1 *Alouette* III hel (OTHT), 2 with 1 x 8 *ASROC*.
2 *Dae Gu* (US *Sumner*) with 3 x 2 127mm guns; plus 2 x 3 ASTT.
2 *Chung Mu* (US *Fletcher*) with 5 x 127mm guns; plus 2 x 3 ASTT.
Frigates: 18:
5 *Ulsan* with 2 x 3 ASTT (Mk 46 LWT); plus 2 x 4 *Harpoon* SSM.
1 *Kyong Nam* (US *Crosley*) with 1 127mm gun.
12 *Donghae* with 2 x 3 ASTT; plus 2 x 1 MM-38 *Exocet* (weapons fit not confirmed).
Patrol and coastal combatants: 105:
Missile craft: 11:
8 *Pae Ku*-52, 3 with 4 *Standard* (boxed) SSM, 5 with 2 x 2 *Harpoon* SSM.
1 *Pae Ku*-51 (US *Asheville*), with 2 x 2 *Harpoon*.
2 PKM-271 with 2 x MM-38 *Exocet* SSM.
Patrol, inshore: 94:
32 37m PFI.
32 *Sea Dolphin* 32m PFI.
30 *Sea Hawk* 26m PFI.
Mine warfare: 9:
1 '*Swallow*' (mod It *Lerici*) MHC.
8 *Kun San* (US MSC-268/289) MSC.
Amph: 15:
8 *Un Bong* (US LST-511) LST, capacity 16 tk, 200 tps.
7 *Ko Mun* (US LSM-1) LSM, capacity about 4 tk.
Plus about 37 craft; 6 LCT, 10 LCM, 1 LCU about 20 LCVP.
Support and miscellaneous: 9:
3 spt tankers, 2 ocean tugs, about 4 survey (civil manned, Ministry of Transport funded).

NAVAL AIR:
17 cbt acs; 21 armed hels.
ASW: 2 sqns:
1 ac with 17 S-2A/E;
1 hel with 10 Hughes 500MD (ASW);
11 flts with 11 *Alouette* III hel (ASW), 2 Bell 206.

MARINES: 25,000.
2 divs, 1 bde.
Spt units.
Equipment:
MBT: 40 M-47.
APC: 60 LVTP-7.
Towed arty: 105mm, 155mm.
SSM: *Harpoon* (truck-mounted).

Air Force: 33,000;
473 cbt ac, no armed hel.
7 cbt, 2 tpt wings.
FGA: 18 sqns:
2 with 24 F-16, (18 -C, 6 -D), 16 with 260 F-5A/B/E/F.
Fighters: 4 sqns with 68 F-4 (34 -D, 34 -E).
COIN: 1 sqn with 23 A-37B.
Recce: 1 sqn with 10 RF-5A.
SAR: 1 hel sqn with 26 Bell UH-1B/H.
Tpt: 2 wings, 5 sqns:
10 C-54, 16 C-123J/K. 3 *Aero Commander*, 2 HS-748 (VIP), 8 C-130H.
Trg: incl. 20 T-28D, 33 T-33A, 59 Cessna (39 T-37C, 20 T-41D), 35 F-5B, 63 F-5F.
AAM: *Sidewinder*, *Sparrow*.

Paramilitary:
Civilian Defence Corps (to age 50) 3,500,000.
Coastguard (c 3,500).
Patrol craft, offshore: 15:
12 *Ma-San-Ho* (HDP-1000).
3 *Sea Dragon/Whale* (HDP-600).
Inshore: 32:
12 *Sea Wolf/Shark*.
20+, plus numerous boats.
Hel: 9 Hughes 500D.

Foreign Forces:
US: 40,300. Army (29,100): 1 army HQ, 1 inf div, 1 SSM bty with *Lance*. Air Force (11,200): 1 div: 2 wings: 168 cbt ac.

bankruptcies are expected to increase, especially among small- and medium-sized industries which are least able to compensate for the currency appreciation through higher prices or improved productivity.

The trade surplus with the US in 1988 was expected to narrow slightly from the previous year's US$9.6 billion, which should blunt trade pressure from Washington a bit. Although exports to the US continued to run at record levels, imports from the US increased rapidly. During the first half they were up 43%, with agricultural imports up double that. South Korea's trade deficit with Japan is also beginning to narrow, partly as a result of increased imports from the US. But Japanese consumers are also overcoming their traditional aversion to South Korean goods, with first half sales of South Korean consumer products to Japan up 52%.

To trim the trade surplus, the government moved more aggressively to cut tariffs and ease import restrictions. Shortly after his inauguration in February, President Roh set up a blue-ribbon panel to recommend economic policy reforms. The panel solicited public opinion, something that would have been unheard of in previous years, and in the end it backed continued liberalisation. But implementing more liberal import policies, especially in the politically sensitive agricultural sector, is likely to prove difficult.

Early in the year, manure-slinging farmers attacked a government official who favoured rapid market liberalisation, intimidating other liberal economists. Consumer advocates burned effigies of Uncle Sam and Marlboro packs to protest against increased imports of US cigarettes. Even though beef prices rose more than 60% during the year, limited imports of foreign beef were resumed after being suspended for more than four years — but only after noisy protests.

Chun: doubts about past.

The growing trade surplus and slow pace of market opening spurred retaliation by the US, the EC and, for the first time, Japan, whose knitwear makers accused their South Korean counterparts of dumping. The US won concessions on a variety of agricultural and manufactured goods, but protests against US beef and cigarettes stiffened postures on both sides of the negotiating table.

The EC, which had suspended benefits under the generalised system of preferences at the end of 1987 in protest over South Korea's preferential treatment of US pharmaceutical companies' patent rights, continued to take a tougher line towards Seoul. In October, the EC made a preliminary decision to impose dumping duties on Hyundai Merchant Marine for alleged unfair pricing of its shipping services.

The best news on the foreign front, however, was the beginning of open trade with the Soviet Union, China and the East Bloc. Trade with China, a forbidden subject until late 1987, is expected to have doubled to US$3 billion in 1988. More of the trade was direct and plans were made to set up scheduled direct shipping service between the two neighbouring countries. A handful of joint ventures were set up. The largest was a Daewoo refrigerator assembly plant in Fuzhou, Fujian province, which was dedicated in June 1988 and is expected to produce 300,000 refrigerators a year.

Trade offices were exchanged with Hungary and Yugoslavia, as economics led the way for diplomacy. Seoul was also talking with most other communist states, including China and the Soviets, about opening trade offices in South Korea. Chinese language courses were all the rage among ambitious executives in Seoul.

The opposition's surprise victory in the national assembly elections complicated economic policymaking. The government can no longer dictate economic policy, but must negotiate with the opposition parties. Moreover, in keeping with President Roh's effort to distance himself from the authoritarian style of his predecessors, the presidential Blue House has loosened its tight grip over economic decions and policymaking is going through a period of confusion.

Much of the year was spent trying to shake off the legacy of authoritarianism. A series of unprecedented national assembly hearings delved into the Chun Doo Hwan government's role in forcing corporate mergers of financially shaky companies. Finance Minister Sakong Il revealed that the government wrote off Won 986 billion in debt for four large business groups that were dissolved in 1986 and early 1987. The government also rescheduled interest and principal totalling Won 5.83 trillion for periods as long as 30 years after the mergers. Government officials promised that these sorts of political deals would not occur again.

Labour was active and succeeded in winning another round of double-digit pay rises. Wage rises ran about 14% in 1988, with the largest business groups averaging 16% rises. That is only slightly lower than the wage rises won during 1987, when a wave of more than 3,000 strikes rolled across the country following political liberalisation. So far, the wage rises have largely been made up for by increased productivity and higher prices, both domestically and internationally. But another year of significant raises is likely to take a bigger toll, in the form of higher domestic inflation and reduced international competitiveness.

Inflation topped policymakers' worry list in 1988. The government expected a 7.5% increase in consumer prices and 3% in wholesale prices for the year, but the actual results were likely a bit higher. It was a big jump from the 3% increase in consumer prices and the 0.5% increase in wholesale prices in 1987. In 1989, inflation will probably dip a bit from 1988 levels as the economy settles down to about an 8% growth rate.

The bulging current-account surplus, which brought more than US$1 billion a month into the country, fuelled inflation, along with higher wages. Agricultural prices were also up sharply. The government held civil servants' pay rises to 9.9% and hoped to keep the rice purchase price to the same level. But with the national assembly for the first time involved in vetting rice prices, the rice purchase price was expected to rise 14%, just as it did in 1987.

Inflation was most obvious in real estate. Land and housing prices in many areas in and around Seoul doubled during 1988. In July, alarmed policymakers threw together a comprehensive package to raise property taxes, enforce the use of real names in property transactions, and squelch speculation by requiring government approval of sales in areas where speculation was most heated. The market quickly cooled.

Reform of the country's creaky financial system took

on increasing importance. Business groups, taking advantage of the more tolerant political environment, became increasingly vocal in their complaints about credit controls and real interest rates several percentage points higher than in the rest of the world. Businesses were particularly irked about a government prohibition on foreign borrowing, designed to keep money-supply growth in check, which kept even top-rated companies from taking advantage of international capital markets.

The biggest development on the stockmarket was the sale of 34% of the huge state-owned steel company, POSCO. The sale was designed to be the first of several privatisations during the year. Market boosters, and the government, hoped that it would push the market to new highs, just as the sale of Nippon Telegraph and Telephone did in Japan. But speculators ramped the stock on opening day. Because of the rigid daily limits on price movements, the stock then went into a long slide, and dragged the market down with it. While the market advanced smartly in the first half, it trod water until after the Olympics ended at the beginning of October. Then it began another strong advance, which left it up almost 40% through the first 10 months of the year.

A rush of new issues and secondary offerings flooded the market, with companies projected to raise Won 8 billion on the equity market in 1988, compared with Won 1.9 billion in 1987 and Won 842 million in 1986. The market capitalisation swelled from Won 26 trillion to about Won 50 trillion, making it one of the largest equity markets in Asia along with Tokyo and Taipei.

Foreigners still had to sit on the sidelines. The Korea Eurofund was permitted to raise another US$30 million and Saehan Media raised an equivalent amount in a convertible bond which was floated in London. Several more international convertible bonds had been promised by the Ministry of Finance, but concern that the funds would swell the domestic money supply left the video and audio tape maker as the only candidate.

The prognosis for South Korea could hardly be better. Although still dangerously dependent on exports to the US, which still account for nearly 40% of the total, the emergence of greater domestic demand and higher value-added products give the country more economic leverage. Moreover, the rapid growth has lightened the relative burden of the country's pile of non-performing domestic loans, a legacy of failures in the shipping and overseas construction industries. Trying as the triple blows of won appreciation, protectionism and higher labour costs have been, they have yet to slow an economy which has become a regional powerhouse. □

DATABOX

Major industries: Textiles (cotton fabrics, synthetic fibre fabrics, pure silk fabrics), 3.19 billion m² (2.9 billion); iron and steel, 14.2 million tonnes (13 million); refined petroleum products, 26.17 kl (22.99); ships, 1.32 million grt (1.83 million); passenger cars, 777,894 (456,994).

Major agriculture: Grain (rice, barley, wheat), 6.014 million tonnes (6.1 million); vegetables, 4.6 million tonnes (5.9 million); fruit, 1.5 million tonnes (1.4 million); livestock (cattle and pigs), 6.7 million (6.2 million); timber, 740,667 m³ (801,182); fishery products, 3.3 million tonnes (3.7 million).

Mining: Anthracite coal, 23.4 million tonnes (25.3 million); iron ore, 565,043 tonnes (528,286); tungsten ore, 3,956 tonnes (4,081); limestone, 40.5 million tonnes (36.4 million).

Major imports: Raw materials, US$22.5 billion (US$17.2 billion), including crude oil, US$3.7 billion (US$3.3 billion); capital goods, US$14.6 billion (US$11.3 billion); consumer goods, US$3.9 billion (US$ 3.1 billion).

Major exports: Heavy and chemical industry products, US$24.5 billion (US$18.3 billion); electronic and electrical products, US$11.2 billion (US$7.6 billion); motor vehicles and parts, US$3.2 billion (US$1.7 billion); light industry products, US$20 billion (US$14.5 billion); textiles, US$11.8 billion (US$8.7 billion); footwear, US$2.8 billion (US$2.1 billion); primary products, US$2.8 billion (US$1.8 billion).

Tourism and transport: Arrivals, 1.9 million (1.7 million); departures, 0.5 million (n.a.); Airlines, Korean Air (national airline), Asiana Air; rail, Korean National Railways (plus subways in Seoul and Pusan); extensive coach services between cities; car hire widely available.

Finance: 7 specialised government and semi-government banks plus 3 "development institutions" which are government-owned and lend to industry for investment and export financing; 7 city banks including 2 run as joint ventures with foreign interests and 10 provincial banks; 49 foreign banks have branches and 21 have representative offices in South Korea; Korea Stock Exchange in Seoul, 447 companies listed (August 1988).

Currency: Won. Won 722 = US$ 1 in Sept. 1988 (Won 792 = US$1).

(All figures are 1988 unless otherwise stated. Figures in brackets, 1987.)

Public holidays (1989): 1-3 Jan. (New Year's Day), 6 Feb. (Folklore Day — Lunar New Year's Day), 1 Mar. (Commemoration Day of Independence Movement), 5 Apr. (Arbor Day), 5 May (Children's Day), 12 May (Buddha's Birthday), 6 June (Memorial Day), 17 June (Constitution Day), 15 Aug. (Liberation Day), 14-15 Sept. (Harvest Moon Day Festival), 1 Oct. (Armed Forces Day), 3 Oct. (National Founder's Day), 9 Oct. (Hangul — Korean alphabet — Proclamation Day), 25 Dec. (Christmas Day).

Weather: South Korea has 4 seasons: a warm, and dry spring and autumn, a hot, humid summer, and a cold, dry winter. Temperatures range from −5°C in winter to 33°C in summer. The rainy season is late June–early Sept. Annual rainfall, 1,000-1,800 mm, annual average hours of sunshine, 1,800-2,600, annual relative humidity, 66-78% (max 80-89% July and Aug., min 51-76% Dec. and Jan.).

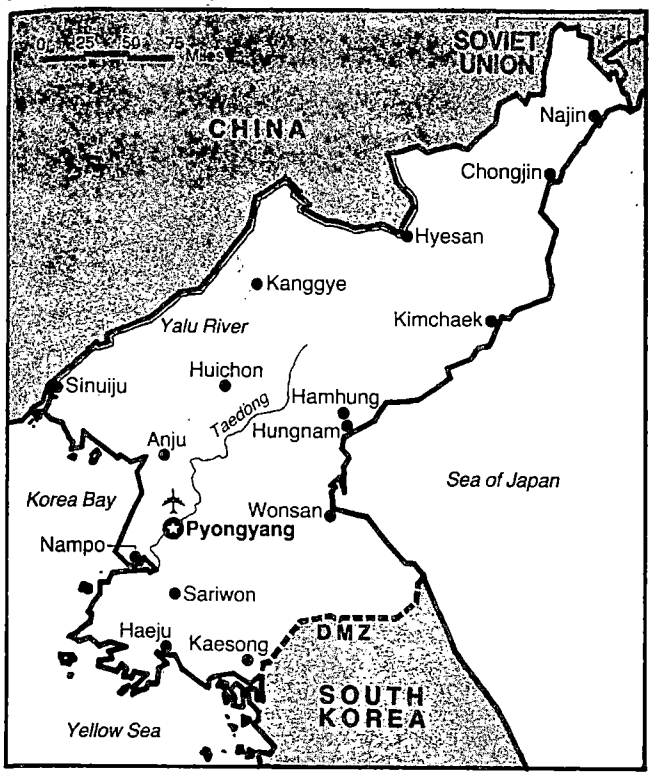
Government ministries: Foreign, 77, 1-ka, Sejongno, Chongno-ku, Seoul, tlx WOIMUBU K24651, tel. 720-2687; Home, 77, 1-ka, Sejongno, Chongno-ku, Seoul, tlx NEMUBU K24756, tel. 720-4548; Finance, 1 Chungang-dong, Kwachonshi, Kyung-kido, tlx MIOFFI K23243, tel. 503-9206; Justice, 1 Chungang-dong, Kwa-chonshi, Kyungkido, tlx MOJ K25723, tel. 503-7011; Education, 77, 1-ka, Sejongno, Chongno-ku, Seoul, tlx MOIST K24230, tel. 738-7981; Culture and Information, 82-1 Sejongno, Chongno-ku, Seoul, tlx MOCAI K23203, tel. 720-3808; Science-Technology, 1 Chungang-dong, Kwachonshi, Kyungkido, tlx MOIOST K24230, tel. 503-7608; Labour, 1 Chungang-dong, Kwachonshi, Kyungkido, tlx OLAHQ K24718, tel. 503-9714.

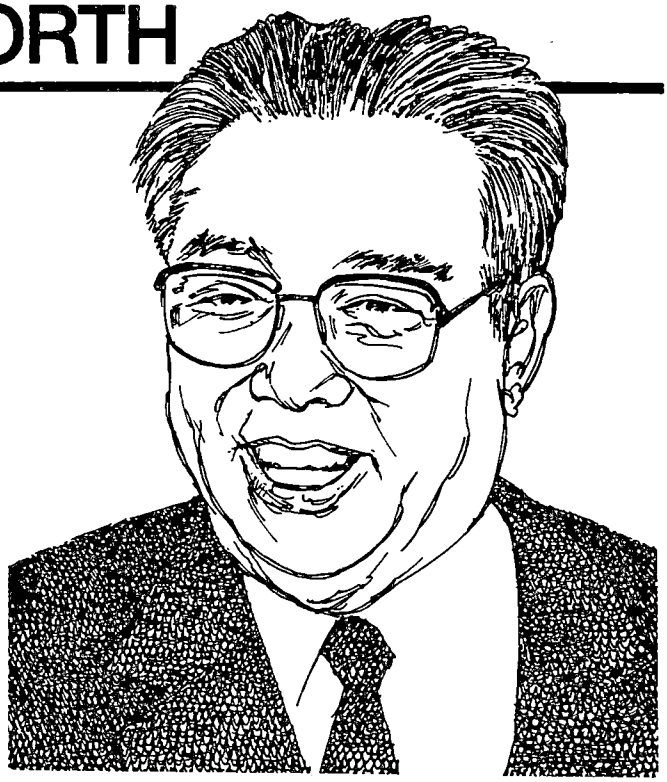
Major banks: Cho Hung Bank, 14, 1-ka, Namdaemunno, Chung-ku, Seoul, tlx K23321, tel. 735-7451; The Commercial Bank of Korea 111-1, 2-ka, Nam-daemunno, Chung-ku, Seoul, tlx K24611, tel. 771-30; Hanil Bank 130, 2-ka, Namdaemunno, Chung-ku, Seoul, tlx K23824, tel. 771-20; Korea Exchange Bank, 181, 2-ka, Ulchiro, Chung-ku, Seoul, tlx K23141, tel. 771-46; Korea First Bank, 100, Kongpyong-dong, Chongno-ku, Seoul, tlx K24249, tel. 733-0070; Korea Housing Bank, 36-3, Yoido-dong, Yongdeungpo-ku, Seoul, tlx KOHOBA K27879, tel. 784-6611; The Small and Medium Industry Bank, 50, Ulchiro, 2-ka, Chung-ku, Seoul, tlx K23932, tel. 771-50; The Export-Import Bank of Korea, 16-1, Yoido-dong, Yongdeungpo-ku, Seoul, tlx K26595, tel. 784-1021; The Bank of Korea, 110, Namdaemunno 3-ka, Chung-ku, Seoul, tlx KOREABK K24711, tel. 771-07.

Taxation: Corporate tax, large corporations, 42.4%, small corporations, 38.4%. Sales tax, large corporations, 1st Won 50 million, 20% of income tax, over Won 50 million, 33%. Small unlisted corporations, 1st Won 50 million, 20% of income tax, over Won 50 million, 30% of income tax. Defence tax, large corporation, 1st 50 million won, 20% of income tax, over Won 50 million, 33% of income tax, small unlisted corporations, 1st Won 50 million, 20% of income tax, over Won 50 million, 25% of income tax. Residence tax, all corporations, 7.5% of income tax. Individual tax consists of income tax, defence tax, and local residence tax. In general, income tax is a progressive tax applied to taxable income (global income reduced by certain exemptions and deductions). Defence tax is 10% of the income tax (20% if taxable income exceeds Won 8.4 million). Local residence tax is 7.5% of income tax.

Foreign exchange: Foreign-exchange control is complex. Incoming and outgoing currency flows are closely monitored, but regulations are gradually being liberalised.

KOREA—NORTH





After many centuries of contented isolation, Korea was forcibly opened to foreign intercourse in 1876 by Japan. In the ensuing years, Korea was unable to resist the steady encroachment of Japan into the Korean peninsula, and was placed under Japanese colonial rule from 1910-45. During this period, Korean culture and nationalism were ruthlessly suppressed. At the end of World War II, American and Soviet troops entered Korea and, by prior agreement, two occupation zones were set up; the Soviets in the industrialised North and the Americans in the agrarian South. The country was to be unified after free elections. Instead, rival governments were set up in Pyongyang and Seoul.

The Soviet-backed resistance leader Kim Il Sung became head of the Democratic People's Republic of Korea in September 1948. In June 1950 the communist regime attempted to reunite Korea by force but the fighting — in which Chinese forces intervened to oppose US-led UN divisions — left the border largely unchanged and mutual distrust deeply ingrained. An armistice was signed at Panmunjom in July 1953 and remains in force to this day.

A series of purges of opponents, a highly repressive system of internal control plus the deft neutralisation of Chinese and Soviet influence on his country's internal politics have enabled Kim to remain in power for 40 years. In the past 25 years, a cult of personality has been built up around Kim, elevating him to a semi-deified position. The hallmarks of this cult have now been transferred to his son, Kim Jong Il, as well, with the intention that Jong Il should succeed his father and rule in essentially the same manner. Meanwhile, prospects for Korean reunification continue to fade as both North and South Korea continue to evolve widely diverging economic and social systems.

POLITICS/SOCIAL AFFAIRS

It was difficult to avoid comparisons between the two Koreas in 1988. A successful Olympic Games in October allowed Seoul to appear at its best in the international arena. But for Pyongyang the year opened with detailed evidence of its complicity in the bombing of a South Korean airliner in December 1987. It continued with North Korea remaining unbending in domestic affairs, inflexible in its relations with the south, diplomatically isolated and economically stagnant.

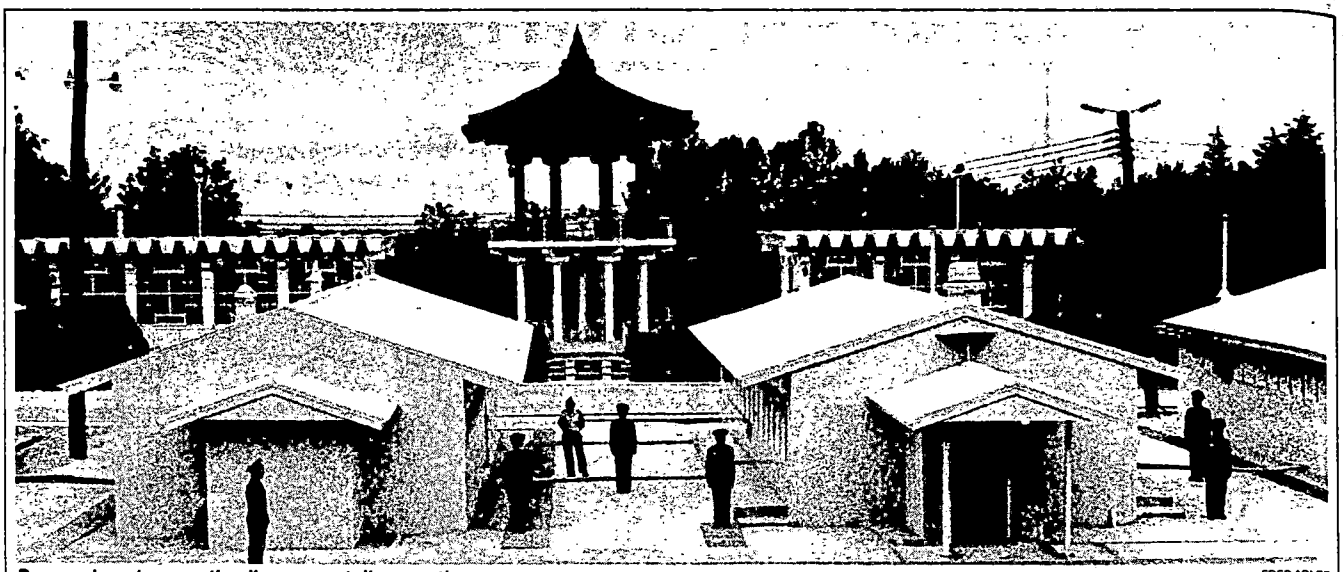
Despite unfavourable international assessment of the north's performance, the party leadership stuck to its hardline stance. As a result, state policies evinced no significant change in 1988.

With the failure of its attempts to organise an international boycott of the Seoul Olympics (Cuba was the only significant sporting nation to stay away), it was feared that Pyongyang might be tempted to stage some form of terrorist disruption. On 29 November 1987, a South Korean airliner was destroyed over the Andaman Sea. In a subsequent public confession in Seoul on 15 January, Kim Hyon Hui admitted that she had acted on official North Korean orders and had planted a bomb on the aircraft.

North Korea denied complicity, but governments around the world and a broad spectrum of political parties found the evidence detailed and convincing. Japan and the US, among others, once again applied the diplomatic sanctions first imposed in the wake of the 1983 Rangoon bombing. Sceptics doubted that any government could connive at such an act. But it seemed that, at the very least, the north had failed to exercise control over the activities of its proxies. It was in the interests of no one to dwell on the matter, though, and it quickly receded into the background during 1988.

In domestic affairs, the gradual transition from the era of President Kim Il Sung to that of his son, Kim Jong Il was the dominant theme. Commentators generally agreed that the elder Kim was unlikely to transfer power to his son this side of the grave. Nevertheless, the younger Kim continued to increase his public appearances and to promote his own personality cult. There is little doubt that in this respect the younger Kim intends to carry on where his father leaves off. But the question of how the two share power at this stage remains a key question for North Korea watchers. Unfortunately, 1988 offered little hard evidence on the matter.

Without a doubt, the most significant political development of the year occurred with the 21 February revelation of the removal of 57-year-old Oh Guk Ryol from his post as armed forces Chief of General Staff and his demotion from full politburo membership to candidate membership. As the No. 2 military cadre in the ruling Korean Workers Party (KWP), it had been assumed that Oh,



Panmunjom demarcation line: some talk, no action. FRED ADLER

would soon complete his rise to the top by succeeding the aging and ailing Oh Jin U as Armed Forces minister, a party post with cabinet ranking. Instead, he was replaced by 72-year-old Choe Gwang. Kim had originally sacked Choe from the same position in 1968.

The move emphasised that Kim Il Sung still had complete command of military as well as political affairs, and was able to hire and fire as he saw fit. In this case, Kim may have been responding to a simple desire to have old comrades around him in his old age, for the purge did not seem to extend past Oh.

Army morale, however, could hardly have been helped by the loss of a key member of the "second generation" of military cadres, namely, those who were Mangyongdae Revolutionary School graduates, and not former guerilla comrades-in-arms with Kim in the 1930s. Choe is a former guerilla. Oh was the second leading cadre of this generation to be purged. Kim Du Nam was replaced in December 1986. This trend was further suggested by the revelation in June of the rehabilitation of another former guerilla, Chon Mun Sop, 67, after 18 months without public mention.

The sixth KWP central committee held its 13th plenary session from 7-11 March with an uncontroversial agenda centred on science and technology. At this session, Kye Ung Tae was returned to full politburo membership, six years after his demotion to candidate membership. A full politburo list published after the death of Vice-President Rim Chun Chu on 27 April revealed no other significant changes. However, it did reveal that Choe Gwang had not taken up Oh Guk Ryol's place as a full politburo member, thus downgrading the military's representation at the highest party level.

In more general ideological terms, campaigns such as "the 200-day battle," launched on 20 February to increase output during the 200 days before the 40th anniversary of the founding of the Democratic People's Republic of Korea on 9 September, was reminiscent of the "speed battle" campaigns of the 1970s. It emphasised the unchanging nature of North Korean ideological parameters in 1988. In all fields, propaganda remained hardline and strident.

This lack of compromise was also evident in inter-Korean talks where, despite renewed contacts after a two-and-a-half-year break, no new momentum was generated. The year began with Kim Il Sung proposing in his New Year message that the two sides should hold a "south-north conference of representatives from all walks of life." The proposal was interpreted by the south as yet another attempt by the north to circumvent direct official negotiations by appealing to non-governmental groups in the south.

However, there were behind-the-scenes efforts aimed at beginning some sort of dialogue in the run-up to the Olympics. South Korean press reports suggested that a secret round of contacts took place in April. Seoul was reported to have offered economic assistance in return for non-disruption of the games. These talks swiftly petered out, however, with Pyongyang appearing to use the 1 May defection of a North Korean trade official as a reason to break them off.

The next major initiative came from Seoul in the form of President Roh Tae Woo's six-point declaration, announced on 7 June with the support of all major political parties. The declaration called for "a broad spectrum" of exchange visits, an exchange of correspondence, and open trade. It was immediately rejected by the north because it embodied the gradualist, pragmatic approach of the south. But Pyongyang continued to seek immediate talks on basic political and military issues at the highest level.

However, when South Korea's national assembly passed a resolution on 18 July urging the north to participate in the Olympics, it prompted its northern counterpart, the rubber stamp Supreme People's Assembly,

Head of State President Kim Il Sung.

Vice-Presidents Pak Sung Chol, Li Jong Ok; **Politburo** Kim Il Sung, Kim Jong Il, O Jin U, Li Gun Mo, Pak Sung Chol, Li Jong Ok, So Chol, Kim Yong Nam, Kye Ung Tae, Ho Dam, Yon Hyong Muk, So Yun Sok, Kang Song San, Hong Song Nam; **Prime Minister** Li Gun Mo; **Deputy Premiers** Kim Yong Nam, Kim Hwan, Hong Song Nam, Kim Bok Shin, Chong Jun Gi, Cho Se Ung, Kim Chang Ju, Kim Yun Hyok; **Foreign Affairs** Kim Yong Nam; **Public Security** Paek Hak Rim; **Resources Development** Kim Se Yong; **Nuclear Power Industry** Choe Hak Gun; **Shipping** Li Sok; **Communications** Kim Chang Ho; **Railways** Pak Yong Sok; **Foreign Trade** Kim Dal Hyon; **External Economics Affairs** Chong Song Nam; **Forestry** Kim Jae Ryul; **Labour Administration** Chae Hi Jong; **Culture and Arts** Chang Chol; **Finance** Yun Gi Jong; **Public Health** Li Jong Ryul; **Commerce** Hang Jang Run; **Machine Industry** Kye Hong Sun; **Metal Industry** Choe Man Hyon; **Construction** Cho Chol Jun.

Chairmen of State Commissions (equivalent to Ministers) **External Economics** Kim Dal Hyon; **Light Industry** Kim Bok Shin; **Agriculture** Kim Chang Ju; **Building Materials Industry** Chu Yong Hun; **State Planning** Hong Song Nam; **Mining Industry** Cho Chang Dok; **Traffic** Li Gil Song; **Electric Power Industry** Li Ji Chan; **Chemical Industry** Kim Hwan; **Fisheries** Choe Bok Yon; **People's Services** Kong Jin Tae; **State Construction** Kim Ung Sang; **State Science and Technology** Li Ja Bang; **Education** Pyon Yong Rip; **Academy of Sciences** Kim Gyong Bong.

August. But at this and subsequent meetings, both sides failed to find common ground on the format or the agenda for further talks.

The south sought a meeting of 20 representatives from each side while the north sought a full meeting of the 950-odd representatives of both parliaments (the People's Assembly would have contributed 655), plus 50 non-parliamentary representatives from the south. For Seoul, agreement to the last point would have effectively meant acknowledging a key Pyongyang propaganda claim about the unrepresentative nature of the south's National Assembly. However, since the north declined to discuss an agenda until a format had been decided, the talks swiftly came to deadlock after three further sessions. On 26 August, they were suspended until 13 October — after the Olympics.

A further aspect of Pyongyang's relations with the south during the year was its maintenance of a war of nerves in the months leading up to the Olympics. The most evident aspect of this was the forward deployment of SA-5 surface-to-air missiles to a position just 60 km north of the demilitarised zone. The move meant much of South Korean airspace was within range of the missiles. Few observers saw this as simply a military move. But it did have an unsettling effect, especially given the characteristic capacity of the North Koreans to appear unaware of the possibility of miscalculation. In this case, sufficient concern was generated for the US to raise the issue formally with the Soviets in May. □

FOREIGN RELATIONS

No changes to the basic pattern of North Korea's foreign relations of recent years were visible during 1988. Military cooperation with the Soviet Union remained close, and relations with China remained good in the wake of a string of high-level visits in 1987.

As might have been expected, North Korea pursued its efforts to detract from the atmosphere of the Seoul Olympics to the bitter end. Ceaseless lobbying managed to secure the withdrawal of only one relatively significant sporting nation — Cuba — from the games, and since this Olympics was an event to which the Chinese and the Soviets attached considerable importance, these activities, though hardly surprising, could not have been very endearing to its major allies. However, neither party chose to air any differences publicly.

Relations with China were highlighted by the somewhat unusual visits of two high-ranking North Korean delegations to China in April and May. In the first of these visits, Korean Workers Party International Affairs Committee Chairman Hyon Jun Guk, a former ambassador to Peking and the chief party official in charge of foreign relations visited Peking from 3-10 April. The visit was unusual in that it was the first in seven years for someone of Hyon's rank and thus was a fairly certain indicator of a need for high-level, party-to-party discussions.

Speculation at the time focused on possible Chinese disquiet at North Korean policies on the Olympics, on

MILITARY FORCES

Total armed forces:
Active: 842,000. *Terms of service*: Army 5-8 years, Navy 5-10 years; Air Force 3-4 years.
Reserves: Army 500,000, Navy 40,000.
Mobilisation claimed in 12 hours; up to 5,000,000 have some Reserve/Militia commitment. See Paramilitary.

Army: 750,000.
1 armd, 3 mech, 8 all-arms corps HQ:
1 mot inf div.
25 inf divs (3 infs, 1 arty, 1 mor regt, 1 ATK, 1 AA, 1 engr bn).
15 armd bde.
20 mot inf bde.
4 indep inf bde.
1 Special Purpose corps: 80,000: 25 bdes incl. 3 cdo, 4 recce, 1 river crossing regts, 3 amph, 3 AB bns, 22 lt inf bns. 'Bureau of Reconnaissance Special Forces.'
Arty comd:
Army tps: 2 hy arty, 2 mor regts; 6 SSM bns.
Corps tps: 4 bdes incl. 122mm, 152mm SP, MRL.
AD: 2 AA divs; 7 AA regts.
Reserve: 2 inf divs; 18 indep bdes.
Equipment:
MBT: some 3,000 T-34/-54/-55/-62, 175 Type-59.
Tks: lt: 300 Type-63, Type-62, M-1985.
Recce: 140 BA-64.
MICV: 150 BMP-1.
APC: 1,400 BTR-40/-50/-60/-152, Ch Type-531, N. Korean, type unknown.
Towed arty: 1,600: 100mm: M-1944; 122mm: M-1931/-37, D-74, Type-54, Type-60, D-30; 130mm: M-46, Type-59; 152mm: M-1937, M-1938, D-20, ML-20.
SP arty: Some 2,300: 122mm: M-1977, M-1981, M-1985; 130mm: M-1975; 152mm: M-1974; 180mm: M-1978.
MRL: 2,500: 107mm: Type-63; 122mm: BM-21, BM-11 (30 tubes); 130mm: Type-63; 140mm: RPU-14, BM-14-16; 200mm: BMD-20; 240mm: BM-24.
SSM: 54 *FROG*-3/-5/-7; (some 15 *Scud* B-type rumoured).
Mor: 120mm.
ATGW: AT-1 *Snapper*, AT-3 *Sagger*.
RCL: 82mm: 1,500 B-10; 107mm: 1,000 B-11.
ATK guns: 37mm: M-1939; 57mm: M-1943; 75mm: Type-52; 85mm: D-48 towed; 800 SU-76 and SU-100 SP.
AD guns: 8,000: 14.5mm: ZPU .2/4 SP; 23mm; ZSU-23-4 SP 37mm: Type-55, M-1939; 57mm: ZSU-57-2 SP S-60, Type-59; 85mm: KS-12; 100mm: KS-19. N. Korean SP AA, type unknown.
SAM: SA-7.

Navy: 39,000.
Bases: East Coast: Wonsan (HQ), Cha-aho, Songjin Toejo.
West Coast: Nampo (HQ). Haeju, Pipaqo, Sagwon-ri. 2 Fleet HQ.
Subs: 21:
17 Ch Type-031/Sov *Romeo* with 533mm TT.
4 *Sov Whiskey* with 533mm and 406mm TT.
Frigates: 2 *Najin* with 2 x 5 ASW RL, 1 with 3 x 533mm TT; plus 2 x 100mm guns. 1 possibly with 1 x 2 SS-N-2 *Styx* SSM.
Patrol and coastal combatants: 365:
Corvettes: 4 *Sariwan* with 1 100mm gun.
Missile craft: 30:
4 *Soju*. 10 Sov *Osa* PFM with 4 x SS-N-2 *Styx*.
6 *Sohung*. 10 Sov *Komar* PFM with 2 x SS-N-2.
Torpedo craft: 173:
3 *Shershen* with 4 x 533mm TT.
Some 170 with 2 x 533mm TT.
Patrol: 158:
Coastal: 6 *Hainan* PFC with 4 x ASW RL.
Inshore: 152:
18 SO-1, 10 *Taechong*, 11 *Shanghai* II, 2 *Chodo*, 1 K-48, some 110.
Mine warfare: About 40 MSI.
Amph: craft only; 14 LCM, 12 LCU, about 100 LCI.
Support and miscellaneous: 2 ocean tugs.
Coast defence: *SSM*: 2 regts: *Samlet* in 6 sites; *guns*: 122mm: M-1931/-37; 130mm: SM-4-1; 152mm: M-1937.

Air Force: 53,000; some 800 cbt ac, 80 armed hel.
Bbrs: 3 lt regts with 80 Il-28.
FGA: 9 regts:
1 with 20 Su-7, 10 Su-25;
5 with some 280 Ch J-2/-4;
3 with some 100 J-6/Q-5.
Fighters: 12 regt with 160 MiG-21, 60 J-6, 46 MiG-23.
Tpt: perhaps 10 regts:
250 An-2, 10 An-24, 5 Il-14, 4 Il-18, 2 Tu-154, 1 Il-62.
Hel: 170 incl. 40 Mi-4, 20 Mi-8/-17, 80 Hughes -300/-500 (some 60 reported to be armed).
Trg: incl. 100 MiG-15UTI/-19UTI/-21U, Il-28, 30 CJ-6, 120 *Yak*-18.
AAM: AA-2 *Atoll*.
SAM: 4 bdes (12 bns, 40 btys) with 500 SA-2 in 45 sites. SA-3, SA-5.

Forces Abroad: Iran (300); reported; 10 African countries incl. Madagascar (100), Mozambique (50-100), Polisario (Algeria) (50), Seychelles (50).

Paramilitary: Security troops (Ministry of Public Security): 38,000 incl. Border guards. Workers-Peasants Red Militia (WPRM): some 3 m up to age 50. Organised on a provincial/town/village basis. Comd structure is Corps-bde-bn-platoon. Small arms with some mor and arty.

economic liberalisation — and, of course, over North Korean complicity in the December 1987 Korean Air bombing. In the event, Hyon emerged with effusive displays of public warmth from the Chinese and with the (by now) fairly routine Chinese homilies on the need for economic reforms.

A further high-level visit, this time from a military delegation led by Oh Jin U, No. 3 in the Pyongyang hierarchy and the ranking active military cadre, took place from 16-20 May. Despite age and ill-health — Oh did not return to Pyongyang with the delegation, almost certainly staying on for medical treatment — Oh had been prevailed upon to undertake his first official visit to China in six years, again a sign that unusually important matters were at hand.

These matters would certainly have included North Korea's continuing deployment of advanced Soviet weaponry, its increasing assumption of offensive military positions behind the demilatarised zone, and the changes in the military hierarchy signalled by the dismissal of Chief of General Staff Oh Guk Ryol in February. However, the fact that there have been no observable policy adjustments in the wake of these visits, suggests that despite an enormous divergence in ideology and its application to domestic policy over the past decade, disputes between the two sides remain quite containable.

Greater warmth and enthusiasm were evident in North Korea's relations with the Soviet Union. No summit-level meetings took place, but at the same time that Hyun and Oh were visiting China, Foreign Minister Kim Yong Nam was visiting Moscow for official talks with Soviet Foreign Minister Shevardnadze. The visit came in the wake of talks between Shevardnadze and US Secretary of State George Shultz (21-22 April), and the joint communique suggested that it focused on diplomatic issues, with Pyongyang reconfirming that the Soviet Union had no intention of making any dramatic moves on recognition of South Korea.

As was the case with China in 1988, it was clear that domestic ideological divergences were not being permitted to intrude into foreign relations, and Kim delivered a personal message from Kim Il Sung to Mikhail Gorbachov which included wishes for success in the carrying-out of the Soviet Union's reform programme.

Elsewhere, it was the military aspects of the Soviet relationship that predominated, with the Soviets continuing to supply substantially upgraded weaponry to North Korea, and maintaining an active programme of military visits. The most prominent of these was the visit — again in April — of Soviet First Deputy Defence Minister Pyotr Lushev, while naval visits were also exchanged, the Soviet Pacific Fleet visiting Wonsan for the third time in four years, and North Korean ships visiting Vladivostok. □

ECONOMY/INFRASTRUCTURE

Little evidence emerged in 1988 to suggest that North Korea is prepared to make the ideological concessions necessary to free up its economy, despite piecemeal liberalisation measures aimed specifically at earning foreign exchange. Official commentaries continued to stress the policy of "achieving a thorough collectivist society" and the "dangers of a possible revival of capitalism."

Both the budget and various public pronouncements during the year suggested that the country's economic woes remain serious. The sparse figures released with the budget, announced in April, showed that increases in revenues (5%) and expenditure (5.8%) had been curbed. The increases are thought to be the lowest since 1961. The budget allocations were similar to those made in previous years, except in the case of the military, where a spending cut of 2.1% was announced. This is to be achieved by relocating soldiers to construction projects.

Other evidence accumulated during the year also suggested the North Korean economy was in a state of semi-permanent crisis. The need to resort to mass campaigns to increase production in only the second year of the current Third Seven-Year Plan (1987-93), calls for schoolchildren to breed rabbits for meat, and pleas for workers to improvise in the face of widespread construction material shortages all point to deep-seated economic problems.

An increase in foreign trade over the past two years, mainly with the Soviet Union, has resulted in a marked expansion in the trade deficit, now estimated to total about Won 500 million a year. North Korean trade with Western countries remains stable, but relatively small. Pyongyang is still locked in a dispute with two Western banking consortia, headed by ANZ and Morgan Grenfell, over debts amounting to about US$700.000. The banks have declared North Korea to be in default.

North Korea's economic woes are becoming an increasing irritant for China, as well as Moscow, not only because of the direct burden they entail in terms of financial support but also because of the rapidly developing imbalance in Peking's trade with the two Koreas. China's indirect trade with South Korea ballooned to a reported US$2 billion in 1987. For the moment, Peking is determined to avoid developing formal diplomatic ties with Seoul, though its rapidly developing trade is likely to render this position increasingly anomalous. □

DATABOX

Major industries: Steel, 4.7 million tonnes (4.5 million); cement, 10 million tonnes (9 million); textiles, 600 million m² (550 million); chemicals, 4.2 million tonnes (4 million).

Major agriculture: Rice, 5.7 million tonnes (5.5 million); maize, 1.5 million tonnes (same); potatoes, 1.5 million tonnes (same); wheat, barley and millet, 800,000 tonnes (700,000).

Mining: Coal, 48 million tonnes (47 million); iron ore, 8.5 million tonnes (same); non-ferrous metals, 800,000 tonnes (700,000).

Major exports: Non-ferrous metals, coal, rice, marine products, silk, cement (figures n.a.).

Major imports: Petroleum, chemicals, grains and cereals, coking coal, machinery, capital equipment (figures n.a.).

Finance: Korean Central Bank controls all domestic banking. All foreign transactions are conducted through the subordinate Foreign Trade Bank (Muyok Unhaeng), and there are at least 2 other specialist foreign trade banks.

Currency: Won (100 jon). Foreign trade rate, Won 2.18 = US$1. Standard rate, Won 0.94 = US$1.

Public holidays (1989): 1 Jan. (New Year's Day), 16 Feb. (Kim Jong Il's birthday), 15 Apr. (Kim Il Sung's birthday), 25 Apr. (Armed Forces Day), 1 May (May Day), 9 Sept. (National Foundation Day), 10 Oct. (Korean Workers Party Foundation Day).

Weather: North Korea has 4 distinct seasons. Winter is long (early Nov.–late Mar.), cold (average −5°C), but usually clear and sunny, though the chill factor can be extreme. Spring (late Mar.–early June) is dry and mild, summer (early June–late Aug.) is hot, humid and oppressive. Autumn (early Sept.–late Oct.) is dry, clear and mild.

Government ministries: External Economic Commission (Foreign Trade Ministry), Central District, Pyongyang, tel. 36684, tlx 5354 KP; Foreign Affairs, Central District, Pyongyang.

Major banks: Korean Central Bank controls all domestic banking. All foreign transactions are conducted through the subordinate Foreign Trade Bank (Muyok Unhaeng). 2 other specialist offshore foreign trade banks are exist — Kumgang Bank and Daesong Bank.

Passage to prosperity strains US ties

Little buddy grows up

By Mark Clifford in Seoul

It is near the end of the 1988 Team Spirit military exercise and a US infantry captain has surprised and "captured" a South Korean truck convoy entering a dusty crossroads town. Suddenly, a South Korean officer leaps from the leading vehicle, angrily confronts the big American and shoves him out of the way. The convoy leader then waves his trucks through, swinging up into the cab of one as it passes. The captain gives a rueful grin and shrugs helplessly.

That and similar scenes enacted during this annual showcase of US–South Korea cooperation would have been unthinkable not so long ago. But these days, the South Koreans do not like to lose — whether it be in a war game, or a trade war. And as the yawning US trade and budget deficits force the two allies to reassess their positions, it is a safe bet there is going to be a lot more pushing and shoving on both sides.

Not since former US president Carter threatened to pull out American troops more than a decade ago have US–South Korean relations in trade, security and culture been so uncertain or so emotionally charged. A new economic and military contract must be drawn up to reflect South Korea's growing strength and the dawning era of austerity in the US. However fuzzy the outlines may be, that contract will be of great significance not only for Korea, but for the four great powers — the US, Soviet Union, China and Japan — which have a stake in what is one of the world's most militarised regions.

The most noticeable change in the past two years has been a spasm of anti-Americanism. Cattle farmers in one country village, piqued at the prospect of US beef imports, grumble that they would kill any Americans who came into their village. In Seoul, the new student president at the prestigious Seoul National University calls for a US troop withdrawal and removal from the country of nuclear weapons. Tame stuff in many countries, but unprecedented in this capital city, located only 50 km south of a belligerent North Korea.

The South Koreans' bittersweet feelings for the US should come as no surprise, given their country's reliance on US aid in the more than three decades following the Korean War. But the feelings are becoming more bitter than sweet, with even many US-educated middle class South Koreans increasingly resentful over what they see as US bullying on the trade front.

"Because of outspoken and visible US pressure put on us, the general public — and especially the younger generation — is getting quite anti-American," Finance Minister Sakong Il said. "Until a few years ago [South] Korea was one country in the world where 'Yankee Go Home' was never heard. Now, because of the trade issues, you often hear these kinds of slogans on campus."

US soldier talks to local during the exercise.

The slogans reflect a fundamental shift in US–South Korean relations. South Korea, Washington's most enduring client state, has developed economically and politically to the point where it wants to act on its own. While this has been clear at least since the December 1979 military coup that followed president Park Chung Hee's assassination, most of the strains in the Washington-Seoul relationship have been hushed up for the past eight years.

However, trade friction has thrust these strains into public view. The US is determined not to let Seoul continue to enjoy mounting surpluses, while the South Koreans plead for more time to consolidate their economic gains. Quite simply, the pace of economic change has outrun the ability of leaders in both countries to keep up.

South Korea, which posted a substantial current-account surplus for the first time only in 1986, has had a hard time shaking off its self-image as a poor, developing nation. Moreover, last year's political turmoil, capped by presidential elections in December, made South Korean leaders reluctant to spearhead measures to open markets for fear of offending domestic interests and providing the opposition with an easy target.

Yet South Korea's inability to adapt more quickly to a surplus has cost it hard-won credibility in the US. US officials say that while agreements have been reached on such sticky issues as beef, cigarettes and insurance, Seoul has not implemented them.

Personal relations have also been strained. Finance Minister Sakong drew US Treasury Secretary James Baker's ire when he promised last September that the country's 1987 trade surplus with the US would not exceed US$7 billion. Yet when the September figures were released only a few weeks later, the surplus was already US$7.3 billion.

South Korea is an easy target for American politicians. Democratic Party presidential contender Jesse Jackson says that South Korea's "slave labour" system is effectively stealing US jobs. Former presidential candidate Richard Gephardt drew attention by threatening South Korea's huge Hyundai conglomerate with the spectre of having to sell its cars in the US for US$48,000, including import duties.

There is another important dimension to the US–South Korean relationship which involves the several billion dollars a year Washington spends to maintain 41,000 American troops in South Korea and a hefty arsenal — including nuclear weapons — on the Ko-

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rean peninsula. In Washington, where cost-cutting has become a congressional pre-occupation, the notion that some countries are racking up a trade surplus with the US by pinching their pennies on military expenditure is gaining ground.

The Washington-based Cato Arian think-tank, which advocates a massive reduction in the US military presence overseas, has stirred the pot with a report calling for a US troop withdrawal from South Korea. The article has had administration officials squirming a bit, because Washington's policy towards Seoul is in a state of flux. While South Korea, which spends 6% of its GNP on the military, hardly falls into the penny-pinching category, it is felt that a country with a US$10 billion trade surplus with the US should be carrying more of the burden.

With a gradual drawdown of US troops in the 1990s a likely possibility, officials are clearly unwilling to make any blanket statements about a continued American presence. However, one thing is clear: "If the US is going to stay here," a senior Western diplomat said, "there is going to have to be much more equitable cost-sharing." For their part, the South Koreans resent the national humiliation of the US presence but are still deeply worried about their vulnerability to attack from the North — and their ability to withstand it alone.

There is likely to be a lot more friction between the two sides as talks over trade and currency issues continue and tentative efforts are made to grasp the nettle of a change in military roles. But the problems should not obscure the fact that, despite the pushing and shoving, the US and South Korea are moving towards a more equal partnership — and that may result in a story with a happy ending.

US and South Korean troops: changing roles.

Chain of command needs new linkup

By John McBeth in Seoul

There are three reasons why new questions are being raised over the future of US military bases on the Korean peninsula: South Korean President Roh Tae Woo's election pledge endorsing a change, some time in the future, in the controversial Combined Forces Command (CFC) structure; the country's remarkable economic growth, and signs of Pentagon budgetary cuts affecting US force levels around the world. "It is received opinion," a Western military source in Seoul said, "that the Americans will be out of here by 1993 or 1994.

Timetable predictions are not something US or South Korean officials want to discuss. "All this talk is very premature because no serious leader has ever called for a withdrawal or the revamping of the command structure," said a ranking Seoul official, who maintains that a move in that direction could still be five or even 10 years away. "A pledge is one thing, policy is another."

Still, there are powerful forces at play. On the US side are those troublesome spending constraints and a growing sensitivity to Seoul's economic muscle. On the South Korean side is an increasingly expressive sense of national identity and what one diplomat called "the national disgrace of a patronising US presence." But there are precious few South Koreans who genuinely want to see the US soldiers leave, and South Korean officials do not believe Washington would sacrifice security considerations to balance the US budget.

The laying off of several hundred South Korean workers from the US Army payroll here is clearly one sign of a tightening of Pentagon purse strings. However, the pending de-activation of the Taegu-based 497th Tactical Fighter Squadron has been more than offset by a decision to consolidate an additional 24 F16 fighters at Osan airbase.

Although the air force move suggests a drawdown is far from Washington's mind, there is little doubt that trade friction, recent conservative think-tank studies, September's Olympic Games in Seoul and even American academic Paul Kennedy's book, *The Rise and Fall of the Great Powers*, have sharpened the focus on this issue. "A lot will depend on the pressure — the US trade issue and whether it comes up in the [November US presidential] election," a US official said, adding: "A lot will depend on the US mood."

Drawing on historic precedence, Kennedy talks of "imperial over-reach" and argues that when a country's military holds on to far-flung alliances in the face of diminishing economic power, collapse usually follows. Contemporary parallels are obvious, he says, with the US share of total world GNP falling from 45% in the 1950s to the current level of about 30%. It is estimated the US spends about US$42 billion a year, or 14% of its defence budget, to guard the Pacific.

Assistant US Defence Secretary Richard Armitage, who describes South Korea as "the second most-misunderstood pillar of our security role in Asia," rejects Kennedy's assertions as outdated and says his book contributes to a profound misreading of US interests abroad.

Republican Party presidential contender George Bush, with whom Ambassador to South Korea James Lilley enjoys a long-standing friendship, has promised to retain US troops in South Korea "as long as the danger of North Korean provocations is not conspicuously diminished." Democratic Party presidential hopeful Michael Dukakis bases his position on how Roh manages domestic policies. If the human-rights situation worsens, he warns, he would push for relocation in Japan.

The South Koreans have so far shown no interest in raising the subject of the bases, mainly because of fears that once the process has been set in motion, it might gather a momentum in the US that would be difficult to stop. "There is a genuine feeling here that if the US leaves, there will be war," a senior Western diplomat told the REVIEW. "They have seen the US walk away before . . . they know if they play their cards wrong, the US won't come back."

For their part, the Americans are anxious to avoid sending the wrong signal to North Korea, whose track record and belligerent military posture leaves little room for hope that North-South rela-

tions will improve in the near future. Still fresh in many minds is former US president Carter's 1977 campaign pledge to pull out the US 2nd Infantry Division — deployed along the Munsan invasion corridor, northwest of Seoul — which serves as the tripwire for wider US involvement in any future conflict.

One battalion was withdrawn before Carter suspended the plan after the South Koreans and Japanese protested strongly, a new intelligence assessment was made about North Korea's forward troop strength — which has since grown to about 65% of its total armed forces — and the lack of a reciprocal gesture from the other side of the Demilitarised Zone (DMZ).

The senior Western diplomat did point to a ripening situation "where the superpowers cannot be dragged around by the pigtails by Korea [North or South]," but at the same time he insisted that a US withdrawal should only be contemplated as part of an overall disarmament package involving the big powers. Mindful of past Pyongyang actions which have caused embarrassment and sometimes anger in Peking and Moscow, the South Koreans disagree.

"North Korea is the odd man out — an independent, aggressive force which is capable of doing anything without being restrained by anyone," a South Korean Foreign Ministry official said. "If North Korea began a war, it could lead to superpower confrontation, even if they [the superpowers] have entered into a new period of détente."

A senior government adviser here said the South Korean Government may only react positively towards a possible US withdrawal "if North Korea is ready to make a fundamental change in its policy towards the South and is ready to pursue honest and peaceful coexistence while holding a dialogue with us." Until that happens, South Korean defence officials regard the visible presence of the US 2nd Division as the main psychological deterrent to an attempted invasion.

Some South Korean academics envisage a scenario where the US would draw back from the DMZ into a more regionally orientated role and allow the two Koreas to deal with each other directly. Korea University law professor Lyou Byung Hwa, who has written extensively on the unification issue, told the REVIEW: "We must develop self-reliance [in dealing with] North Korea. I know North Korea has concentrated up to now on building up its military power, but in the long run economic power will be more important."

Inherent in that scenario is the future of the UN Command (UNC), whose mission is to monitor and maintain the 35-year-old armistice. Because the two Korean governments are not signatories to the truce agreement, the basically US-staffed UNC will have to remain until Seoul and Pyongyang agree on a peace mechanism — something both sides have proposed in the past, but never at the same time or in a way that has offered room for progress.

Roh's pledge to give Seoul more control over its armed forces will clearly not become an issue until after the conclusion of the Olympic Games and, in the opinion of some of his closest advisers, may not even be broached until he is "deep" into his five-year presidency.

The CFC — under which an American four-star general has operational control over 600,000 active-duty personnel from both countries — was once called by former UN commander in South Korea Gen. Richard Stilwell "the most remarkable concession of sovereignty in the entire world." Actually, sovereignty does remain with the South Koreans under the CFC agreement, formalised in 1978 in a still-secret document. The South Koreans can and do detach forces for their own internal needs and are bound only to inform the CFC about it.

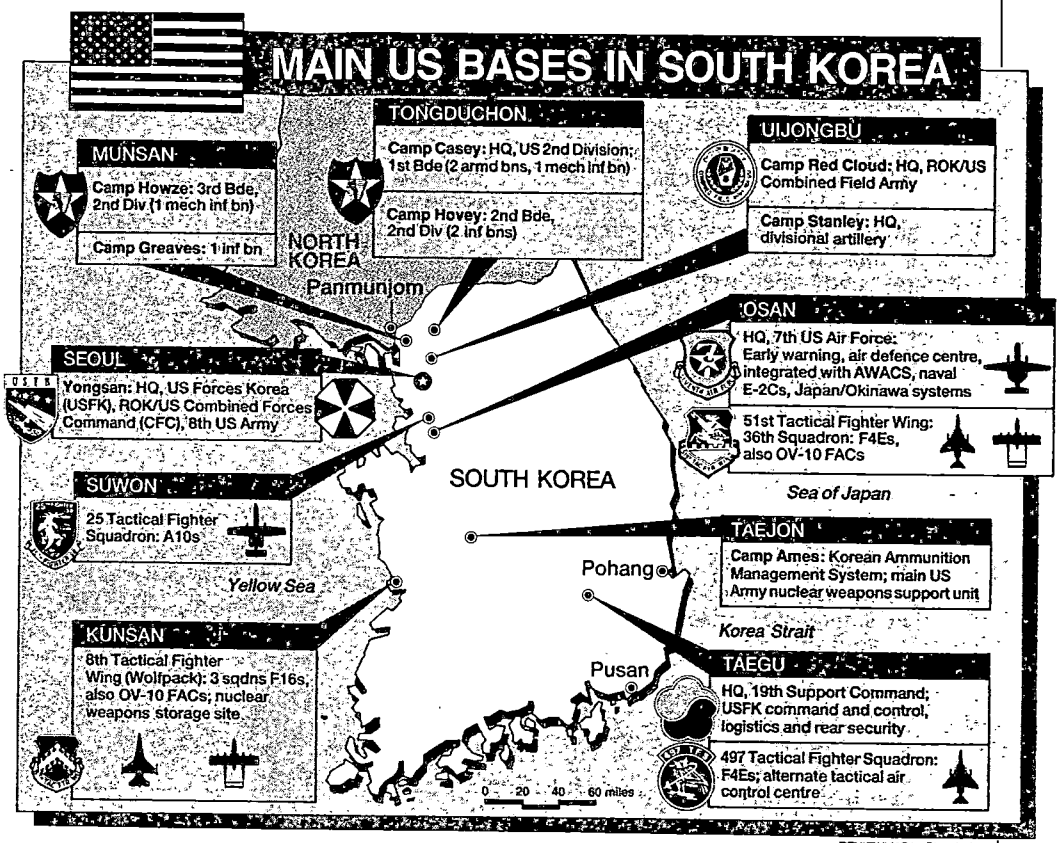
Some analysts suggest reform may start with assignment of a South Korean four-star general to the ground forces command slot — one of seven hats currently worn by CFC commander Gen. Louis Menetrey. Under the existing set-up, Menetrey's deputy, Gen. Chang Jin Tae, takes over his duties on at least day-to-day matters when he is out of the country. This would require the creation of a separate US chain of command for US nuclear-capable artillery and engineering units.

As for withdrawal of the 41,000 US troops, some independent specialists confidently expect the US to begin some pull-outs as early as 1991. But government officials on both sides insist it is far too early to speculate.

US Secretary of State George Shultz told a US House of Representatives subcommittee on foreign operations recently: "I don't think it's really possible to set a date." Adm. Ronald Hayes, commander of the US Pacific Command, had much the same message during congressional testimony in early February. "Changes contemplated in the future," he said, "require careful coordination and agreement with South Korea to prevent any weakening of the posture needed to deter the North."

Roh himself continues to stress the need to further cement security cooperation with the US, without getting into the specifics of what adjustments might be made. Asked in a South Korean National Assembly session whether the government had a plan to cope with a future US withdrawal, Foreign Minister Choi Kwang Soo replied: "This matter is enough to cause political and social unrest and is the main target of North Korea on the peninsula. It should be considered carefully, according to national security and the international political situation."

According to a commonly held un-



derstanding, the timetable for a phased US withdrawal is contingent in large part on the South Korean armed forces reaching a point where they feel confident of standing on their own feet. Another factor may be Washington's changing perceptions of its competition with the Soviet Union in the Northwest Pacific, where garrisons on the Japanese mainland, Okinawa, the Philippines and Guam form a secuirty cordon guarding the western approaches to the US.

Former president Chun Doo Hwan and other South Korean leaders have said the country should take more command responsibility once its forces have reached 70% parity with North Korea, some time in the 1990s. Military analysts point out that though it is now a little more than 60% — 550,000, compared with the North's 850,000 — the South already has the 1:3 force-level experts accept is needed to fight a successful defensive battle, given the south's greater technological edge and the limited invasion corridors open to Pyongyang's mechanised formations.

What the south may not be equipped to handle are amphibious landings and the well-touted scenario of low-flying aircraft dropping thousands of North Korean special forces troops south of Seoul in an effort to create havoc with lines of communication and supply during a blitzkrieg attack. Because most of South Korea's army holds fixed defensive positions along the DMZ, mobility has not been a priority concern until recently. But rapid resupply with locally made or assembled tanks, helicopters and strike aircraft will change that.

Apart from examining the possibility of modest and largely symbolic modifications to the CFC command structure in the mid-term, South Korea is being pressured into footing a greater share of the cost of maintaining US troops in the country (REVIEW, 21 Apr.).

In what was probably the most important policy declaration yet on the shifting nature of bilateral security arrangements, a communique issued after last year's 19th annual security consultative meeting said the two sides agreed "it is necessary to begin planning now to accommodate changes in the relationship and that, as the relationship matures, particular attention should be paid to the growing capabilities of the Republic of Korea."

Leaving aside what may have been the deeper significance of the statement, the message was about money — a message which sources say will be driven home more forcefully during the 1988 consultations, scheduled for June.

Coming of age spawns anti-American sentiment

By Charles Lee in Uijongbu and Seoul

At first, it was simply "the Americans." Then, it became "the big-nosed people." Now, it is "the American bastards." The changing colloquial expressions reflect growing anti-American sentiment among ordinary South Koreans, who just a few years ago used to regard such views, held by student and dissident activists, as an aberration.

To be sure, anti-American sentiment among ordinary people remains a negative reaction to the big stick US trade representatives are seen as wielding — though it has a long way to go to match the rhetoric of anti-American activists.

Further, it has by no means spread uniformly. The feeling is strongest among those born after the 1950-53 Korean War, yet the fact that it has now seeped into the ranks of those seen as traditionally pro-American may in itself signal a significant shift in the South Korean attitude towards the US. It may also mark the beginning of a more balanced relationship between the two countries.

Demonstrators burn anti-US effigy.

As in Japan and Taiwan, the issue most responsible for stirring anti-American sentiment here is US pressure for import liberalisation. Since South Korea's December presidential election, the subject has constantly been kept before the public by the local media.

As a result, protectionist US Sen. Richard Gephardt, and Section 301 of the 1974 US Trade Act — which permits retaliatory trade sanctions — have become synonymous with American bullying. The government-run Korean Broadcasting System recently felt it timely to air a three-hour discussion programme titled, "What does America mean to [South] Koreans." And most visibly, a group of radical students in February briefly seized the US Information Service (USIS) centre in Seoul.

The beef imports issue, in particular, has raised the ire of many farmers, who compose one-fifth of the population. In February, the normally quiescent farmers took to the streets throughout the nation to oppose the importation of US beef. The farmers' main complaint is that the American demand blatantly ignores their problems. They say the importation of US beef will lead them to financial ruin because they have yet to fully recover from debts incurred during the so-called 1984-87 "cattle crisis."

During this time, the government, allegedly at the prodding of Chun Kyong Hwan — the younger brother of former president Chun Doo Hwan — imported an excessive number of cattle, causing prices to plunge by more than 85%. The farmers had been encouraged to buy the cattle with government loans.

The farmers also feel bitter because they believe, rightly, that while they are not responsible for their country's US$9.5 billion trade surplus last year with the US, they find themselves bearing the brunt of US wrath. Left unsaid is what may be their greatest fear: that once the US cracks the beef barrier, a score of other agricultural products from the US and elsewhere will follow and flood the market.

The farmers' anti-American sentiment is likely to dissipate if the US demands let up. For now, however, they are even seeing the students in a more favourable light. Referring to the USIS incident, one farmer in Uijongbu said: "I believe they should not do such a thing. But we now think more about why they might have been driven to do it."

In contrast, student and dissident activists have concocted an anti-American ideology, heavy in nationalistic and leftist flavour. With the relative stability of domestic politics, US imperialism has become their chief rallying cry.

To the activists, the trade pressure only confirms their belief in US capitalists' relentless greed for profit and attests to the totally lopsided nature of South Korean–US relations. "The US seems to want more return on its in-

vestment [here]," a Yonsei University activist said. "But we believe it has already benefited enormously." According to the activist students' peculiar logic, even the trade surplus was contrived by the US to make South Korea more economically dependent.

The activists typically say that South Korea provides the US with a convenient front line in the war against communist aggression. Economically, it supplies cheap labour for American multinationals, which invariably benefits the American consumer at the expense of the South Korean worker. Further, the corollary to the US' continued pursuit of this policy is that Koreans' top priority, the reunification of the peninsula, must be prevented and democracy suppressed at all costs. If the masses awoke to the true intentions of the US, the Americans would be driven out, they claim.

How seriously should all this be taken? Not very, say most local sources. Even on university campuses, true radicals form less than 5% of the student body, according to a commonly held view. And most ordinary people interviewed believe that the 41,000 US troops and the export market are still essential for South Korea's security and economic well-being. A recent survey by Keimyong University in Taegu confirmed locals' continued fascination with the US: it found that the US remains the country South Koreans most want to visit.

But many analysts caution that those in their 20s and 30s, a group numbering more than one-third of the population, harbour a less tolerant view of the US than their elders. Having grown up in a more prosperous and proud country than their parents, the young increasingly disapprove of the passivity of their leaders in the face of what is seen as US meddling in South Korean affairs.

Meanwhile, the older generation suffers from a deeply ingrained "big brother" complex about the US. Ever since the Korean War, they have come to regard the US as both saviour and greatest friend. But their sense of appreciation often degenerates into unrealistic expectations. They tend to assume that the US will always look after the welfare of its little brother.

Understandably, there is more a sense of frustration than hostility towards the Americans among these South Koreans. One example was American lobbying for access to the South Korean market for cigarettes. Many South Koreans are baffled by what they see as a double standard. "Why are they promoting cigarettes [here] when in the US, they are advertised as being hazardous to health?" asked an office worker.

Many locals say they accept the complete opening of the South Korean market as an eventuality. However, they feel that the pace of liberalisation should follow a local timetable, not a US one. The local economy, unlike Japan's, has not fully developed, it is often argued. South Korea has had an overall trade surplus for only a year and it still owes US$35.5 billion in foreign debts. Many local observers also say the country's sizeable defence spending should be taken into account.

It is against this background that some locals accuse the US of attempting to crush the South Korean economy in its adolescence. Running parallel is the notion that US economic woes are entirely self-made and that for the US to shift the blame on others, while not fixing its internal problems, is unreasonable. An argument is thus made that it is every South Korean consumer's patriotic duty to boycott American products if Seoul bows to Washington's demands.

In the end though, all these issues may be symptoms of South Korea's growing up. The trade surplus symbolises years of hard work and generates an immense sense of national pride. On the US side, market pressure betrays an implicit acknowledgment that South Korea is now a force to be reckoned with. In other words, both parties seem to realise that bilateral relations are evolving towards a more equal footing.

Knowledgeable locals advise that both sides would be wise to minimise friction during this transition. These observers urge the US to adopt softer rhetoric and more patience to shield local leaders from possible charges of "selling out" when the doors of trade are finally opened. And perhaps wishfully, but not without eagerness, some suggest a united South Korean–US economic front in combating a mutual enemy: Japan, Inc. ■

Student sit-in outside US Embassy in Seoul. AP

Making a beef about smokes

It seems improbable that a relationship forged in blood by the Korean War would founder over a few packs of cigarettes and some prime beef ribs. Yet a trio of seemingly minor trade issues — beef, cigarettes and insurance — have generated more public heat in Seoul and Washington than anything else this decade. "Americans perceive them simply as tests of [South] Korea's commitment to open markets," said James Lilley, US ambassador to Seoul.

The most nettlesome market-opening issue has been tobacco, which US negotiators thought they had resolved more than a year ago. "There was a real breakdown in credibility and trust," said a US diplomat. US trade negotiators "felt they were dealing with people who didn't have any intent of implementing the policies they had promised. The one thing we learned [from the tobacco negotiations] was 'no more oral promises.' We have to get everything in writing."

The US is driven by domestic political pressures and concern that its huge trade and capital deficits will tip the world into a disastrous slump. South Koreans have been slow to realise that their country is now the world's 10th-largest trading nation, the policies of which have international consequences. Long accustomed to viewing themselves as an orphan nation at the mercy of great powers, South Koreans are proud, yet annoyed, that they are being asked to shoulder more responsibility in international economic affairs.

"The pace and intensity of the pressure is much more than what the US asked of Japan when it was developing," complained a senior Foreign Ministry official here. The South Koreans are left with the feeling Washington is unfairly bashing them on trade liberalisation and currency appreciation. "It has been only 40 years for us since industrialisation began," said the Foreign Ministry official. "We are committed to eventual market opening. But it takes time."

But time is running out. And as Tokyo and Taipei have liberalised imports and revalued their currencies, Seoul is on notice that its grudging, incremental change will no longer suffice. Washington has made it clear that it will keep turning up the heat until South Korea liberalises imports. It wants

Communist détente is unfreezing rigid setting of two Koreas

Trading Comrades

By REVIEW Correspondents

The opening of extensive contacts between South Korea and the longterm communist friends of North Korea holds a regional significance far deeper than just a victory by Seoul in its diplomatic and economic one-up-man-ship with Pyongyang.

The effects on the North Koreans on their worsening isolation cannot be estimated by the outside world — quite possibly Pyongyang will ignore its reverses as long as Kim Il Sung is alive. Even if the North Koreans fail to respond, the removal of the communist world's backing for Pyongyang's adventurist, belligerent posture could allow the South and its allies a great deal more flexibility.

The trend is supportive of continuing political liberalisation in South Korea. As Washington looks at the costs of its military budget, it may hasten the reduction of the US military presence on the peninsula. It is already a factor in the economic integration of Northeast Asia, including the Soviet Far East. It could be part of a process leading to military force limitations in the same region, involving all the powers interested in Korea (including Japan).

Reunification of Korea would obviously have far more profound strategic implications. Instead of two rivals whose political and military strengths more or less cancel each other out, the surrounding big nations would be faced with an industrial giant of 63 million people in close proximity. It is fascinating to speculate what external policies a unified Korea would adopt, but this seems likely to remain a subject for speculation. Although both North and South fervantly espouse the goal of reunification, few Korea analysts east or west see any prospect of it.

In the foreseeable future, however, it seems likely that South Korea's place in the regional and world community will be increasingly acknowledged. The North could likewise join the world if it chooses. For Seoul, this will place demands on it to broaden its perspective and interests beyond its present all-absorbing priorities of countering the North, maintaining US interest and seizing economic gains for itself.

Although China's pragmatic leaders allowed the first indirect trade contacts in the early 1980s, the months around this year's Seoul Olympics have seen a burgeoning of contacts between communist countries and Seoul, leading in several cases to resident trade missions — though the communists have stopped short of diplomatic recognition, in order to preserve the façade of support for Pyongyang's opposition to any cross-recognition on the German model.

Seoul obviously likes to portray these developments as due recognition of its economic success and its rapid democratisation of the past 18 months. This is only partly true. Soviet President Mikhail Gorbachov's internal reforms permit — even require — a relaxation of tensions on the Soviet perimeter. This had had two effects. Moscow and its East European friends are themselves more open to contacts with former ideological foes. Rapprochement with China has already ended Pyongyang's ability to play Moscow and Peking off against the other.

Gorbachov's major peace initiative on Asia was first enunciated in his February 1986 Vladivostok speech. He went further by singling out economic cooperation with South Korea in his July 1988 address in the Siberian city of Krasnayorsk. The Seoul Olympics in September — boycotted by the North but attended by China and the Soviet bloc — was followed by Hungary's decision to open up a mission, an embassy in all but name, in Seoul and Soviet plans to start a trade mission there.

In November, Washington announced that it would allow its diplomats to begin contacts with their North Korean counterparts. While the obvious intention of the major powers seems to be to reduce Pyongyang's self-imposed isolation and goad the two Korean parties into a dialogue in order to reduce tension on the peninsula, it is still too early to foresee the outcome.

These initiatives would have been unthinkable before Gorbachov's rise to power in March 1985. In fact, it is a measure of improved superpower ties that the Korean initiatives are being taken without either side expressing concern about the other, but almost with some complicity. At recent consultations in Paris between US Assistant Secretary of State Gaston Sigur and Soviet Deputy

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Seoul's hi-tech lure across the Yellow Sea

By Robert Delfs in Peking

Two-way trade between China and South Korea, carried out mostly through Hongkong and Japan, reached US$1.5 billion in 1987, according to South Korean figures. Trade is expected to reach US$3 billion this year, comparable with total Sino-Soviet trade (US$2.49 billion in 1987) and about 40% of Sino-US trade in 1987.

However, while South Korean trade with the Soviet Union is only one-tenth of that with China, according to South Korean sources, trade ties with the Soviet bloc are growing.

South Korean businessmen in China now enjoy equal treatment with other foreign businessmen, and China is adopting the same attitude towards trade with South Korea, said Chu Baotai, deputy director of the Foreign Investment Bureau of China's Ministry of Foreign Economic Relations and Trade, who spoke to Japanese and Chinese businessmen on 4 November. "So long as the two sides intend to develop economic and trade ties," Chu said, "it is necessary and natural for them to set up representative offices."

Discussions between Peking and Seoul officials over exchanging permanent trade offices and direct sea links between South Korea and Shandong province are believed to have been under way for some months.

"We prefer direct exchanges, including trade and investment," Rong Yiren, chairman of the China International Trust and Investment Corp. (Citic), told reporters in Peking in November. Rong, who is also a vice-chairman of the

Foreign Minister Igor Rogachev, there was a broad agreement on the way to reduce tension on the peninsula. The two supported a dialogue between North and South Korea as the key to peace.

In private, Soviet officials have been talking quite candidly with their US counterparts on the Korean question. Their public stance has also changed. In the past, the Soviets used to support the North's demand for direct talks with the US on the withdrawal of the latter's troops from the South. They no longer say that.


Soviet Foreign Ministry officials arrive at the Seoul Olympics.

The US wants to replace the armistice agreement by a peace treaty, after a North-South dialogue, to be signed by the US, China, Japan and Soviet Union. Moscow supports a North-South dialogue and could go along with a peace treaty, though its position on the treaty has not been fully spelled out.

In the spirit of détente, Washington informed Peking and Moscow before announcing its move on opening contacts with Pyongyang. "It is not useful for the Soviets to publicly endorse it [the US initiative] but they recognise the significance of our move," an official said. In turn, Washington for its part appears happy with South Korea's burgeoning ties with the Soviet bloc as well as with China, which has opened up three coastal provinces to South Korean investments and joint ventures.

For the past five years, the US and China have quietly collaborated in reducing tensions on the peninsula but until last year the region had been one of Sino-Soviet rivalry, because the two communist giants worried about losing influence in Pyongyang.

For reasons that almost mirror each other's, both China and the Soviet Union have tried to restrain an aggressive North Korea. An armed conflict on the peninsula would not only involve China as North Korea's ally and seriously endanger its relations with the US and Japan, but would pave the way for greater Soviet influence in North Korea as its principle supplier of modern arms.

The Soviets, for their part, tried to maintain their position in North Korea mainly to prevent developments which could strengthen China on a strategic part of its border.

Until the late 1970s, Pyongyang was particularly close to Peking in foreign policy and ideology. The Soviets balanced this with military and economic aid — just enough to wield influence and contain Kim's adventurism.

China also tried to moderate the North's bellicosity, but its plans suffered a jolt in October 1983 when barely 24 hours after it passed on a conciliatory North Korean message, the latter's agents killed 17 South Korean officials visiting Rangoon.

The resulting chill provided an opening to Moscow, which received Kim in a state visit in April 1984 — the first in 23 years and offered more military aid to the North. In 1986, Pyongyang responded to Peking's trade ties with Seoul by moving closer to the Soviets. Soviet naval ships visited North Korea to celebrate the 25th anniversary of the Soviet–North Korean friendship treaty. Soviet aircraft flew reconnaissance missions over Chinese airspace along the North Korean border, and Moscow gave more military aid to Kim.

But policies were already changing at the centre of power in Moscow as Gorbachov strengthened his hold. Moscow has switched from relying solely on military power to expand its influence, promoting trade as a foreign-policy instrument. Moreover, both the Soviets and the Chinese now recognise that there is a fundamental change in the South. The peaceful transition to democratic rule and the push for reunification reflecting public opinion have given South Korea a legitimacy it did not have before.

US analysts believe there is now an implicit understanding between Moscow and Peking that they will not try to gain short-term benefits in Pyongyang at each other's expense. Both recognise the opportunities in the South and are unworried by the North's objections.

In the face of a combined Sino-Soviet onslaught, Pyongyang has little room for manoeuvre. All the same, to maintain a hold in Pyongyang, both communist giants have shied away from giving diplomatic recognition to Seoul. The two would also want to have a say in the successor regime to Kim and be close to the emerging forces in that country. The Sino-Soviet policies to reduce tension on the Korean Peninsula will be played out within these constraints. R

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standing committee of the National People's Congress, said Citic had company-to-company relations with South Korean firms.

All of South Korea's 10 largest business groups are involved in business in China and since March they have been joined by many medium-sized firms, according to a business consultant involved in setting up Sino-Korean trade and investment who did not wish to be named.

For Peking, expanding trade with Seoul promises more than access to high-quality and reasonably priced goods. The relationship also reduces China's dependence on Japan and the US as a source of high-technology and quality consumer goods. Also, the prospect of South Korean investment in China has provided additional incentives to Taiwanese business interests to push for faster relaxation of restrictions on Taiwanese investment in China.

China's two-way trade with North Korea totalled Rmb 1.9 billion (US$519.4 million) in 1987, balanced in China's favour by Rmb 151.9 million, according to Chinese customs statistics, or about a third of China's 1987 trade with South Korea.

China exports petroleum, grain, oil seeds and vegetable oils, textiles and textile fibres to North Korea, importing coal, non-ferrous metals, ores and tobacco. The trade is carried out on a barter basis, nominally valued in Swiss francs, and these figures may understate or overstate the actual value of goods exchanged in hard currency terms. North Korea has almost no source of hard currency, so China is believed to have accumulated a large credit balance with North Korea.

North Korea is barred from normal trade with most of the world for political reasons or because of failure to pay debts. Its still has not paid for US$150 million worth of mining-related equipment purchased in the early 1970s, so far failing to comply with three different agreements to reschedule payments.

Trade with China is therefore vital to North Korea, though the volume is small in terms of China's total trade. R

Walking a tightrope between North and South

By Sophie Quinn-Judge in Moscow

The Soviet Union is in a tricky position when it comes to the Korean question. It must find a sophisticated line which will serve both its national interests — which means increasing economic links with South Korea — as well as those of a strategic ally, North Korea.

Soviet scholars see developing links with South Korea as part of a process of "world development which we can neither stop, hinder nor change." One said: "Without this it is impossible to create economic security, or a higher level of trust among our countries."

This eagerness to take advantage of South Korea's economic potential is tempered, however, by the realities of power politics in North Asia and an unwillingness to upset an ally, North Korea. Moscow has noted the angry Pyongyang reaction to Hungary's announced intention of establishing a permanent mission in Seoul — North Korea recalled its ambassador to Budapest on 5 November in protest. It appeared to be a warning to other communist-bloc countries contemplating similar action.

The Soviets have not discussed setting up consular relations with Seoul, the scholar said, and in the immediate future would probably limit their official presence in the South to a Chamber of Commerce and Industry office. This, in theory, is a non-government organisation, though many of its staff are said to be drawn from the Ministry of Foreign Economic Relations.

Moscow views China's handling of both Koreas with an admiration bordering on envy. The Chinese have separated politics from economics, a course the Soviets appear also to be pursuing except that Moscow will continue to play a major role in supporting the North Korean economy. As long as there are American nuclear weapons and F16 fighters in South Korea, which the Soviets view as a direct threat to their security, Moscow will avoid offending North Korean leader Kim Il Sung.

Above all, the Soviets want security — and they link that with reunification of the two Koreas. "Sooner or later reunification will come and we would prefer it to be sooner," said a Korea specialist, though he admitted he remained a "cautious pessimist" about the possibility of reunification soon.

Although Soviet Korea-watchers admit that they have "levers of influence" with North Korea, they prefer to talk in terms of creating a new environment in the peninsula, rather than pressuring the North to change.

North Korea's peace initiative of early November — in which it suggested tripartite talks between the North, South and the US and said peace would only be possible if US troops were withdrawn from the South — appears to be fully in line with the Soviet desire to see the level of military confrontation on the peninsula decrease. Soviet observers believe that with the improving climate, a formal non-aggression declaration between North and South is a realistic possibility.

North Korea is a difficult ally by any standards. While the Soviets are discreet about Kim Il Sung and his son and chosen successor, Kim Jong Il, they make it clear that they see no hope for rapid liberalisation of the regime. One Korea-watcher appeared sceptical of Kim Jong Il's capabilities but said that when power was transferred he would probably take over from his father. It is unlikely there will be any major policy changes because Kim Jong Il already runs the country's political, economic and military affairs, he added.

But Soviets who know North Korea well feel that change in the long term is unavoidable. They point to the growing "technocratic intelligentsia" as a promising sign. Many experts work abroad in developing countries to earn foreign exchange for their country, and the broadening of these people's horizons and the change in their thinking is the biggest recent change in North Korea, according to this Korea-watcher.

Another force for change in the North may well be what Soviet economists characterise as a "very difficult economic position." Energy resources and reserves of raw materials are being exhausted, they say, and the situation in agriculture is catastrophic. The population is growing faster than food production increases while the potential for intensification of agriculture is slight. Already, chemical fertilisers are being used on a scale beyond the limits of safety, they add.

While there have been reforms in the system of external trade, internal economic administration remains highly centralised. All the orders come from above, and party committees hold sway over enterprises. Very little actually gets to the market, these sources say, with the result that food, cloth and soap are all rationed.

Soviet aid and credits to North Korea have increased dramatically in the past few years. Trade increased by 50% in 1985. Now, as the Soviets struggle to put their economy on a cost-accounting footing, they are beginning to think about returns on the credits they have extended. "We want to use our economic cooperation to solve our basic problems — clothing, food: we want to satisfy as far as possible our internal demand for goods," said one economist.

In the light of this, these economists feel the export potential of North Korea is very small. Creating joint enterprises with the North Koreans would not be easy either, as the two economic systems are growing in different directions. In the past two years, the North Korean trade deficit with the Soviet Union has grown and in the first six months of this year it stood at Rbl 337.7 million (US$554.9 million), compared with Rbl 125.5 million for the comparable period in 1987.

All the same, the volume of Soviet–North Korean trade is due to more than double during the current Soviet five-year plan over that in the previous plan period, and a long-term plan to cover economic and technical cooperation until the year 2000 envisages North Korean involvement in developing the Soviet Far East.

A key North Korean contribution will be to supply labour for food production and construction projects. A joint venture for production of milling machines in North Korea is also planned. They will provide machines for the Soviet Far East and North Korea, and for export elsewhere.

In contrast to reservations about


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Gorbachov and Kim Il Sung in Moscow: difficult ally.

Pyongyang, Soviet feelings about South Korea are currently very warm. "We are natural partners now; many different things are bringing us together," an academic told the REVIEW. The Soviets appreciate that South Koreans generally believe that business with the Soviet Union will be good — whereas the US and Japan are reluctant to facilitate business links.

Specifically, the Soviets believe that the South Korean involvement may be essential to the creation of "free-enterprise zones" in the Soviet Far East. The Soviets believe it will be impossible to develop them on their own. The Soviet Union could also become an important supplier of oil and coal to South Korea. Joint production of raw materials may be one of the first areas of cooperation.

Soviet–South Korean cooperation is still in the early stages, specialists caution, and they are not yet willing to say when a Soviet Chamber of Commerce and Industry office may open in Seoul. Eventually, South Korean trade offices may be opened in both Vladivostok and Moscow, but Soviets hint they would like to follow the Chinese and exchange offices on a regional basis, avoiding capital-to-capital relations. ■

In the wings, a player without a part

By Charles Smith in Tokyo

As an immediate neighbour, Japan should have more to gain than most from the unification of the Korean peninsula. A single government, or a situation in which two ideologically different regimes maintain trade relations and allow some human contact, would be seen as a major stabilising factor in the region, even if this meant withdrawing US troops from South Korea.

Yet Japan can probably do less than any other major power to influence events in the peninsula. Japan is apparently at the bottom of North Korea's list of non-communist countries with which it might consider establishing closer relations. Worse, the North is said to have explicitly excluded Japan from a list of major nations which it says might be eligible to join a multi-nation conference on the future of the peninsula.

The door was slammed in Japan's face when its embassy in Peking tried to arrange a meeting with North Korean diplomats some months ago to discuss the detention in Pyongyang of two Japanese sailors who helped a North Korean to defect. But what really aggrieves Pyongyang is Japan's heavy-handed treatment of its 260,000 North Korean minority, whose contacts with the North are strictly controlled.

In May, for instance, Ministry of Justice officials broke up a party thrown in Niigata by Chosen Soren, the North Korean residents' association, to welcome a visiting North Korean pingpong team. The official explanation was that by attending the party, the pingpong players were violating a pledge not to engage in political activity while in Japan.

Since then, Japan has relaxed some of its controls on North Korean residents, allowing them, for example, to attend events organised by Pyongyang

Still a hermit on the world scene

By John McBeth in Seoul

Although the 1988 Seoul Olympics allowed South Korea to make substantial progress in forging relations with China and the East European bloc — something that has pushed North Korea even deeper into a corner — Seoul still has some way to go to develop the sort of international perspective shared by many other Asian nations.

President Roh Tae Woo's recent swing through Southeast Asia and Australia was his first diplomatic thrust into the Asia-Pacific region, which this year is expected to absorb as many South Korean exports as those now going into the US. But at this point, Seoul tends to see the world in strictly commercial terms and has shown little interest in becoming involved in regional issues.

Roh betrayed that attitude when he noted in his departure speech that the countries he was visiting "are rich in resources that will be increasingly more urgently needed by [South] Korea in the future."

During his talks with Australian Prime Minister Bob Hawke, Roh is said to have brushed off the importance of regional trade agreements within the Pacific region — one of several clear-cut indications that issues of this nature are not high on South Korea's agenda. Seoul has also left the impression that its interest in becoming a dialogue partner of Asean is more for its prestige value than for any genuine concern for regional linkages.

"The [South] Koreans have come too far, too fast," a senior diplomat said. "They are still trying to catch up with themselves. They are still looking at No. 1 all the time, which is the reason why they are outraged with the US over trade matters." This same attitude also manifested itself in the extraordinary controversy that emerged over American TV coverage of the Olympic Games.

Most analysts feel that South Koreans will begin to adopt a more worldly view of themselves as they are presented with greater opportunities to travel abroad. Up until 18 months ago, only people over 50, or couples with a combined age of 100, could travel freely. Since the age limit has been lowered to 30 (with a promise that restrictions will be scrapped entirely next year) the number of South Korean tourists has increased — from 377,000 in the first nine months of 1987 to 510,000 during the same period this year.

South Korean businessmen, for their part, have been taking a keener interest in their own backyard. Following the lead of Japan and Taiwan, they have sought to counter increasing labour costs at home and weakening price competitiveness by establishing plants in Thailand, Indonesia, Malaysia, the Philippines, Pakistan and Bangladesh. About 25% of South Korea's US$1.027 billion in overseas investments is now concentrated in the Asian region, compared with 40.7% in North America.

While there are advantages to moving its manufacturing base offshore, Seoul's most potent weapon in its global competition with North Korea has been its economic muscle. The steady growth in two-way trade with China, for example — expected to top US$3 billion in the coming year — has served as the cutting edge for important diplomatic gains. Although commercial links with the Eastern bloc have been more modest, they are opening doors all the same.

Since South Korea established its Economic Development Corporation Fund (EDCF) last July, the government has extended soft loans to Indonesia (US$13 million for road construction) and Nigeria (US$10 million for locomotive purchases); whether by coincidence or not, they are two of 67 countries which have relations with both Koreas.

The government plans to raise US$130 million for the EDCF next year, pushing the fund to US$360 million by the end of 1989 and a projected US$500 million by the early 1990s. If Indonesia and Nigeria are any guide, the

in third countries. Pyongyang, however, remains unappeased.

In the absence of official contacts, the Japan Socialist Party (JSP) has frequently acted as a go-between with the Pyongyang regime. A visit to Pyongyang by a JSP delegation to attend the 40th anniversary of the founding of North Korea in September may have contributed to the early lifting before the Seoul Olympics of sanctions which Japan imposed against Pyongyang immediately after the November 1987 mid-air bomb explosion aboard a South Korean aircraft.

But a JSP invitation to the North Korean Workers Party to send a delegation to Tokyo has not been taken up. The mission, which was expected to have been received by Foreign Minister Sosuke Uno, was expected in October. It now seems unlikely to come before the end of 1988 — if at all.

The JSP may have queered its pitch with North Korea, too. Its decision to start a dialogue with South Korea, initially by sending Masashi Ishibashi, a former chairman of the party, to visit Seoul in October, may have angered the North and could lead to the cutting of the JSP line to Pyonyang. The JSP, however, says the North has not reacted to Ishibashi's visit.

Apart from bilateral issues, Japanese officials claim that North Korea's rigid adherence to a "One Korea" doctrine is an obstacle to closer relations. Japan's recognition of South Korea as the only legitimate government in the peninsula does not rule out eventual recognition of the North, officials claim. In diplomatic jargon it merely means that Japan has no position on the legitimacy of the northern regime.

Since South Korean President Roh Tae Woo has said Seoul no longer opposes close contacts between Tokyo and Pyongyang, Japanese officials have been anxious to build bridges, but officials say North Korea is inhibited from moving closer to Japan by its claims to be the sole legitimate government of the whole peninsula.

To support this claim, the North has consistently opposed a "German-type" division which would establish two separate countries each with individual membership of the UN. Japanese officials believe that the North's aversion to this solution will continue as long as the present Pyongyang leadership remains. This rules out the prospect of establishing even low-level trade missions in each other's capitals.

Politicians do not necessarily share the view of Japanese bureaucrats that Japan can do little more than wait for a change of heart in Pyongyang. Chief cabinet secretary Keizo Obuchi is said to have listed better relations with Pyongyang as Japan's most important foreign-policy priority after resolving the northern territories issue with the Soviet Union.

Leaders of the ruling Liberal Democratic Party, however, appear to have given up any idea that Japan might be able to mediate between the North and South. Instead, Prime Minister Noboru Takeshita is believed to have asked China to help Japan develop closer contacts with Pyongyang. China appears not to have responded to the request.

Tokyo's attempts to start a dialogue with the Soviet Union over the Korean question may have been more successful. At the beginning of November, the director of the Northeast Asia division in the Foreign Ministry flew to Moscow for talks with his Soviet counterpart — the first between officials of the two nations specifically on the Korean issue. ■

criteria for approving future loan requests will be a continuing source of interest.

Indeed, despite Roh's declaration earlier this year that he was calling off South Korea's diplomatic war with North Korea to move the divided peninsula away from confrontation, most observers feel Pyongyang still looms large in its calculations. "There is still a very strong degree of one-upmanship," observed an ambassador in Seoul. "It is still very much a spy-versus-spy thing."

Roh's Australian visit provided another intriguing illustration. Officials in Canberra told the South Koreans they were contemplating boosting trade with Pyongyang, which currently runs at US$57 million a year, and initiating diplomatic consultations at a senior level. But when the Australians raised the possibility of re-establishing diplomatic relations, which were interrupted under bizarre circumstances in 1975, the South Koreans said they thought it was premature.

While Seoul has encouraged its allies to make an effort to improve their ties with the North, a suggestion the US has already taken up in a modest way, it is clear from this latest exchange that it wants at least some control over how far those overtures go — particularly with countries such as Australia which are in a good position to move ahead.

Another example may be Thailand. Although it has diplomatic relations with both Koreas, Bangkok turned down a request from Pyongyang in late October to open an embassy in the Thai capital — one of many similar overtures the North has made since the two countries normalised ties in May 1975. Thai officials said they would only be prepared to take that step when trade had reached a certain level, but they have made it known in the past that whenever the issue has arisen, they have felt compelled to respect South Korean objections.

Sources in Canberra say the South Koreans are giving the North a two-year interregnum before they open up to the outside world and show a good deal more flexibility in dealing with the South. The sources said this appears to be an arbitrary assessment, however, and is based on when Seoul thinks outside pressures will begin to take their toll on Pyongyang.

Probably the most important factor, as far as the South is concerned, is the improving relationship between China and the Soviet Union and the high expectations that attend Soviet President Mikhail Gorbachov's expected visit to Peking and possibly Pyongyang next year. Once Moscow and Peking come to terms, North Korea will find it a lot more difficult to play one off against the other as they have done in the past.

While the two communist superpowers have shown they are prepared to put more balance into their relations with the two Koreas, any substantial breakthrough will depend on whether Seoul

Roh in Sydney: first diplomatic push in Asia-Pacific region.

and Pyongyang can end their more than three decades of confrontation.

Just as Roh has had to address domestic criticism over South Korea's previous hardline policies towards the North, Pyongyang has been forced to take note of the changing international environment. It is being mentioned with mounting frequency in official pronouncements and, more importantly, in the context of negotiations with the South. While modest at best, the progress achieved at the recent sixth round of the parliamentary talks in the Panmunjom truce village perhaps reflects a shift in the attitudes of both sides.

By agreeing on a format for a larger parliamentary meeting in Pyongyang, possibly in the first half of 1989, the two five-man delegations were able to do something they had not been able to accomplish at five previous sessions: find a small patch of common ground.

But as Roh's two-year prognosis makes clear, there is still a long and difficult path ahead. North Korea has appeared to place obstacles in the way of Seoul's proposal for a summit meeting between Roh and North Korean President Kim Il Sung, and in a recent response to a flurry of initiatives from the South, Pyongyang laid out a plan for the withdrawal of US forces from southern bases — an issue it sees as the key to easing tensions on the peninsula.

Pyongyang has continually given mixed signals over the timetable it has in mind, perhaps to keep its protagonists off balance. But diplomatic sources said that during a recent conversation with a senior communist official, it was again emphasised that North Korea was not insisting on a withdrawal as a condition for substantive talks on a non-aggression pact and a peace agreement to replace the existing armistice. Dialogue, he was quoted as saying, should come first. ■

Pyongyang sees no need for diplomatic damage control

By Adrian Buzo

Although South Korea, China, the Soviet bloc, Japan and the US have all been reappraising their policies on North Korea, there is no sign yet that Pyongyang sees any need to change its own approach. When the inter-Korean parliamentary talks resumed they immediately became deadlocked.

Some observers have drawn comfort from the fact that some measure of dialogue was resumed, but the exchanges — in the first formal South-North forum to convene in nearly three years — have shown that the basic North Korean position on inter-Korean affairs remains unchanged.

Thus, while North Korea has a well-merited reputation for mercurial behaviour, there is no real evidence that it perceives a need for change, nor is there any sign that it believes a period of substantial negotiation could be at hand. Pyongyang is apparently heedless of an external perspective that suggests the leadership must act now to prevent a further erosion of the North's diplomatic position.

An image of failure overhangs North Korea's international performance. Many governments accept evidence of North Korean complicity in a broad range of terrorist activities and few have been able to sustain a stable relationship with Pyongyang. Those that do usually share Pyongyang's pariah status, its huge economic troubles and its doctrinaire approach to government.

Perhaps most tellingly, during 1988 Pyongyang has had to watch China, the Soviet Union and other communist countries open up — over its protests — new avenues of contact with Seoul. This situation has underlined that North Korea's much-vaunted deftness in playing China and the Soviet Union off against each other has been largely illusory: its erstwhile room to manoeuvre was not so much an exercise in diplomatic skill as a window of opportunity opened by Sino-Soviet conflict. Now, in an era of pragmatism and rapprochement, that window is closing fast, and Pyongyang is losing a priceless asset to its diplomacy.

But the external view that Pyongyang must act to control further damage can be misleading, for it does not take into account the fact that Pyongyang simply does not seem to see it that way. The North Korean leadership gives no sign that it finds serious fault with the way foreign policy is being formulated and administered.

The North Korean Foreign Minister, Kim Yong Nam, is into his fifth year in office and his predecessors in office, Ho Dam and Park Song Choi, not only served 11 and 10 years respectively, but rose high in the politburo during and after their periods in office. The Korean Workers Party International Bureau evinces similar stability in personnel — unsurprisingly, as there has been no suggestion that foreign-policy matters have been a subject for dispute since the 1960s.


Kim Yong Nam and delegation. UPI

North Korean leader Kim Il Sung may not like the way things have turned out, but his first criterion is being met: foreign policy is being administered as a reasonably faithful reflection of his own somewhat singular world-view, and he is content enough not to wish things done much differently.

It is this drive to put ideology first that underlies much of Pyongyang's inexplicable behaviour. At present, though the communist bloc moves towards Seoul have been in the offing for a long time, Pyongyang has pursued — and continues to pursue — its course of unrelenting protest without any fallback position, a phenomenon that defies conventional diplomatic, if not political, wisdom, but one that underlines its unshakeable faith in its own rectitude.

If there are no signs that the North might prove responsive to international pressures, there are equally no signs of unmanageable domestic pressures While outside evaluations are highly unfavourable, especially in the economic sphere, there is currently no sign that the leadership plans to relent on its hardline domestic economic and ideological policies.

The North may indeed come out and provide a grudging response to pressures from the Chinese and the Soviets and engage in a show of negotiation. But while the existing system remains in place, any departures from the rigid ideological parameters that have prevented progress in past talks will be essentially tactical.

To ask for changes of substance at this stage would be to ask the North Korean leader to depart from long-held ideas and prejudices. For this to happen, it would be necessary for Kim to be convinced that his current foreign policy presents a clear and present threat to the survival of his system — and there is no sign yet that he can be so persuaded. ■

The Washington Times

Crippled by the Chun scandal, Roh faces test at the polls

By Edward Neilan
THE WASHINGTON TIMES

SEOUL, South Korea — As he approaches the end of his first year in office, President Roh Tae-woo is bracing for his biggest challenge from foes in South Korea's bare-knuckles political arena.

The South Korean political opposition, which holds a majority in the National Assembly, hopes to parlay three months' of legislative hearings on alleged corruption and abuses under Mr. Roh's predecessor and friend Chun Doo Hwan into a vote of "no confidence" in Mr. Roh this spring.

Despite objections from some other DJP officials, Mr. Roh has said he will stick to his election campaign promise of holding a plebiscite on his rule and is expected to announce a decision on the form of the vote soon.

Kim Dae-jung, Kim Young-sam and other opposition leaders can be counted on to demand a fresh presidential election if Mr. Roh receives a thumbs-down from the people, and DJP Chairman Park Joon-kyu has said if Mr. Roh loses the vital vote, DJP lawmakers will resign from the National Assembly, forcing legislative elections.

The scheduled visit here Feb. 25 by President Bush now has become an issue in the opposition campaign to topple Mr. Roh. Mr. Bush, in Asia to attend the funeral of Japanese Emperor Hirohito, will stop in Seoul for five hours after the Japanese rites and a two-day visit to China.

Opposition leaders are accusing Mr. Roh of using the Bush visit to try to shore up his political position. They say the Mr. Roh plans to monopolize Mr. Bush's time here while they may get only a handshake with the U.S. president.

They have requested that Mr. Bush address the National Assembly, as Ronald Reagan did in 1983, when Mr. Roh's ruling Democratic Justice Party held a majority of the seats.

The central opposition charge against Mr. Roh is his protection of Mr. Chun from answering for the excesses of his rule before National Assembly investigators and in the courts. The opposition is seeking to have Mr. Chun indicted for failing to appear to give evidence at the hearing into a 1980 Kwangju uprising, when hundreds of protesters were gunned down by army troops.

Mr. Chun, who departed the presidential Blue House last Feb. 24, is spending the winter meditating on his "crimes" at a remote Buddhist monastery.

The National Assembly reopened yesterday after a New Year recess, and political analysts increasingly are predicting that Mr. Roh eventually will have to bow to pressure from legislators for legal action against Mr. Chun.

They note the risks in such a move, notably the probability that further probing of Mr. Chun could reveal misconduct by members of the current government, including Mr. Roh himself.

Mr. Roh's political advisers earlier convinced him that it was necessary to allow the more corrupt Chun relatives and aides to be investigated. Forty-one persons, among them a former top intelligence chief and 14 Chun relatives, have been arrested so far on corruption charges.

The government hopes that democratization and succcessful diplomatic wooing of communist bloc nations, including North Korea will swing public support behind Mr. Roh.

Since Mr. Roh assumed office, South Korea has developed full diplomatic ties with Hungary, expanded trade with China, set up official trade links with the Soviet Union and several East bloc states and initiated unprecedented trade and other contacts with Pyongyang.

The government said over the weekend it will allow representatives of Chondaehyop, a powerful leftist student organization, to accept invitations to visit the North Korean capital this summer for an international student meeting.

The move offsets the political damage that Mr. Roh might incur if North Korea follows through on a threat to call off current talks on political issues.

The North last week demanded that the United States and South Korea cancel their annual joint "Team Spirit" military exercise as a condition for continuing talks through two separate channels, government and parliamentarian.

Kim Yung-chung, a member of Mr. Roh's Cabinet, said Mr. Roh is confident of his popular support and looking for opposition cooperation to speed up the process of democratization. "His attitude is very optimistic," she said. "He knows that democracy does not come overnight.

"We have gone from extreme to extreme — extreme autocratic rule to extreme resistance," Mrs. Kim added. "Now we are coming back to the point where democracy rules with the law. Some say he is too weak, but he has no other choice but to be patient."

DJP Secretary-General Lee Jong-chan last week predicted that Korean politics will be plunged into "turmoil" if the opposition continues on a course of "acute confrontation," ranging from street theatrics to brawling in the National Assembly.

But a three-hour lunch meeting between the president and opposition leader Kim Young-sam on Saturday only succeeded in underscoring the gulf that separates the two sides.

"I confirmed that President Roh Tae-woo lacks the will to liquidate evil legacies of the Fifth Republic," Mr. Kim told reporters after the meeting.

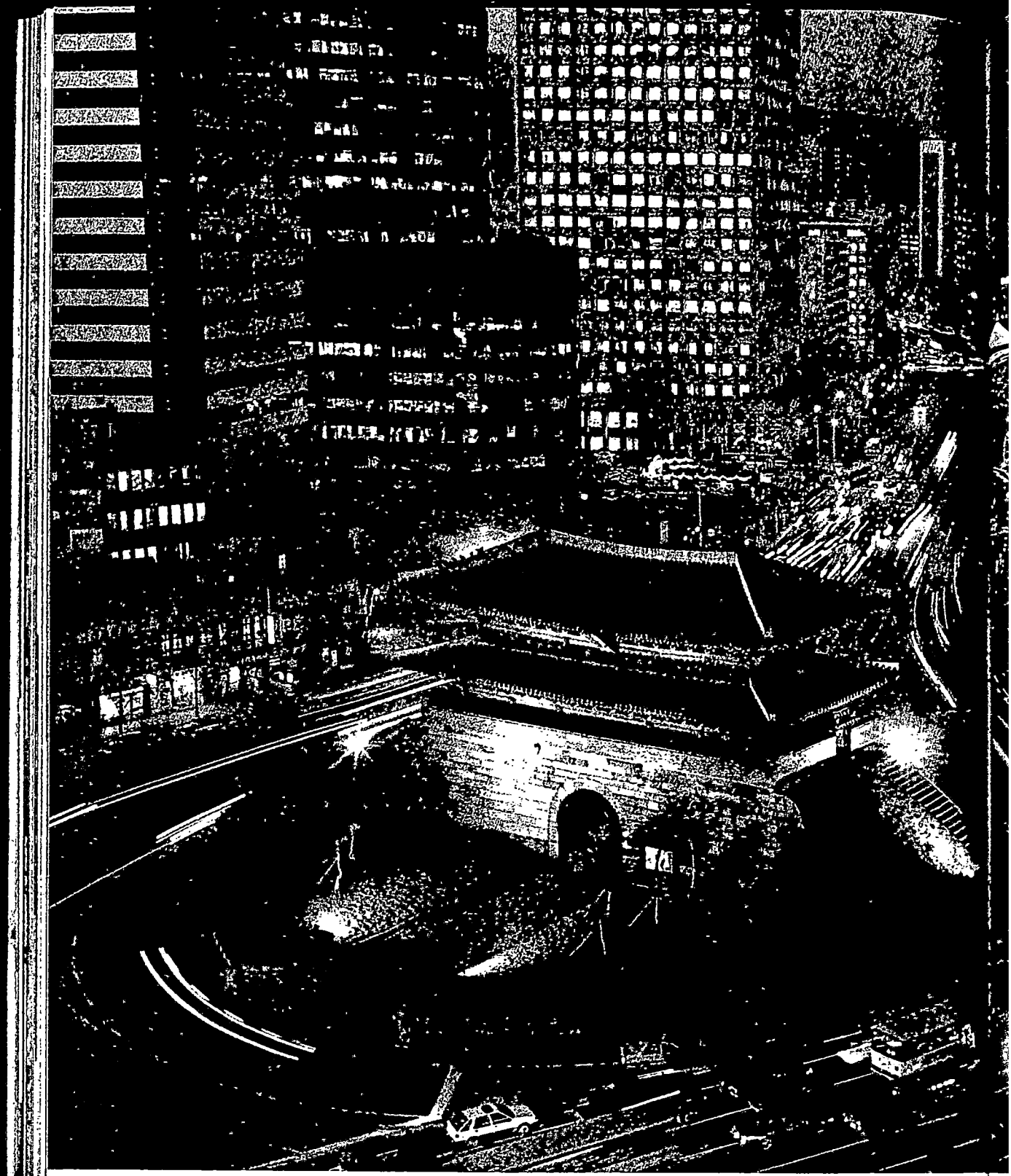
Mr. Roh expressed his disapproval of an opposition plan to introduce a bill calling for a special prosecutor to look into charges of corruption and other abuses by top Chun officials. Mr. Roh said the move was "unconstitutional" and represents an interference by the legislature into the area of the judiciary, said presidential spokesman Lee Soo-jung.

Kim Young-sam said he "warned Roh that his regime will face tremendous resistance from the people and the opposition if and when he vetoes the proposed bill. But his answer was still the same." The opposition leader also tried to convince the president that failure to allow thorough investigations into Mr. Chun's "misdeeds" would result in "political retaliation."

Although it holds fewer legislative seats than the major opposition party, Kim Dae-jung's Party for Peace and Democracy, recent opinion polls show that Mr. Kim's Reunification Democratic Party is more popular after its performance during the corruption hearings.

But Mr. Roh still leads the "Three Kims" — Kim Young-sam, Kim Dae-jung and Kim Jong-pil, another opposition figure — in personal popularity, according to polls. Mr. Roh had planned to schedule separate meetings with Kim Dae-jung and Kim Jong-pil, but those plans may have to be redrawn.

Kim Jong-pil said yesterday he would refuse to meet with the president for political talks because Mr. Roh showed no conciliatory attitude in the Saturday meeting with Kim Young-sam.



Nat. Geographic
Aug. 1988

Their nation's dynamic economic growth is shadowed by recurring civil discontent.

THE

Deferring to the city's old South Gate, traffic swirls through Seoul.

THE SOUTH KOREANS

By BOYD GIBBONS Photographs by NATHAN BENN

NATIONAL GEOGRAPHIC SENIOR STAFF

ON A RAINY November morning in a village near Chiri Mountain in South Korea, I stood awkwardly outside the small room of the Organization for Respecting Elders with a bag of pears in one hand and my shoes in the other. The wet slopes were shrouded by low-hanging clouds. Inside, a group of old men, sitting cross-legged on the floor in their stocking feet, looked up from their conversation and motioned for me to enter. The floor was bonded with mulberry paper and polished to a golden sheen, and on the wall a large pendulum clock ticked quietly.

I had brought the fruit for a rice farmer who had served me some *kimchi* the previous evening—kimchi being the incendiary pickled cabbage that no Korean is without. He now smiled in greeting, indicating by his eyes who, in this status-conscious country, would do the talking: Mr. Koh, a handsome gray-haired man wearing the traditional baggy trousers tied at the waist and ankles and a green satin coat hung with large pendant buttons of glass.

Mr. Koh spoke briefly of the December election, saying that the men were for Kim Dae Jung, the opposition politician who was born in this province of South Cholla. The government party candidate, Roh Tae Woo, was "just a continuation of military rule."

Since the end of World War II, when it was freed from 35 years of Japanese occupation, South Korea has been ruled in succession by three dictators: a civilian, Syngman Rhee, and two army officers, Park Chung Hee and Chun Doo Hwan. Following Park's assassination in 1979, General Chun's coup against the military command succeeded because his close friend, Gen. Roh Tae Woo, supported him by bringing troops into Seoul. On June 10, 1987, President Chun picked Roh as his successor, touching off mass demonstrations that occupied the world media and abated only when Roh made a surprise capitulation to opposition demands for direct presidential elections, the first in 16 years, which he won—with 37 percent of the ballots—over a divided opposition.

The man next to me began complaining how the leader of the village farming cooperative was appointed, not elected—no particular surprise, as the co-ops are essentially governmental and the only elected officials in the country are the president and members of the National Assembly. All other officials, including the mayor of this village, are appointed by the central government in Seoul.

Mr. Koh interrupted him. "Don't talk of that in front of the foreigner."

"What's wrong with telling the truth? Let him know," the man said. Koh cut him off and changed the subject. Koreans are preoccupied with appearances, especially for foreigners, and they are not comfortable with saying precisely what they think or how they feel.

"If we hadn't had help from the U. S. in the Korean War," Koh said, "I don't think we would be living this kind of good life now. When we were growing up, we suffered from not having enough to eat." I asked about those days. He shifted to another theme. "Regrettably this young generation doesn't care for the tradition of showing respect for the elderly."

Centuries of Confucian culture and rule have layered an authoritarian hierarchy on Korean society—ruler over subject, parents over children, husband over wife, elder over younger. Only friends are equals. Status is reflected even in the language, with different verb endings for a higher person to use when talking to a lower, and the reverse. Young Koreans often forget these intricate linguistic subtleties when talking to elders.

The agrarian Confucian society of the village has been wrenched into this century almost overnight. It's no wonder it has been in turmoil. In 1953 the entire peninsula lay devastated by the Korean War, and millions of Koreans were dead. In the 1960s you could still see bullock carts on the streets of Seoul. The south bank of the Han River, which flows through Seoul (map, page 243), was mud flats. Today it is metastasizing with office and apartment buildings to the horizon.

Twenty-five years ago 70 percent of Koreans were farmers. Today there are an impressive number of Ph.D.'s among their bright technocrats, and 65 percent of the population is urban—a vast, sudden uprooting. One of

Patient hands tend a young girl in a working-class district of Seoul; her face seems to belie the toughness for which Koreans are known. Despite numerous invasions, and colonization by the Japanese for a third of this century, Koreans remain one of the world's most homogeneous peoples. This September South Korea will open its doors as host of the Seoul Summer Olympic Games.

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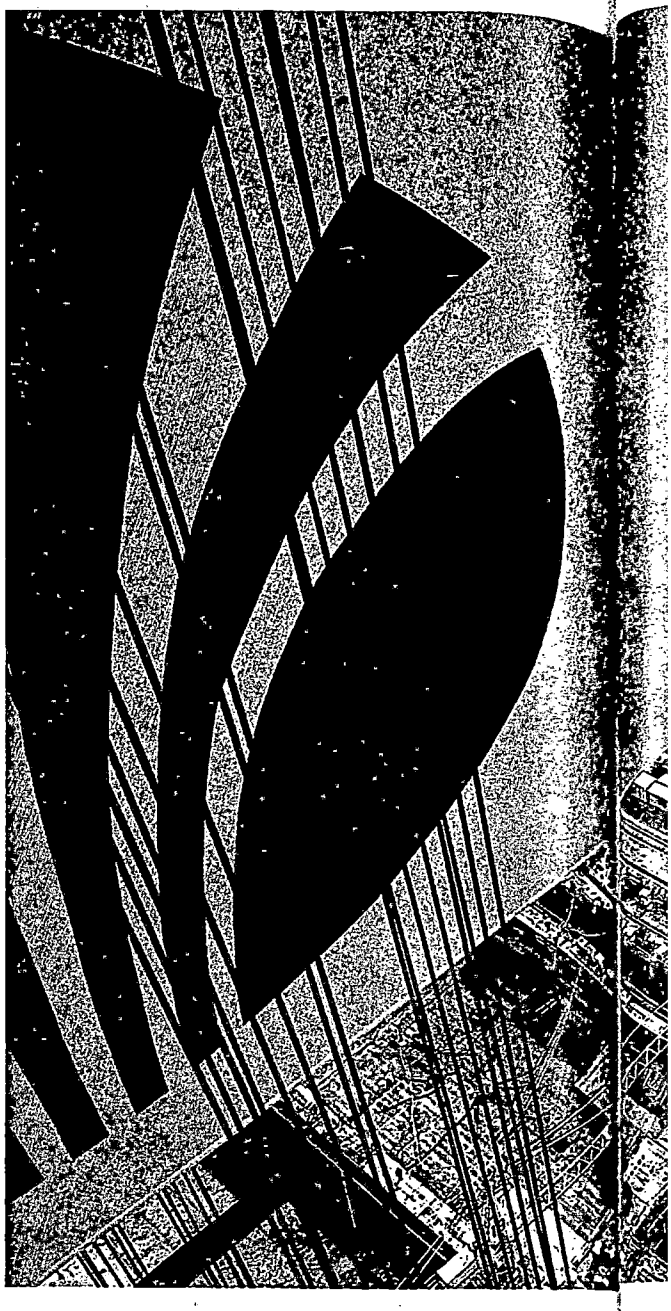
every four South Koreans lives in Seoul, and more keep arriving, emptying the countryside, moving again and again—a distinctly mobile, crowded society. With the kind of frenetic traffic jams that commuters on the Hollywood Freeway would appreciate, Seoul is where the money is, the prestige, the influence, the power, the smog.

In 1961 Gen. Park Chung Hee seized power by coup and surrounded himself with economists educated in the West. They helped him make South Korea, with virtually no natural resources, a world trader. Park raised interest rates to attract money into banks, got the economy rolling by building bases and supplying troops for the U. S. in Vietnam, and borrowed deeply from abroad to go into heavy industry.

South Korea claims the world's highest annual growth rate—12 percent—in gross national product (GNP). The nation now runs a ten-billion-dollar trade surplus with the United States and a deficit with Japan, in effect buying Japanese technology with dollars but encountering U. S. protectionism for its reluctance to open its own markets.

And what markets. Next to the man selling generators a woman sells dried squid; stalls are full of conduit pipe or strawberries, tennis shoes, dried fish, tuxedos—labyrinthine markets, miles of underground arcades, a cacophonous mercantilism that makes the American shopping mall look abandoned. The irony is that Koreans have a national savings rate of 33 percent. They need it because they have no unemployment or retirement benefits and virtually no bank financing for consumers.



South Korea's economy is dominated by big conglomerates, or *chaebol*—Daewoo, Hyundai, Samsung, Lucky-Goldstar—wired to the government by money and connections. Last year the Hyundai Excel was the hottest import car in the U. S., and now the Pontiac LeMans is rolling in from Daewoo's plant in Puchon. South Korea manufactures fuselage sections for the F-16 and wing parts for the 747. It is the world's 12th largest trading nation.

Junior staff in a chaebol—that most hierarchical of institutions—salute the boss as in the military. One who is regularly saluted is

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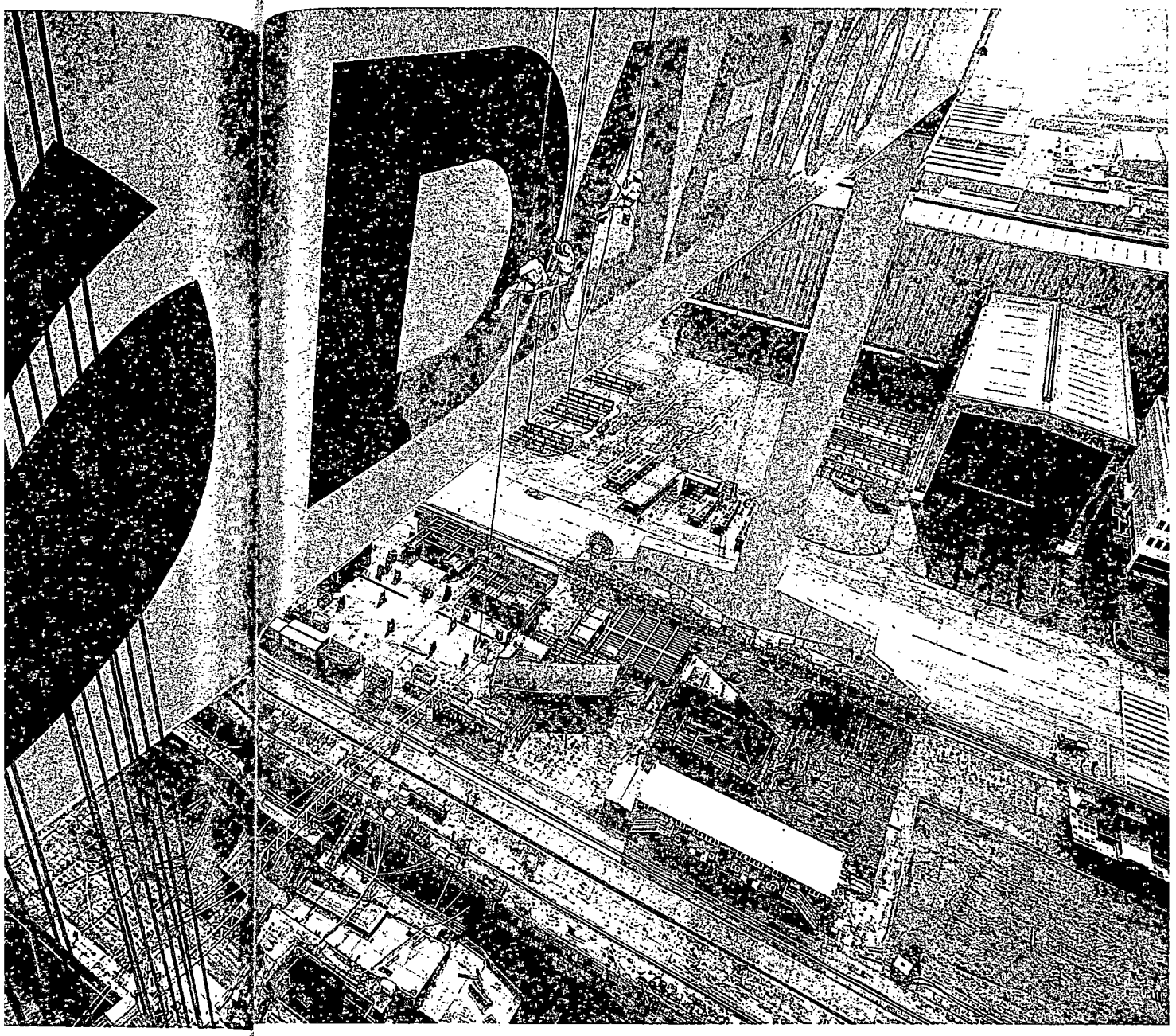
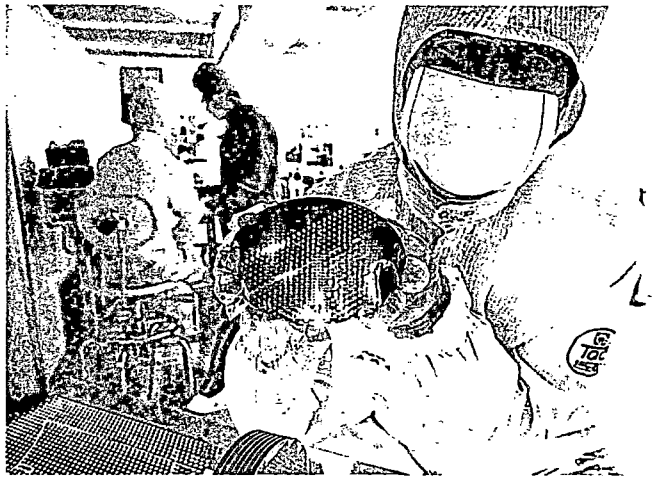
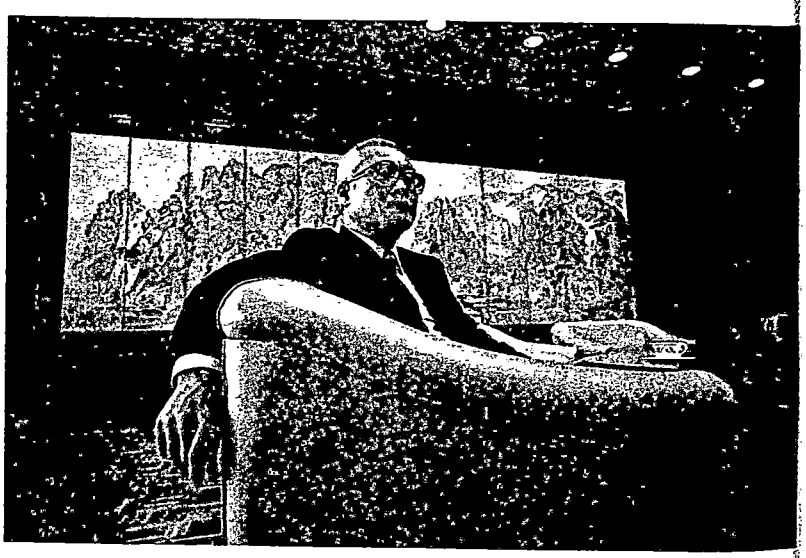




Gutsy painters dangle from a crane above the world's biggest dry dock in the Koje Island shipyard owned by Daewoo, among the largest of the South Korean conglomerates, or chaebol. *Playing games for imaginary profits (facing page) teaches teamwork to management trainees at Sunkyong Group in Seoul. In Kumi a microchip wafer gleams at a Goldstar Semiconductor factory.*



"Without risks, how can you get chances?" asks Daewoo Chairman Kim Woo Choong (right), who prospered by buying failing companies. Presiding at a management meeting, Chey Jong Hyon (above, foreground) took over the chairmanship of the Sunkyong Group upon the death of his brother. Company leadership customarily passes to family members. Women have little chance of rising in the male-dominated business world.

Kim Woo Choong, the founder and head of Daewoo. He is 51 years of age and in motion when still. He takes no vacations, no weekends off. Kim began Daewoo just 21 years ago. It didn't hurt that he always had close connections with President Park Chung Hee, but no one denies that his energy and salesmanship have largely been the reason for the success of this highly leveraged, seven-billion-dollar conglomerate. We met one Sunday in his large office across from the Seoul Railway Station and then moved next door to the Hilton—which his wife runs—for lunch.

"In a country with a $2,800 per capita GNP," he said, "we shouldn't play golf. Poor people can't afford that. I tell my executives, 'No golf.' In Korea nobody respects businessmen because, historically, doing business was low-class, and they weren't well-educated. Now they are. Before I die, I want to see businessmen respected as much as professors.

"Korean advertising makes it appear that we are an advanced country. It's not true. We can copy, modify. Design? We buy that. It may take 20 years for basic science to develop here. The U. S. is pushing Korea hard to open our markets. We have no choice. We are a trading country and have to compete. We need the technology."

At a breakfast in the Chosun Hotel, surrounded by Westerners and Koreans cutting deals, Jack Ward of General Motors in Seoul said, "Koreans won't settle for second best. They don't think compromise. They want to win 100 percent. At the start of a business deal the Westerner is ready to do business in five minutes. I sense immediately the confusion on the Korean's face. He sees this meeting as building personal relationships. Then he begins adapting, trying to do business the Western way. Koreans know how to survive."

Allen Patrick of Ford Motor Company told me, "I've worked in Brazil, Mexico, Europe. I've never seen people work as hard as Koreans. They make the Japanese seem lazy by comparison. They can also be hardheaded."

MODERN KOREAN SOCIETY seldom reflects the Confucian ideals of serenity and calm. Koreans are intense, visceral, impatient, fractious, raucous. They touch a lot; men squeeze your knee to make a point, walk arm in arm, shove past you on the sidewalks, shoulder ahead to be first in line, and drive as if pedestrians and other cars are targets. Arguments detonate out of nowhere. This is a man's world, and they're out late every night singing, carousing, and drinking like fish. Men with status strut on their heels, chest out, arms parenthetical—"Out of my way!"

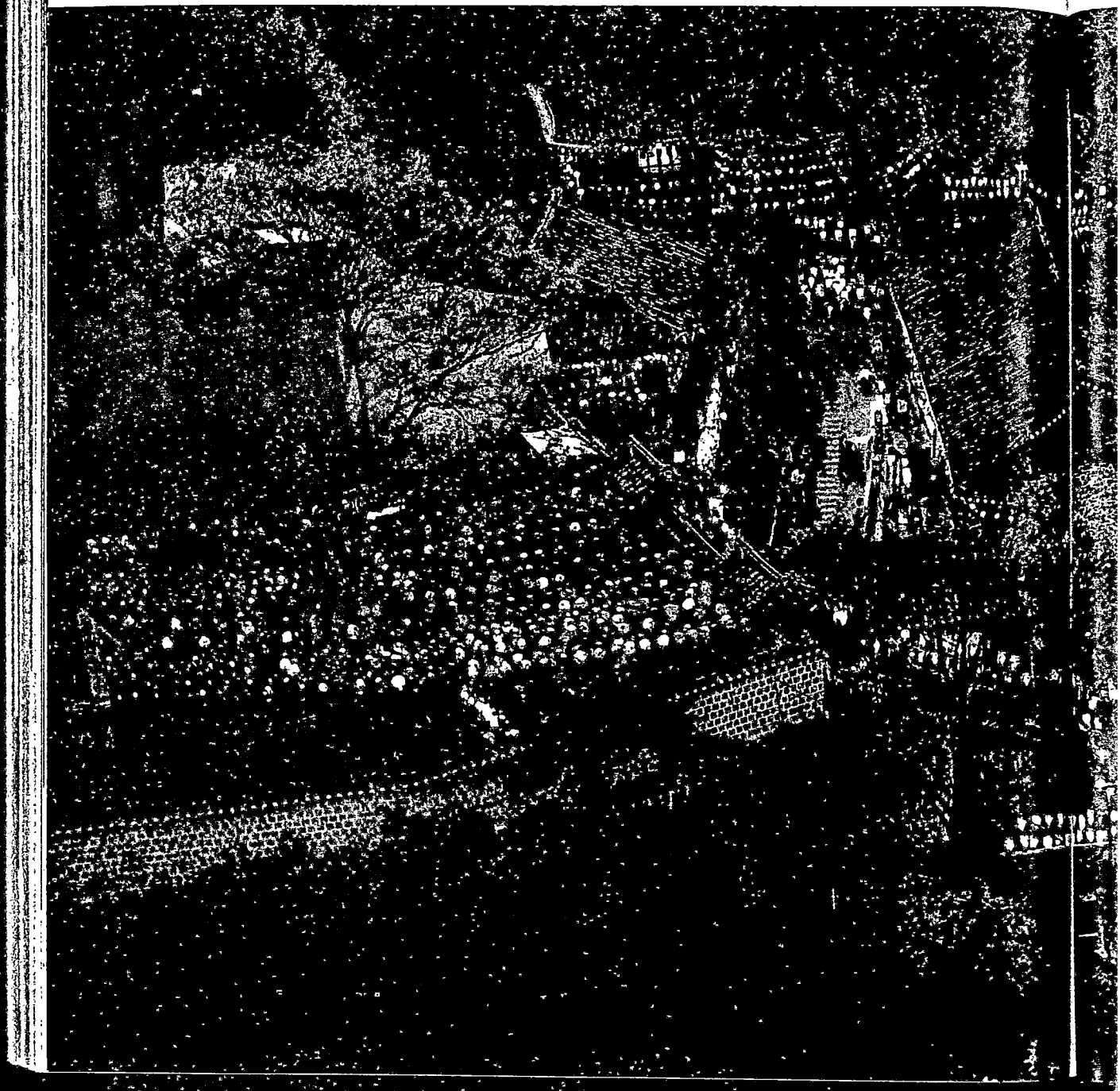
Every Korean has a group of lifelong friends toward whom loyalty is as important as affection. "Qualifications are not nearly so important as what province you come from or what school you attended," an American banker observed. "Everything's personal here! It's maddening!"

Political parties, especially among the opposition, are not aggregations of people

with similar philosophies and goals so much as factions clinging to a personality, splitting and resplitting overnight—enough cabals and vendettas to jump-start Byzantium.

The National Assembly and judiciary have been compliant to the demands of the Blue House, from which the president exercises power principally through the intelligence agencies: the KCIA (now the Agency for National Security Planning) and especially the Defense Security Command (DSC), which has agents throughout the army—the ultimate power—and beyond. Both Chun and Roh were commanding generals of the DSC.

In his inaugural address President Roh said,



Feast of the Lanterns, the celebration of Buddha's birthday, sets the night aglow at Toson Temple, north of Seoul. A common symbol in the East, the swastika was emblazoned in hopes of good fortune. During the Choson dynasty (1392-1910), the influence of Buddhism lessened as the court emphasized the teachings of Confucius. Though its active followers have dwindled in number, Confucianism with its ethic of obedience to hierarchy still deeply influences society.

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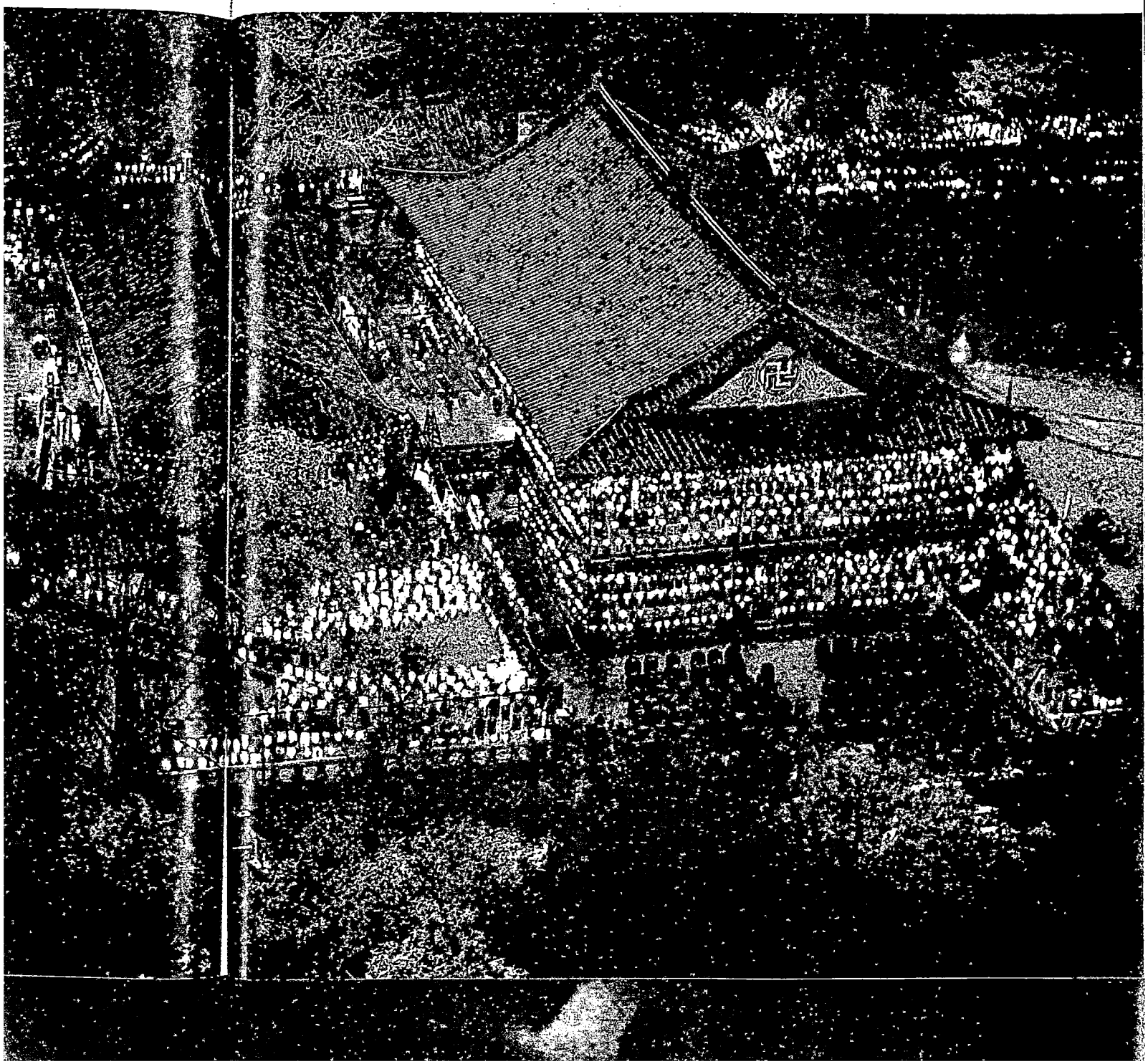
President Roh said,

"The day when freedoms and human rights could be slighted in the name of economic growth and national security has ended. The day when repressive force and torture in secret chambers were tolerated is over." That is new language from the Blue House. South Koreans hope he means it, and can deliver.

IN PROPER KOREAN FASHION, I held my glass with two hands as Min filled it with beer. Then to reciprocate his gesture of friendship, I picked up the bottle—both hands again—and poured beer into his glass.

Min works for a small export company, finding Korean manufacturers for American firms that sell batteries, toys, garden tools, barbecue grills. On this Sunday afternoon we were sitting around a low table in his living room in Seoul with a group of his friends, watching a boxing match on television. Like Min, they were all middle-aged, middle-class, and male, but unlike most Korean friendships, which center around the same school class or hometown, these men were drawn together by a tennis court in the huge apartment complex where they live.

"Frankly, we don't go out with our families often," said Min, a short, rectangular man. "I love tennis too much."



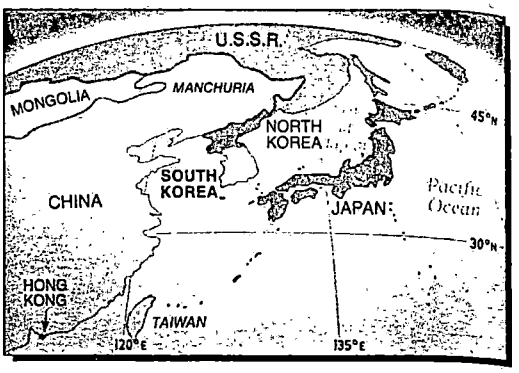
Treading a well-worn path, South Korean soldiers patrol the Demilitarized Zone separating their country from North Korea. Loudspeakers on either side of the DMZ blare propaganda berating the government of the opposing nation.

A key rattled in the lock, and Min's wife entered the apartment. Compact and all direct current, she is a rarity, a working wife, managing a large crew of women who sell children's books door-to-door. In the past, women were not permitted outside the home after dusk, and today few Korean men—Min is one—encourage their wives to work.

"Have you offered anything to eat?" Mrs. Min asked. "No," said Min impishly, "because there was no woman around to serve it." She waved away their laughter, removed her coat, and bustled around the kitchen.

Professor Lee, an economist, had sold his house in Seoul before going to the States for his Ph.D., and now, having returned, he felt trapped by the soaring real estate prices. "Suppose you want to buy a $60,000 apartment," he said. "You save $30,000 and raise the other $30,000 from friends. Then, with the deed as mortgage, you borrow $30,000 from a bank to pay back your friends. But the bank wants its money back in three years. Practically speaking, there is little credit in Korea."

Mrs. Min brought in dishes of kimchi and



REPUBLIC OF KOREA

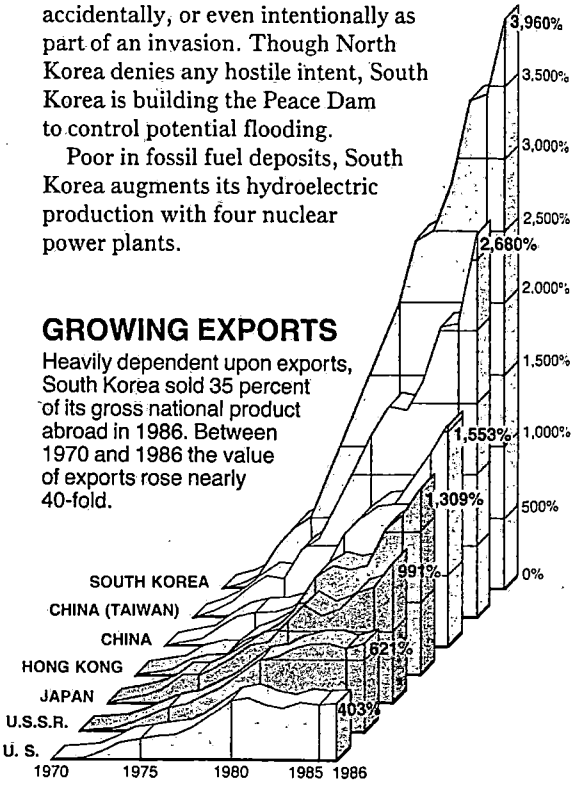
CENTURIES OF ISOLATION ended when the Hermit Kingdom opened to Western trade in the late 1800s. Japan colonized Korea from 1910 to 1945. After World War II, Soviet troops occupied the north. The U. S.-controlled south became the Republic of Korea in 1948.

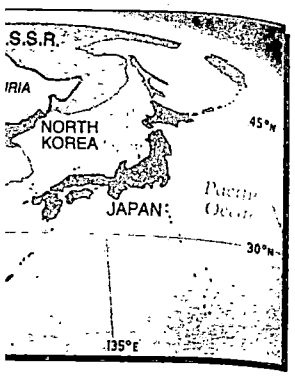
The end of the 1950-53 Korean War left the two Koreas fighting a cold war that continues today. In the 1970s South Korea was alarmed by the discovery of tunnels leading from the North Korea side. The Kumgangsan Dam, begun in 1986, also raises concern. South Korea claims that areas south of the Demilitarized Zone, including Seoul, could be flooded accidentally, or even intentionally as part of an invasion. Though North Korea denies any hostile intent, South Korea is building the Peace Dam to control potential flooding.

Poor in fossil fuel deposits, South Korea augments its hydroelectric production with four nuclear power plants.

GROWING EXPORTS

Heavily dependent upon exports, South Korea sold 35 percent of its gross national product abroad in 1986. Between 1970 and 1986 the value of exports rose nearly 40-fold.





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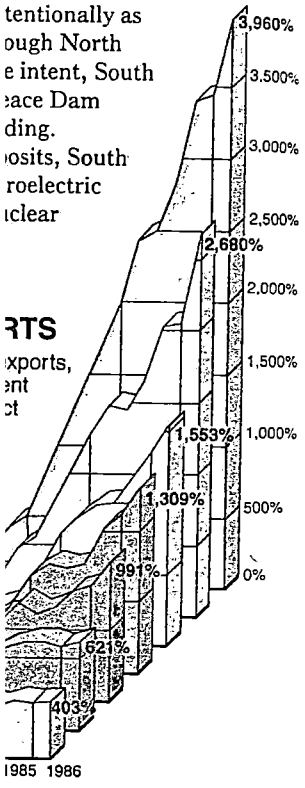

Pyongyang
Wonsan
NORTH KOREA
(DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA)
128°
Nampo
NORTH HWANGHAE
SOUTH HWANGHAE
KANGWON
North Han
DEMILITARIZED ZONE
Boundary reflects the battle line at the end of the Korean War.
Kumgangsan Dam (under construction)
Discovered tunnels
Peace Dam (under construction)
Soyang
Haeju
38TH PARALLEL
Kaesong
Panmunjom
Chunchon
Kangnung
Uijongbu
KANGWON
Han
SEOUL
Inchon
Songnam
Puchon
Anyang
Wonju
Suwon
Taebaek
Sea of Japan
Yellow Sea
KYONGG
Chungju
NORTH CHUNGCHONG
Chonan
SOUTH CHUNGCHONG
Chongju
Andong
SOUTH KOREA
(REPUBLIC OF KOREA)
NORTH KYONGSANG
Taejon
Kum
Kumi
Pohang
Kunsan
Iri
Taegu
Kyongju (ancient capital)
(page 258)
Chonju
NORTH CHOLLA
Ulsan
SOUTH KYONGSANG
Somjin
Naktong
Chiri Mt. 1,915 m 6,283 ft
Changwon
Kwangju
Chinju
Masan
Chinhae
Yongsan
Sunchon
Kwangyang
Pusan
Mokpo
SOUTH CHOLLA
Yosu
Koje Island
Tsushima (JAPAN)
OLYMPIC SITE
TEXTILES AND APPAREL
IRON AND STEEL
CHEMICALS
ELECTRONICS
MAJOR FISHING PORT
SHIPBUILDING AND REPAIR
MOTOR VEHICLES
FOOTWEAR
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Cheju Island (SOUTH KOREA)
Cheju
CHEJU
Halla Mt. 1,950 m 6,398 ft
JAPAN
Sasebo
Nagasaki

AREA: 38,291 sq mi (99,173 sq km). **POPULATION:** 42,643,000.
CITIES: Seoul (capital), 9.8 million; Pusan, 3.6 million; Taegu, 2.1 million. **INDUSTRIES:** Electronics, textiles, motor vehicles, chemicals, shipbuilding, footwear.

NGS CARTOGRAPHIC DIVISION DESIGN: DAVID CHANDLER; RESEARCH: MATTHEW THARP, MARK KUMLER, KAREN ALLEN; PRODUCTION: NANCY JUNG LIM CLAPSADDLE; MAP EDITOR: THOMAS GRAY

Mortally wounded by shrapnel from a riot-police tear-gas canister, student Lee Han Yol slumps in the arms of a friend during an antigovernment rally at Seoul's Yonsei University on June 9, 1987. Another canister flies overhead. Tony Chung of Reuters news agency appears at lower left; his photograph of the scene inspired the printing of banners and cloth patches. Violent demonstrations forced the first direct presidential election in 16 years last December.

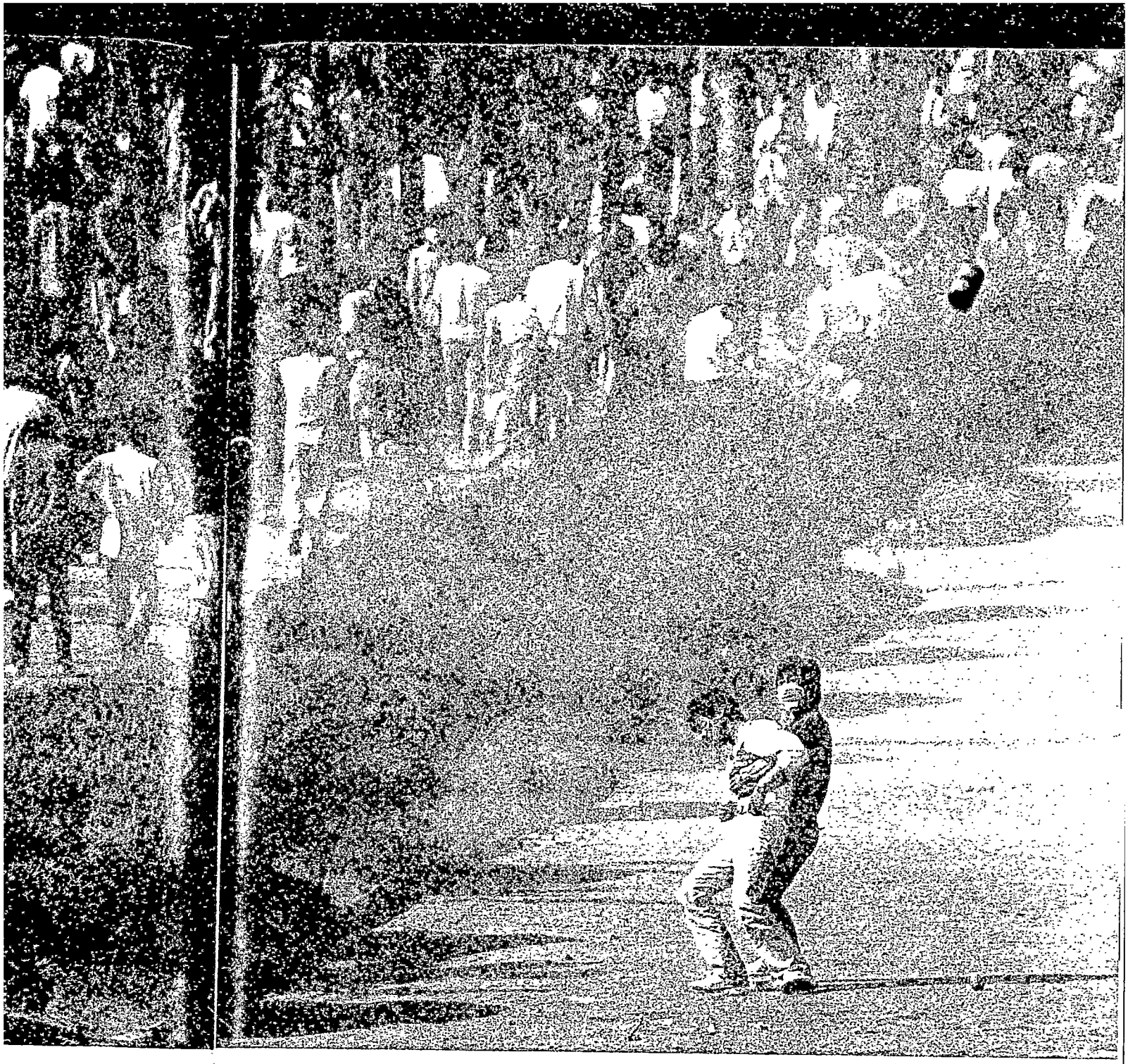
marinated beef redolent of garlic, but she ate in the kitchen with her sister and mother. Except in the *kisaeng* houses, where night after night Korean men drop an astounding amount of money for whiskey and pretty women, men socialize with men and women with women.

Professor Moon said, "Although I was Western-educated, I have never told my wife 'I love you.' Nor have these men. Right?" They nodded. "You don't express those emotions. If you hear a couple talking that way, you know their marriage is in trouble."

Hearing this, the women edged into the living room. "Yes, but all Korean women would like to hear it," said Mrs. Moon. "They want affection, at least a word of love, but the men think they don't have to."

Korean women are looked upon as men's servants and washed up if still single at age 30. A married woman is not supposed to have male friends. Some women had told me how this caused them to have romantic fantasies. "I wouldn't risk ruining my marriage by fooling around," one said, "but walled off this way, we have dreams outside the home."

The family is the preeminent influence in everything Korean. Koreans rarely divorce. A divorced woman is socially scarred, has trouble finding a job, and has few rights over her children. "That's why women will put up with a bad marriage," a woman lawyer told me. "This is a male-oriented society. If the mother wants to take her children overseas, she has to get her former husband's consent.



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But he can take them without her consent. Our entire society considers divorce a disgrace."

Korean mothers run the home, raise the children, and manage the money, investing in real estate, stocks, and especially in the informal women's savings groups called *kye*. "Middle-class Koreans," an envious American had said, "have more money in the bank than either you or I would dream of having."

At the far end of the table, Kim said he felt that the Western press was distorting South Korea with "the image of political crisis. Political protests are inevitable in a growing society. They are transitional, just as are the methods of the government in clamping down. Of course, the true Communists among the students are a very small minority."

Why then, I asked, was the government so ready to label any opposition as leftist?

"You see from where you sit," said Kim, an investigator from the prosecutor's office. "If you were a government official and saw

students adopting North Korean slogans, you would arrest and investigate them. The government is suspicious of their motives."

Sohn shook his head and said, "The government is oversensitive and overreacts."

"They have to react quickly," said Kim, "because of all this tension on the DMZ."

As "the shrimp among whales," Korea has managed to play off the major powers contending for the peninsula—China, Japan, Russia, and, most recently, the United States. But not without wounds. The Korean War, which stalemated in 1953 in a cease-fire, left the peninsula divided at the Demilitarized Zone—a euphemism if there ever was one. Two modern armies—840,000 troops in North Korea and 650,000 in South Korea, including 45,000 U. S. soldiers—face each other across a no-man's-land that is dangerous even for browsing deer. As soldiers say, "There ain't no D in the DMZ."

The roots of that war and the division of Korea into two enemy nations reach back to the closing days of World War II, when Japan collapsed and Soviet troops poured into what is now North Korea. Anxious to block the Soviets from occupying the entire peninsula, the Americans looked for a line on the map that would keep Seoul and Inchon out of Soviet hands. The 38th parallel seemed to fit, and the Soviets agreed. Unified in culture and geography for more than a millennium, Korea was freed of the hated Japanese only to be occupied and divided by the armies of the cold war.

Korea was then in ferment, as thousands of political prisoners, many of them Communists who had resisted the Japanese, were released from prisons. And millions of returning Koreans—many conscripted by the Japanese in the 1930s and '40s for their factories in Manchuria, China, and Japan—swarmed into the south, landless and discontented. Fiercely nationalistic and anti-Japanese, they were eager to establish an independent Korea and remove those Koreans who had collaborated with the Japanese: the landlords and police.

South Korea was rocked by labor strikes, a savage peasant revolt, a Communist uprising in its army, and sporadic guerrilla fighting, all crushed with help from U. S. troops. The Communists retreated into North Korea, leaving ideology divided at the 38th parallel.

The U. S. pulled out, and in June 1950, having failed to foment a Communist revolution in the south, North Korea attacked, bringing Americans, with other United Nations forces, into the Korean War. Two million North Koreans fled south, rupturing families that are still separated, a powerful voice for reunification that resonates throughout the peninsula. The war infected South Koreans—most indelibly the army—with virulent anti-Communism. "When I came here in 1954," an American told me, "my interpreter was still looking to kill his best friend, if he could find him, because he was a Communist."

The continuing threat from North Korea is manifest. Five years ago in Burma, saboteurs almost assassinated President Chun with a

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Enraged students meet an immovable police line on May 4, 1987, outside Seoul's Myongdong Catholic Cathedral, as they attempt to march in support of priests staging a hunger strike. Riot police called "grabbers" haul away a businessman during a demonstration in downtown Seoul (left). Antigovernment sentiment, spreading to the middle class, reflected the deep discontent with authoritarian rule.

bomb that killed many of his advisers. Last December a Korean Air Lines plane was blown from the sky by a time bomb apparently set by two North Korean agents, a reminder that the north, which has refused to send athletes to the Seoul Olympics, opening September 17, may try to sabotage the games.

Seoul is only 25 miles from the DMZ. Billboards on the buildings and mountains around Seoul screen guns, rockets, and radar, and the sidewalk flower planters are revetments for mortars and machine guns. There are tank traps on the way to the DMZ and boulders stacked over the rail and road cuts, primed with set charges. Buildings have thicker north walls, with tank drive-downs into basements windowed for guns. A wire fence along much of the coast is studded with painted stones arranged in coded patterns. Patrols check for rocks that have been jarred loose or incorrectly replaced and for footprints in the swept sand. Cables are stretched across the golf fairways to clothesline Pyongyang's gliders.

Three North Korean tunnels have been discovered beneath the DMZ, and U. S. military experts believe there are many more. They see the next Korean war as a "45-kilometer war," a lightning North Korean strike using its superiority in mechanized long-range artillery to pulverize everything from the DMZ into Seoul. "When the initial barrage lifts," one expert said, "we'll see caps blown off all those tunnels behind South Korean lines and North Korean troops pouring out."

THE GOVERNMENT often uses this threat in order to justify crushing political dissent. On May 17, 1980, following student protests, Chun extended martial law, closed campuses, and took over the government. He also sent Special Warfare paratroopers into the southwestern city of Kwangju, precipitating a massacre. For seven years Chun prohibited the press from mentioning the Kwangju "incident." Roh's administration, however, has tried to be conciliatory, publicly regretting the deaths, offering compensation and a monument. But Kwangju's citizens demand a full investigation and formal apology. Students

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nationwide observe the anniversary with anti-government rallies. Kwangju remains one of Roh's stickiest legacies.

Through rice country I took the train down to Kwangju. South Korea has precious little level terrain. What there is of it is crowded with Koreans—in Seoul, Taegu, Pusan—or diked, cultivated, and covered with greenhouses. The rest of Korea is mountainous, the entire east coast uplifted and serrated by dramatic headlands.

Kwangju's pretty main street is shaded with ginkgo trees. The nearby mountains are softer and greener than the bouldered crags around Seoul. Kwangju is the capital of South Cholla Province. East of here is Taegu, capital of North Kyongsang Province. The antagonism between these two regions turned violent in the presidential campaign. Kyongsang has been the historical well from which Korea's ruling class has been drawn—Park, Chun, Roh, and most of the key generals and elite of Seoul—and into which the government has poured money and development. Cholla people say that Kyongsang people are brash.

Embattled victor in the December 1987 presidential vote, Roh Tae Woo vows to gradually democratize a country that has been under almost continuous dictatorship since 1948. But Roh attracted less than a majority, winning with a 37 percent plurality over a badly divided opposition in an election marred by charges of voting fraud.

In Seoul anti-Roh protestors sit on a ballot box seized as it left a municipal building hidden in a delivery truck. Election officials claimed that the box contained absentee ballots, which were to be counted elsewhere. Police later reclaimed the box, but it was not clear why it was being moved in a suspicious manner. The contents were destroyed by the authorities. In a rural schoolhouse (facing page), voting is closely observed by an election official, at right, and poll-watchers from different political parties.

In the April 1988 election of the National Assembly, Roh's party lost its majority. This surprising turnabout has, in the view of a South Korean diplomat, "given us an entirely new set of political questions" concerning how the government will deal with a duly elected opposition.

Anxious eyes watch for students to emerge from entrance exams at Yonsei University. Applicants to the nation's universities may apply to only one school at a time, and competition is keen. In Seoul a junior-high-school student takes a brief Sunday-morning break before hitting the books for 12 hours.

Kyongsang people often say that those from Cholla are too cunning and rebellious.

On the morning of May 18, 1980, Chun's Special Warfare paratroopers, told to put down a "Communist insurrection," waded into protesters, swinging iron-weighted clubs, cracking bones and fracturing skulls. For days they broke into homes and indiscriminately attacked people, chasing them down alleys, clubbing, bayoneting, and shooting them to death. Officially 193 people died, undoubtedly more. Enraged students raided an armory, leading an uprising that eventually drove the paratroopers from the city.

The army, with U. S. approval, made a surgical strike on Kwangju on May 27, securing the city—and killing about two dozen student leaders. Despite belated U. S. explanations that its operational control over the army has never extended to the Special Warfare units, anti-Americanism has festered ever since.

On the seventh anniversary of South Korea's most painful memory since the Korean War, I met at the Kwangju cemetery a trembling, emaciated young man, to all appearances a victim of cerebral palsy.

On the night of May 18, 1980, Kim—as I will call him—was studying at an institute to become a government employee, when paratroopers broke in swinging their clubs. He tried to escape, but he was clubbed and kicked

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down four flights of stairs and thrown on a bus. "Then a soldier kicked me out of the bus and said, 'Get out or we will kill you!' The doctors say that my brain is wounded, and if they operate I will die. I live with my brother. I have to depend on someone 24 hours a day.

"I had my nephew write five letters to Chun Doo Hwan asking for compensation. I received nothing whatsoever, and the last reply was that if I wrote again, I would be arrested."

Brutality has a long tradition in Korea. I saw a good deal of it, by "grabbers" —the professional toughs of the riot police.

Grabbers travel light: running shoes, color-coordinated windbreakers and helmets, and open-fingered gloves for grabbing, with a coarse padding over the knuckles so punches won't slip. They are expert in tae kwon do, the Korean martial art—and they seem to enjoy using it. Grabbers gang up on individuals, fracturing wrists, cracking ribs.

For years this has been happening to opposition politicians, labor organizers, ministers, anyone who opposed the government—but

Unglamorous labor of Korean workers serves the exporters of fashionable garments. After nationwide strikes, the labor-union movement is taking aim at sweatshops, in which the workday may last 16 hours and longer.

especially students. The lucky ones are beaten up and driven out of the city to a remote garbage dump—not exactly a short stroll home in Seoul, a city of nearly ten million people. The leaders are usually imprisoned and tortured.

MY INTERPRETER, Jong, and I drove into the hills north of Kwangju to visit the grave sites of his father and ancestors. When Jong was a boy, his grandparents had wanted to have a grandson come live with them, and as he was the eldest of four boys, he was sent out to their farm for a couple of years.

"My grandparents loved me in the Korean way," Jong said. "That means I got spoiled."

Following Buddhist tradition, on the 49th day after his father's death, Jong's family prepared at the family altar fish, beef soup, and fruit wine—all foods his father had enjoyed—to keep his memory alive. Then for a year, in the Confucian way, they prepared the same foods on the 1st and 15th of each month.

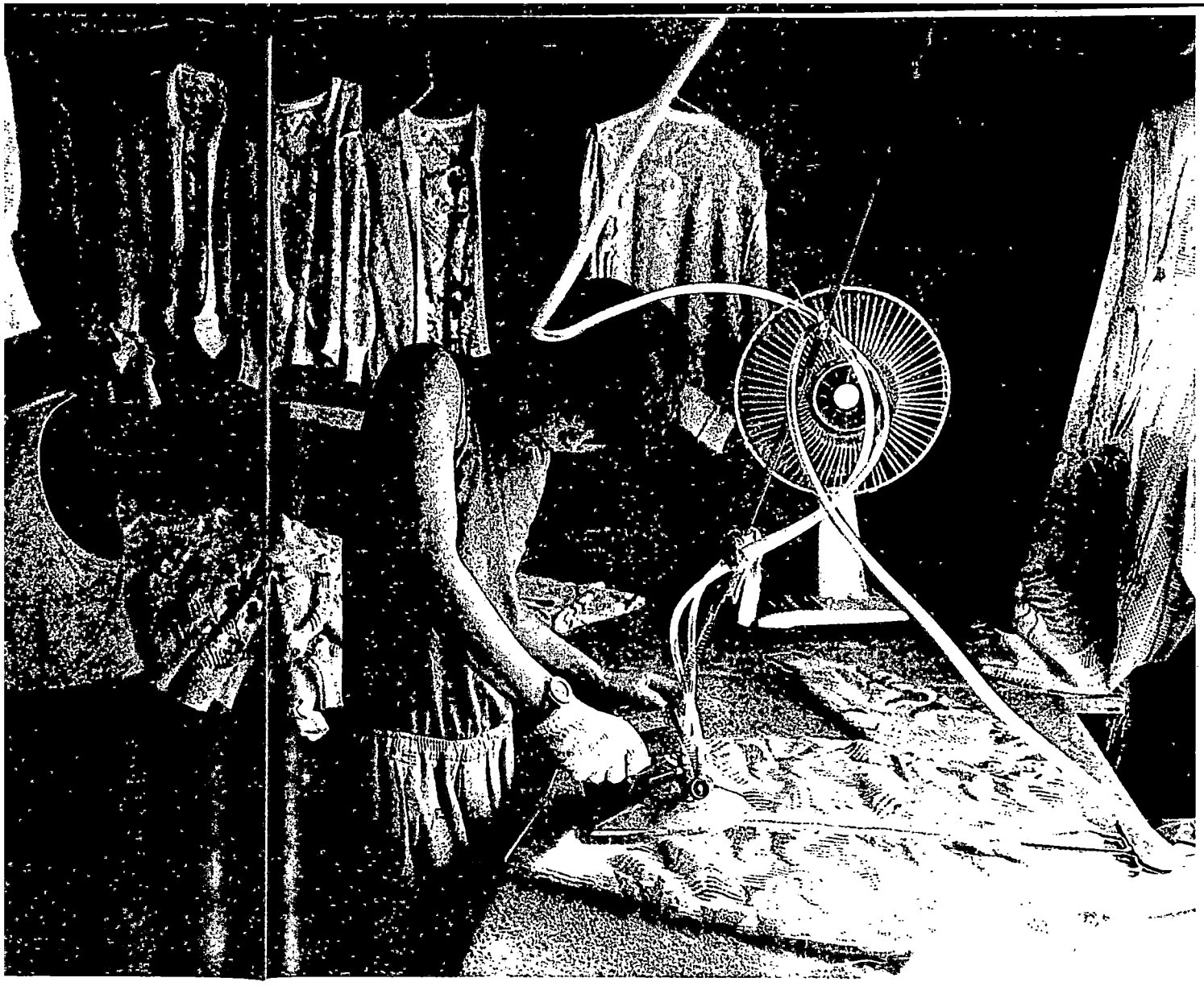
At his father's grave Jong knelt on some pine boughs he had snapped off and bowed twice. He poured a little *soju,* a liquor, in three places around the mound ("three is a good number in Korea"), then we sat and shared the rest of the soju, some dried squid, and a few ripe persimmons. "We share this as though my father were alive," Jong said.

"My brother sometimes goes to the Christian church, and Christians aren't supposed to bow to others' idols. But I tell him that he better respect this family tradition."

First unified in A.D. 668 by a predominantly Buddhist kingdom, Korea was dominated by a Confucian dynasty from the late 1300s until the Japanese occupation of 1910. By the 1880s Protestant missionaries were introducing modern education, agriculture, and medicine. At night the cities glow with red neon crosses on thousands of churches.

"By 1970 we had three million Christians in Korea." Dr. Suh Kwang Sun is a professor of theology at Ewha Woman's University in Seoul. "Now there are some ten million. Why? Buddhism had been pushed into the background by 500 years of the Choson dynasty, which had become impotent and corrupt. Koreans needed a new value system that would match the invading Japanese. Christianity became an enlightening force among Koreans, a sanctuary. Today we never know when the North Koreans will attack. So where do you get comfort, assurance? The church. Koreans have lost their communities in this rapid industrialization. The churches give the uprooted courage and confidence to work diligently to become the newly rising middle class."

For some, however, it's a long way to the middle class. For years the government has kept wages low to compete in world markets. In 25 years, per capita GNP has made a phenomenal leap from $90 to $2,800, but



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wages haven't kept up with living costs, especially for the textile girls who earn barely four dollars a day. The impressive "Miracle on the Han" factory tours bypass the pervasive "chicken-coop" sweatshops, where the 16-hour day is not uncommon.

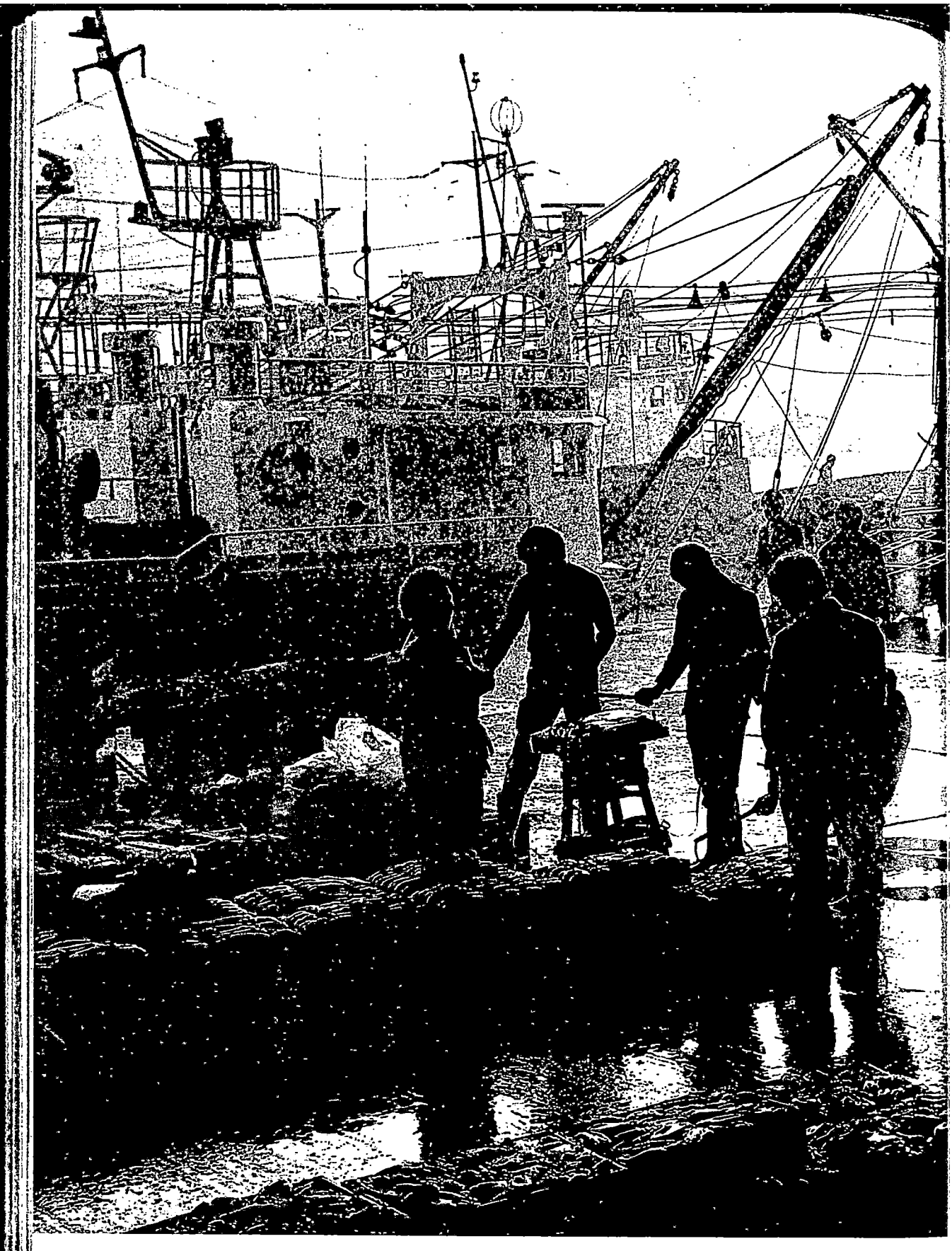
The road through the steep mountains to Taebaek, a coal-mining town, was hairpinned, and the metal mirrors at the curves were so dented from rocks that we rarely saw oncoming trucks until they were upon us.

In a restaurant I talked with Park, a thin man with a narrow chin and pronounced cheekbones, his black hair falling straight over his ears from the center of his scalp like water off a rock. He operates a pneumatic drill underground for the Hanbo Coal Company and was on the midnight shift. I asked if he would like a beer with his meal, but he refused. "The air is dirty in the mine, and if you've been drinking, you get exhausted."

Park lives in one of the rent-free apartments the company provides for employees with seniority. He earns the equivalent of $600 a month, and he expects eventually to leave the mine and set up his own business.

Hanbo was one of thousands of companies struck last summer. The labor dispute began over vacation bonuses and the number of free briquettes the company would provide to heat the apartments. "We had a union, but the head of it was working on behalf of the company, so we kicked him out. But the new union leader has no influence and gets clobbered in negotiations with the company."

Admitting that the workers hadn't shared in the country's growth, the government pressured the companies in last year's strikes to



Sorting out the catch, dockworkers prepare fish for the daily auction in Pusan, South Korea's second largest city and its biggest port. A government drive has propelled the country's deep-sea fishing fleet to the position of the world's fifth

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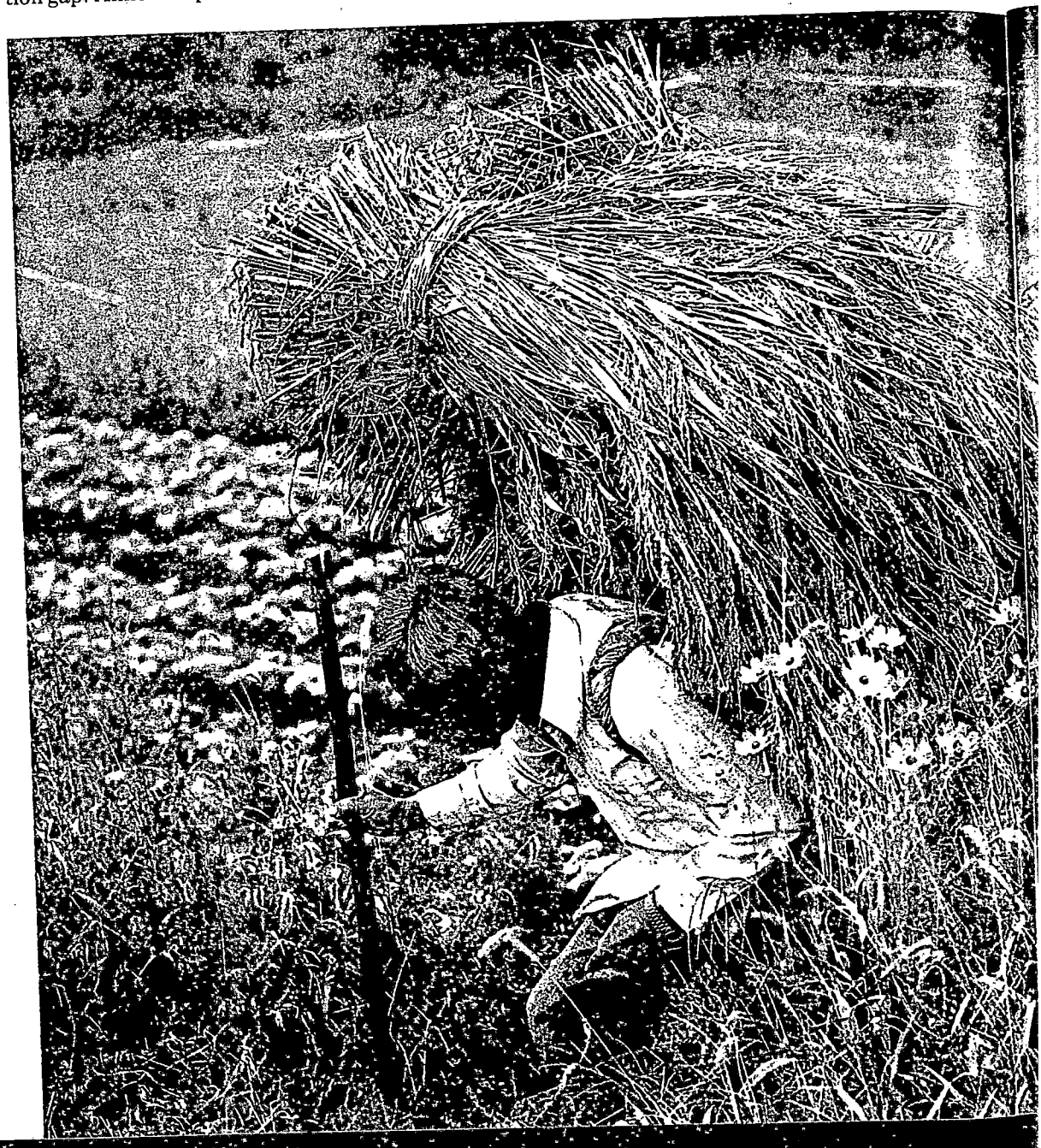
largest. Pusan was the only major South Korean city besides Taegu to escape occupation by the enemy during the Korean War, when it temporarily served as the nation's capital.

give workers substantial wage increases and the right to form their own unions. Then it labeled the organizers "impure elements"—meaning leftist—and threw them into prison.

SOUTH KOREA has one of the world's highest percentages of citizens attending college. More than a million do, half of them in Seoul. Since the days when scholars challenged the king on matters of virtue, students have held a peculiar niche in Korean society as the "national conscience." No student wants to be remembered as belonging to the class that failed to demonstrate against the government.

South Koreans admit to a profound generation gap. Almost 70 percent of them were born after the Korean War—certainly all the students, who bear neither memories nor the ideological scars of that bloody conflict and little appreciate American help then or since. Among all Koreans there is a powerful nationalism—with racial pride humming in the veins—and though older Koreans may look West with gratitude, students usually do so in anger. They see Caucasian mannequins in department-store windows, a U. S. Army golf course smack in the middle of Seoul, and are quick to fasten on any inroads of Western culture as a dilution of their own. The activists—ever high on moral certainty—will doubtless keep demonstrating.

Like the Japanese, Koreans drive their children to study in order to pass the exams to get



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into the top schools, such as elite Seoul National University. In South Korea education and status are as one; graduates of SNU get somewhere. Most high-school students don't make it to college, and of those who do and graduate, many have difficulty finding work. The economy hasn't absorbed the Korean passion for education. "From junior high through high school," a professor told me, "the children are studying until 2 a.m. to pass those exams. Parents have little time to see them."

"Students who fail the entrance exams feel they've failed life," his wife said. "A really sad thing. Even when they're in kindergarten, parents push them to be first in the class."

Outside a library in Taegu, I saw a line of boys and a line of girls waiting to get inside to study. The library had about 2,400 seats, and 4,500 kids had shown up. First come, first served, 15 cents a ticket. Some had begun lining up at 4 a.m. It was Sunday.

In any year a high-school graduate can apply to only one university. If his examination grade is too low, he waits until the next year, head down in a cram school. "I didn't see my niece for three years," a woman said. "She was studying seven days a week to pass the exam for entrance into Ewha University. She had failed twice before."

In this rote-learning, exam-driven milieu the cram schools are a big business. The one I visited in Kwangju, the Great Success Institute, kept a guard at the gate to prevent students from leaving early. A young man I met there told me that his day at the institute ran to 11 p.m. "Then I go home and study until about 1:30 a.m. I get about four and a half hours of sleep. You should not think that demonstrations are all that there is to Korea."

WINTER was closing in. Many public buildings are unheated in South Korea, but Professor Hong Sung Chick's office in chilly Korea University was warmed by a space heater. He is director of the Asiatic Research Center. "We are surrounded by big powers," he said. "The other small countries have been absorbed by either China or Russia. But Korea has persisted throughout history. Koreans are very adjustable. When told to bow by big powers, they did. But all the time they knew that they would persevere.

"You worry about the divisiveness, but I think Koreans will overcome it. They are so proud of their culture and history, so proud of being Korean. A very optimistic people. At any party, they sing. When optimism doesn't exist, you don't have that vitality.

"For the moment, politics looks like chaos, fighting. But I think the leaders will have to learn from the people, not the reverse." □

Bending his back to the task, a farmer hauls rice stalks from a field southwest of Kwangju. So intensive has been the nation's urbanization that the government now tries to woo people back to the land with incentives. But for most young South Koreans, and for their offspring, such scenes will remain a nostalgic look at a way of life they never knew.

Perhaps with a yearning to ponder the enigmatic sky, Queen

Kyongju, Where

By CATHY NEWMAN
NATIONAL GEOGRAPHIC SENIOR STAFF

enigmatic sky, Queen *Sondok built Chomsongdae observatory in A.D. 634 in Korea's ancient capital.*

here Korea Began

Y NEWMAN
APHIC SENIOR STAFF

Photographs by H. EDWARD KIM

OUT OF THE MIST came the sound of a flute, its notes drifting down the mountain path like ginkgo leaves sent swirling by an autumn breeze. I stopped and listened. Here in Korea's ancient capital, Kyongju, there's a legend about a king who played a jade flute that could make rain fall and wind blow. I half-expected to see some mythical figure materialize before me. . . .

From the mist emerged a figure playing a flute. He was silver haired, this apparition on the mountain path. His eyes sparkled with their own sunlight. In his fingers a bamboo flute seemed to have alighted like a butterfly. From it notes tumbled, skittering like gold and silver leaves.

That Yun Kyung Real and I should meet was no accident, for I had come to discover the wonders of this mystic place, and Yun, by turns a teacher, maker of ceramic masks, and crafts merchant, had even more compelling reasons.

"I came to Kyongju to find the spirit of Korean beauty," he began, offering me a thimble-size porcelain cup of *soju,* a throat-searing, mind-quickening liquor that is the time-honored Korean prerequisite for a tale.

As a child he had longed to see this city of enchantment where once upon a time a king had turned himself into a dragon to protect his country from its enemies. But Kyongju was far from his home in the north. "Besides, if your heart is *really* set on something, you don't reach for it right away. Precious things are not to be rushed."

As he grew to manhood, he went to Japan to learn doll-making. He was taught to paint Japanese features on the dolls' terra-cotta faces and kimonos on their figures instead of the high-waisted *hanbok* Korean women wore.

In 1945 he returned to Korea. But the nation was soon to endure its long agony of civil war. Mr. Yun, born in the north, could not go home again. He turned at last toward Kyongju.

When he stepped off the train, his eyes moistened at the sight of the royal tombs—grass mounds towering over tile roofs, miniatures of the far mountains. And everything golden: sun-burnished fields, gilded statues of Buddha, branches of forsythia flaming like torches.

"All that brightness," said Mr. Yun, his smile tender as a Korean sunrise. "Then I understood what it meant to be Korean, to come from all that beauty."

To be Korean is also to belong to a land invaded again and again, a land since 1910 either occupied or divided and at war with itself. Yet its people are among the purest ethnic strains in Asia. Their spirit has been abraded but never broken. Why? Because Korea is a feeling, a style, a sense. That spirit germinated in Kyongju, a small city on Korea's southeast coast, where 1,300 years ago Korea became a nation. Where, for a while, harmony reigned.

At its eighth-century peak Kyongju may have numbered a million. The king's four palaces, one for each season, basked in luxuries: Philippine tortoiseshell, Persian glass, Japanese pearls. In Kyongju, it was said, "foreigners who visit forget to return home."

The city, center of the Silla dynasty, produced silk-smooth paper coveted by the Chinese and bronze temple bells admired by the Japanese. But its niche in history was as birthplace of a nation. By 668 Silla had defeated neighboring rival kingdoms: Paekche to the west, Koguryo to the north. Then Silla repelled invasion from Tang China. Silla had unified Korea.

"ALL THAT CEMENT," sighed a woman teacher as a tour bus rumbled from downtown Kyongju to the Pomun resort complex, four miles away. The bus disgorged its passengers in front of a cluster of concrete-block souvenir shops. Kyongju's embrace of tourism was, her tone implied, a dreadful mistake.

A mistake? Absolutely not, declared Kim Seong Jin, president of the International Cultural Society of Korea. In the 1970s the Kyongju Tourism Comprehensive Team renovated temples and shrines and built the Pomun resort. The 270-million-dollar project produced three hotels, shops, and a 900-seat convention hall.

A sore point was the choice of material used in the renovation and new construction. "Critics complain about the concrete," Kim told me. "But wood is expensive and scarce here."

Those who miss the shabby gentility of old Kyongju grumble that the new complex displays all the charm of a barracks. Mr. Yun phrases it more gently: "Kyongju wears too much makeup."

So there are two Kyongjus. One is the Kyongju of tourist brochures, postcard pretty: a jumble of swaybacked, tile-roofed houses surrounded by rice fields, set at the foot of mountains silvered by mist. Take a road, any road. It leads to a pagoda, shrine, or tomb. More than five million tourists, mostly Korean, flock here annually.

The other is Kyongju the holy—more difficult to define, for it exists in the realm of the spirit.

Glimpses of the latter, the shining city, can tear the heart. My friend Hwang Taesik offered to climb Namsan with me. The mountain, three miles south of town, is studded with some 60 stone Buddhist figures. The trek leads over a rocky trail, and Hwang didn't want me to have to shoulder a heavy knapsack. Later he said he hadn't made the climb in years—not since his only son, scarcely a year old, had suddenly stopped breathing, no one knew why. Hwang carried his child up the slope and placed him in a grave mounded with earth. When

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I asked why he hadn't told me, he said only that it was a lovely mountain and I had come a long way to see it.

Tucking the dead into gently sloping mounds of earth has been the Korean burial custom for centuries. The 23 tombs of Silla nobles, clustered in a downtown park, that you first see looming over the city with uncontested majesty have a comforting simplicity.

excavate than it must have taken to build," Dr. Kim said. A lacquered coffin in a wooden chamber was shielded by a layer of boulders 25 feet thick. Fifteen feet of earth covered that, preserving the tomb from robbers in later centuries.

No one offered, of course, but if I had my choice of the 11,500 artifacts found in the tomb, I would indicate a tiny gold ring resembling a tendril of vine. Kyongju's

A serenity soul deep lives in the heart of Yun Kyung Real, Kyongju artist and sage. In 668 the Silla kingdom conquered its rivals and unified the Korean Peninsula. Kyongju, then known as Sorabol, became the capital and spiritual birthplace of Korea.

Perhaps Silla rulers regarded them as just another palace to move into when the time came.

In 1973 the government decided to excavate tomb number 155, one of 200 here. Some Koreans were disturbed. They tried to stop the excavation, saying that it dishonored the dead and invited bad luck.

The solution? "We excavated with utmost respect for the dead," said Dr. Kim Choungki, former director of the National Institute of Cultural Properties. "We asked the workers not to laugh or smoke, and we burned incense.

"The tomb took longer to

National Museum displays the ring beside gold bracelets, earrings, a gold-plated harness, a gold crown, and two glass cups.

But the most important find, so fragile it requires special permission to see, rests in a locked case, in a locked room, in the National Museum in Seoul. It is a quilted piece of birch bark, a fragment of a saddle mudguard, painted with a dazzling white horse. The horse is flying, tail streaming, clouds flashing by.

Harnesses had been found in Korean tombs before, but this spoke of Central Asian influences

filtering through Mongolia and Manchuria down the Korean Peninsula. The find caused the tomb to be called Chonmachong—Heavenly Horse Tomb.

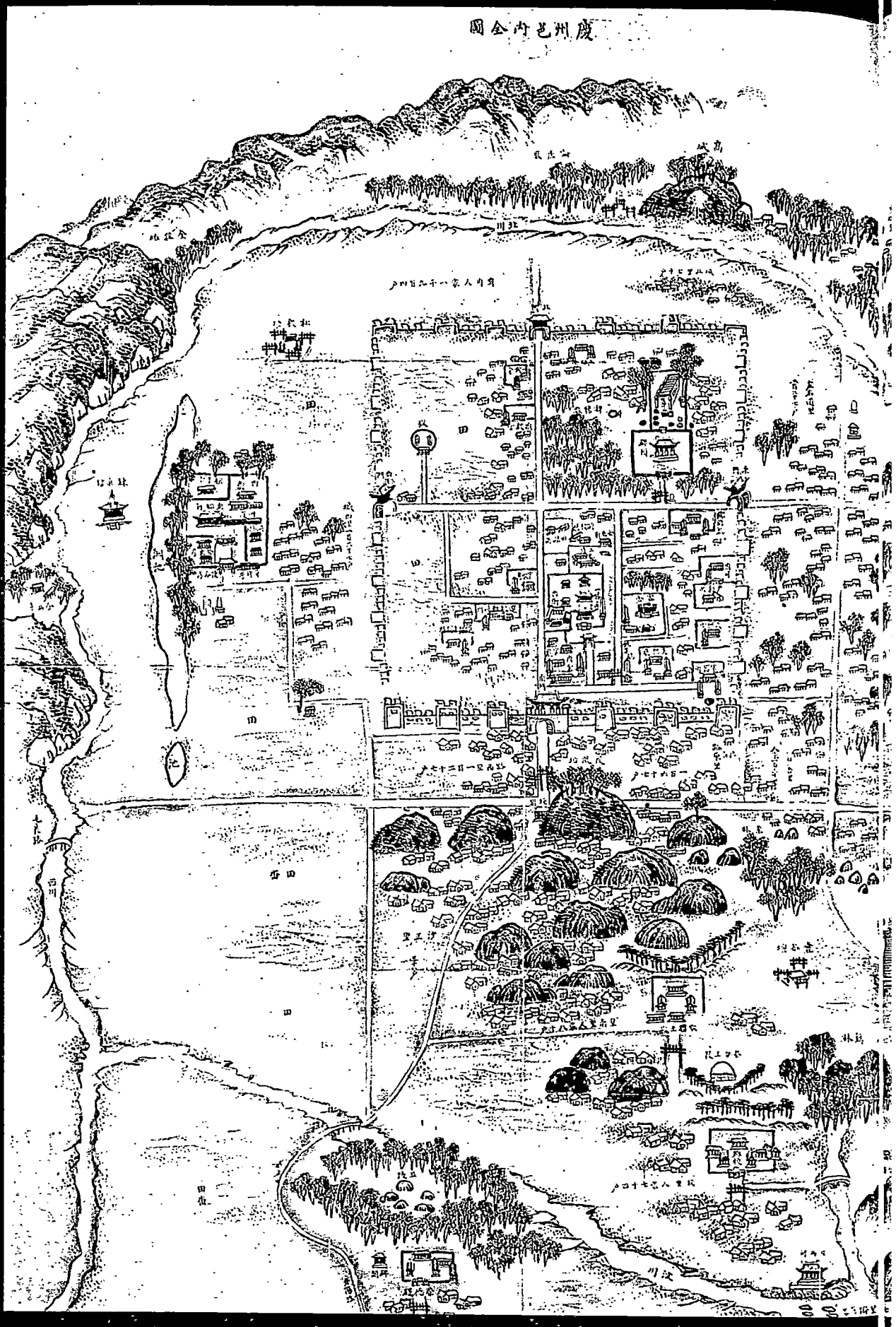
"We also found eggs in the coffin," Dr. Kim added.

"Eggs?"

"Seven eggs. One or two actually intact. To nourish the dead."

Of fragments such as eggshells do we reconstruct empires.

Archaeological and literary evidence suggests that Kyongju had arcades, so citizens could walk its streets in rain without getting wet. Kyongju lacked walls; remoteness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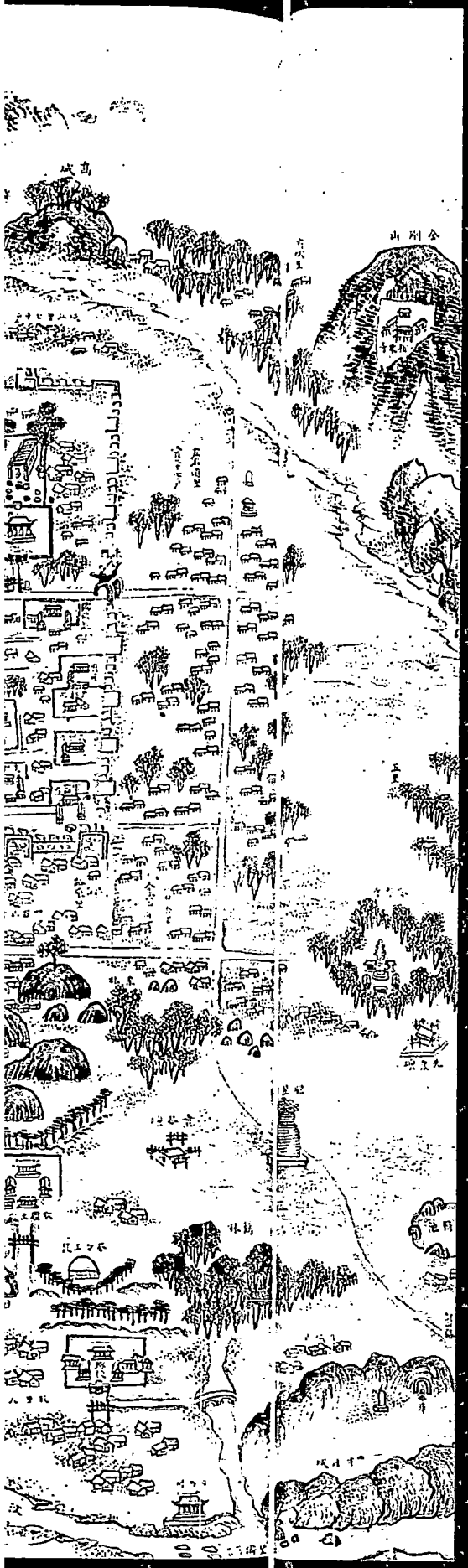
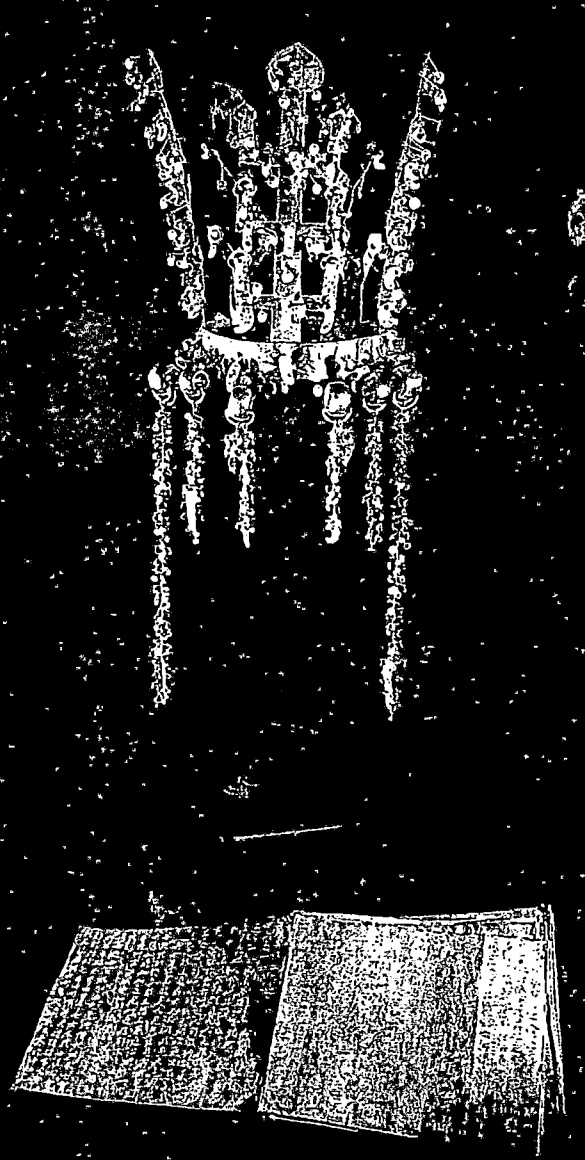
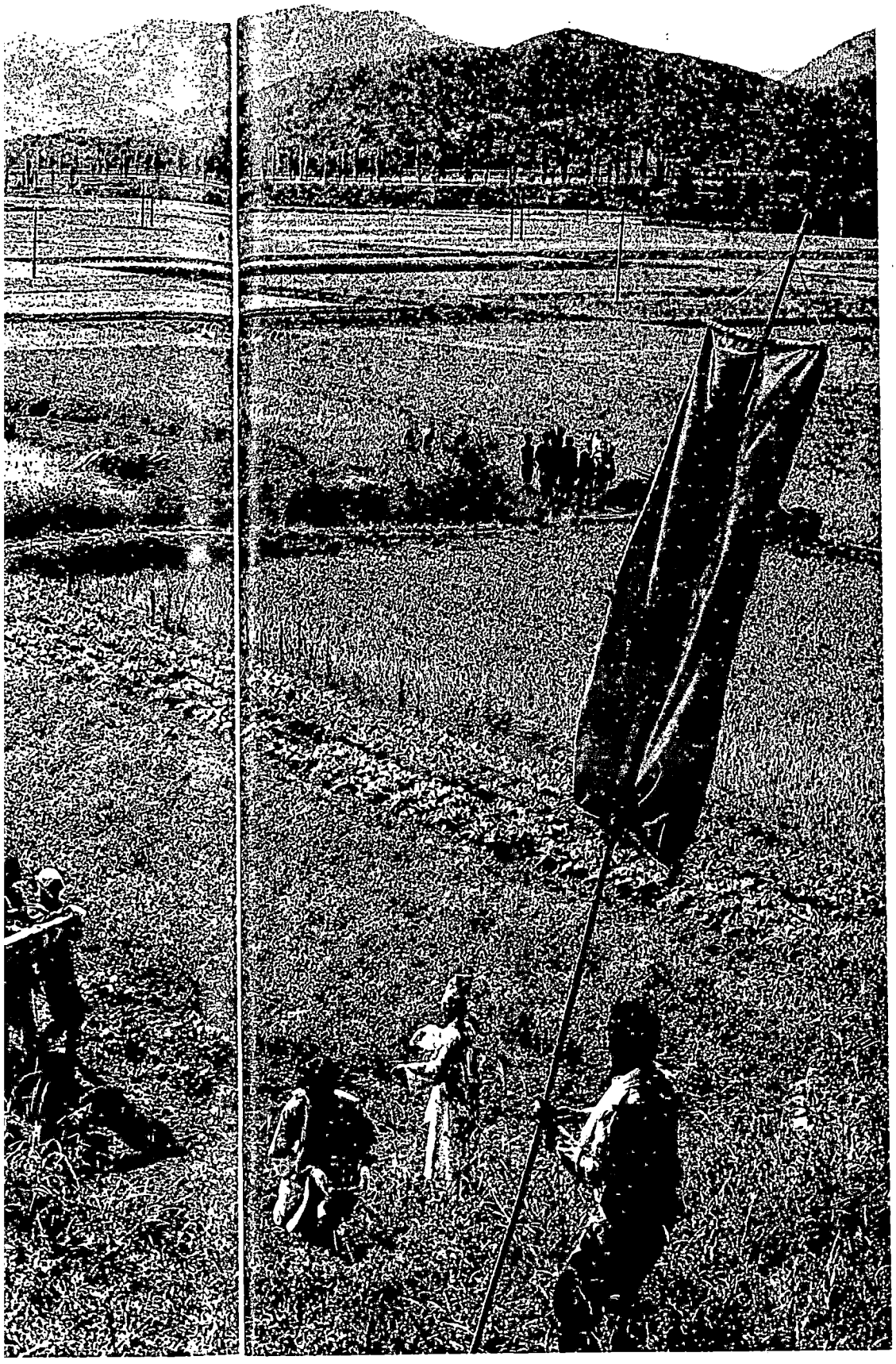




The dreams of kings are enfolded in Kyongju's tombs, shown in a 19th-century painting (far left). Among treasures recovered are eighth-century gold Buddhist scriptures and case; a gold-and-jade crown from the fifth or sixth century; and a ceremonial ceramic vessel, also from that period.

Modeled on a grid after the Chinese capital Changan, Kyongju in the eighth century may have counted a million citizens. Chronicles describe a city with house rafters tipped in gold, its streets traversed by Japanese monks, Chinese envoys, and Muslim merchants. Kyongju today is home to 130,000. The city center (top), with its 23 tombs, is a national park.



was its chief defense. Royalty wore rare, iridescent kingfisher feathers. Hwangyongsa, the largest temple built by the Silla, housed a 24-ton Buddha covered with gold.

BECAUSE the archaeologists were of less help on the subject of the Silla soul, I sought out So Chongju, a renowned poet inspired by Silla history. "They were a large-spirited people, living in harmony with nature," he said.

Mr. So unrolled a pen-and-ink drawing of a sage seated beneath a plum tree. A poem underneath asked: "What is a scholar?" Answer: "He who regards the earth as his garden; the sun, moon, stars as his servants; and eternity as the briefest moment."

Buddhist thought, which flowed into Silla in the sixth century, seems to focus on eternity. It is the fixed point about which humanity revolves. Time is limitless. We are limitless, reborn in endless sequence.

It is 3 a.m., dark except for the faint starshine. Already day has begun at Pulguksa, Korea's best known temple in the foothills southeast of Kyongju. Completed about 780, the temple has been reconstructed 23 times.

One by one, lights flicker on behind the rice-paper doors of the monks' cells, shedding the soft glow of paper lanterns. I see the shadows of monks as they begin their chants. Paired white shoes with upturned toes form ranks outside their rooms. A barefoot monk in a gray wool robe paces the courtyard, beating a gourd, chanting sacred texts. A bronze bell rings. Next I hear drumbeats, then the hollow clack of a wooden fish

The passage to eternity begins as family and friends shepherd a coffin to rest in a gentle mound of earth not unlike those that cover Silla kings. White signifies mourning in Korea; a banner identifies the deceased.

being struck, and finally the shimmering of a brass gong. The resonance grows, each sound to its purpose: first to wake the monks, then to wake creatures of land, sea, and air.

In front of the temple a monk stops to burn incense. Smoke curls in the air like the spirit of a newly released soul. Others gather inside to begin prayers. They bow . . . low . . . lower still . . . till they lie prone before the serene, smiling image of Buddha.

When Silla unified Korea, Buddhism was the state religion. Kyongju, it was said, had as many temples as stars, as many pagodas as geese in the fall skies. Monks, men of faith and learning, traveled to China and India, returning to enrich Korea with the influence of other cultures. Buddhism still predominates in South Korea, claiming eight million devotees.

In a hotel-lobby bar I met Seo Inh, monk and chief of protocol for Pulguksa Temple. He flashed a smile, introduced me to his woman companion, and lit a cigarette.

"I am a naughty innocent," he grinned. "They call me a modern-day Wonhyo."

Wonhyo, the most influential monk of the Silla dynasty, helped popularize Buddhism. For a Buddhist monk he led an unconventional life, fathering a son.

Seo Inh also had children. That was before he became a monk, when he was a marine colonel in the Korean and Vietnam Wars.

"It was sheer horror," Seo Inh said. He told of men decapitated by the Viet Cong, the screams of civilians caught in cross fire. One day, bereft of sanity, Seo Inh shot an aide. He passed out and woke in a straitjacket. He left the military, contemplated suicide.

"I wanted to die," he said. Instead he went to a temple where candles glowed before a Buddha. The priest offered escape from pain, but he must renounce his past, his wife, his children. "I severed all ties," he said. "It was like cutting a kite string."

Now he feeds chipmunks on the temple grounds and worships, though his unconventionality baffles his peers. But who can judge? Wasn't Wonhyo scorned by those who failed to recognize his faith?

"This is what I am," Seo Inh insists. "I care for recognition only from my chipmunks."

I'll always remember our visit to Sokkuram. The shrine is a grotto built of granite blocks dragged up Mount Toham, southeast of Kyongju. The centerpiece is a 60-ton Buddha, positioned to catch the sun's first rays on a jewel in its forehead. Seo Inh bowed before the statue. "When I see this Buddha, I feel protected," he said.

In 1971 the government of South Korea moved to do some protecting of its own. The grotto had deteriorated, so a glass wall and humidity controls were installed.

That was fine, Seo Inh said, but several years later the government proposed construction of a replica Sokkuram, which the public could visit to save wear on the real one. The Buddhist community protested. "My master Wolsae said it was bad enough Korea was divided, let alone having another division with two Sokkurams."

It always returns to division. Fragmented by the tyranny of geography, Korea has ever been squeezed by bigger, aggressive neighbors. Its history is a litany of invasion: Mongols in the 13th century, Chinese rebels in the 14th century, the Japanese warlord Hideyoshi in the 16th century, Japanese occupation in the first half of the 20th century, then the Korean War, which adjudicated a line on the map at the 38th parallel. Kyongju has suffered them all.

In a meadow I spotted a siren on a pole. "For air-raid practice. Just in case . . . ," a farmer said. He glanced north.

There is an ache for North Korea too, not unlike the phantom pain of an amputated limb. "You can't turn your back on family," my interpreter Chun Hyang Yee explained when I asked, naively, why bother about reunification if the north is so hostile.

Mr. Yun spoke of his sister in North Korea. He has not seen her for 30 years. Is she still alive? "If you write about Kyongju, write about peace," he said urgently.

It is a message I hear often. Despite fear and distrust, the longing for unity eats at the soul of Kyongju. It is particularly poignant here, for here, 1,300 years ago, Korea became whole.

WHAT WAS the magic that touched the most humble object—a roof tile, a wood door—with grace? Silla pottery is gray and plain. Yet its simplicity appeals. At dinner, scholar Son Ujo explained. It is a question of line.

"American line is sharp, unyielding: the Washington Monument, the tail fins of a car." He sliced the air with a chopstick to illustrate. "Korean line," he said, "is a curve: the softness of a woman in her hanbok, the green waves of mountains surrounding Kyongju, the jade ornaments that dangle like ripe pears from the gold Silla crowns. That is the secret of Korean art."

"I can never imitate the line," Dr. Chung Yang Mo, then director of the National Museum in Kyongju, said in frustration. He drew a line, a barely pregnant bulge that mimicked the curve of the Emille Bell. The 23-ton bell was cast in one piece in A.D. 770.

Legend says a child was tossed into the molten metal as a sacrifice after earlier castings failed; the ringing bell echoes the plaintive cry of that child. *Emille* comes from the Korean word for "mama."

Dr. Chung guided my fingers over every gash on the pitted surface of the bell, which hangs outside the museum. "Koreans are like that," he said quietly. "Rough and scarred on the outside,

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smooth and tough on the inside."

If the line between fact and legend kept blurring, I had to conclude it is often faint. Part of Kyongju's magic emanates from a rich legend lode, and the possibility a Buddha *could* materialize from a stone or the sound of a jade flute *just might* make rain fall. More marvelous was nature, worshiped by Silla's early shamanist kings. They considered the mountains, rivers, and forest living spirits.

Reverence for nature endures. "In Korea when a house is built," said Dr. Chung, "its scale must fit the surroundings. The wall must not be high. A low wall, preferably draped with flowering vines —all must harmonize."

EVEN DEATH demands harmony. Tradition decrees that a grave be located on a hill, a sweep of valley in front, sheltering trees in back. There should be mountains—one shaped like a tiger, one like a dragon. At such a site I attended a founder's day celebration for the Cho family.

Ancestor worship reflects the influence of Confucianism, a philosophy that stresses family relationships and relates them to government: Father is to son as state is to individual, symbol of unquestioned authority.

Joining some 5,000 Chos at the tomb, I discovered the ease of introductions when everyone belongs to the same family.

"I am Cho Chang of Seoul," said a man in the white robes and peaked hat of an official. "And this," he said, indicating a friend, "is Mr. Cho of Taegu. And Mr. Cho of Pusan."

"And here is . . . ," he began.

"Mr. Cho," I anticipated.

"Also of Pusan," he finished.

"This is my wife," he said, turning to an attractive woman.

"Mrs. Cho," I asserted.

"Mrs. Yun," she said, smiling. "In Korea married women use their family name."

"There are over 700,000 Chos in Korea," Cho Chang said. "And all from one grandfather long ago."

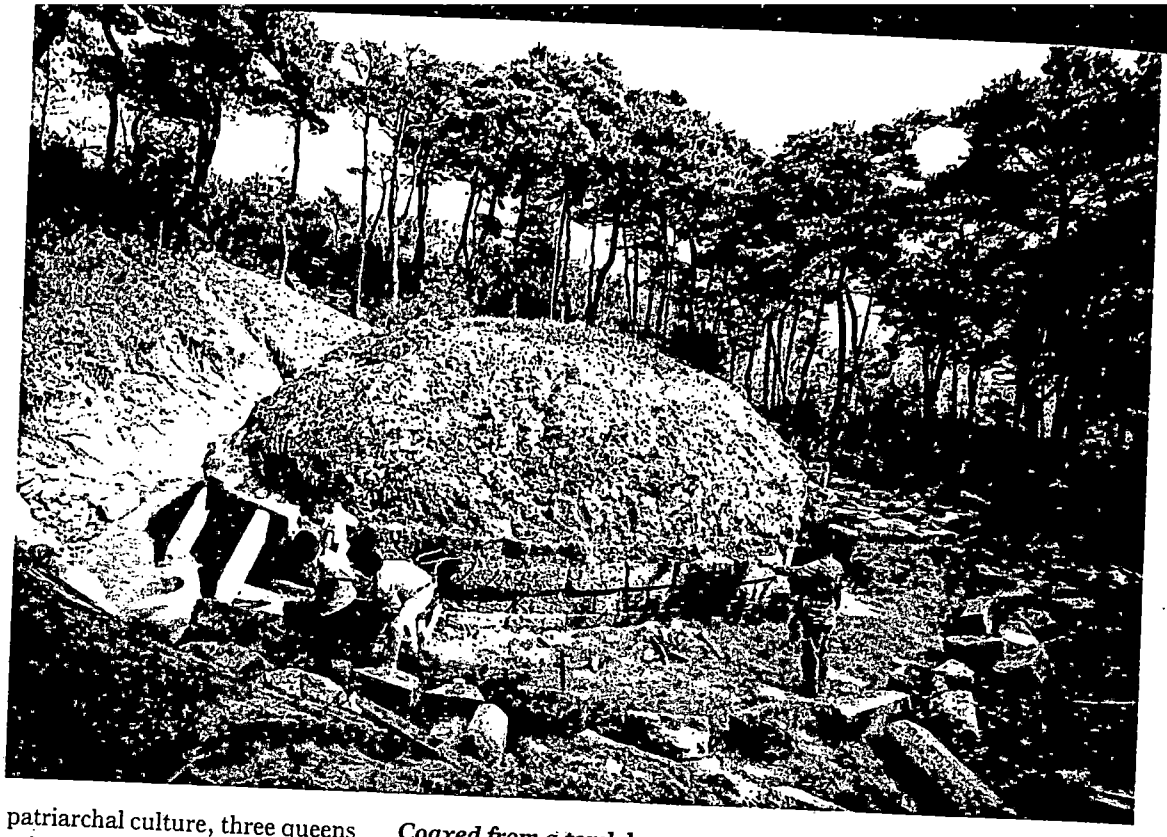
In front of an altar piled with pears, rice cakes, and other offerings, robed officials recited prayers. Everyone bowed.

Then each delegation moved behind the altar for a photograph —like a class reunion. "Will you have your picture taken with us?" Cho Chang asked.

"I didn't know the Chos had a foreign branch," a woman shouted. Peals of laughter rippled through the crowd. I hope Grandfather Cho enjoyed the joke.

Though modern Korea is a

Rigid custom prevails at the Cho family ancestor's day feast, where yangban, the traditional nobility, follow a strict order of ceremony. Ancestor worship reflects Confucianism, which had supplanted Buddhism as the primary social force by the 15th century, imprinting on the Korean conscience the ideal of obedience to authority.



patriarchal culture, three queens ruled during the Silla dynasty. The first, Queen Sondok, 27th ruler of Silla, was successful in war, compassionate, and wise. She built Chomsongdae, a 29-foot stone tower that bulges at bottom and narrows at top (pages 258-9). "You copied from us," my guide teased, comparing it to a Coke bottle. The tower probably functioned as an observatory, recording comets, meteors, and solar eclipses. The destiny of state and ruler were linked to such phenomena.

WHERE legend rules, any excuse serves for celebration. Twelve of us gathered one October night at Panwolsong, the royal palace site, ostensibly to honor a children's art contest held earlier at the Kyongju museum—actually to honor the harvest moon.

Yun Kyung Real, who teaches history at the museum, led off, the white sleeves of his robe flapping like a schooner's sails. I can see him still, singing to love, to the moon—and most fondly to *makkolli*, a rice wine. He fills our cups and his own. "Just the teardrops of a sparrow," he says, waving aside my protest.

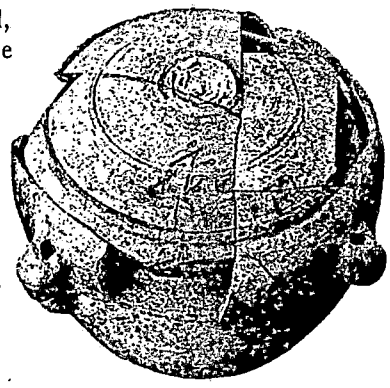
Moved by the spirit of the night, or perhaps the makkolli, we join hands and dance, celebrating nature, man, eternity, and the Silla people who melded the trinity. "Who could ask for a better temple than this?" asks Mr. Yun as he pours another thimble of makkolli. Just the teardrop of a sparrow.

Passing Chomsongdae observatory a few nights later, I conjure an astronomer scanning the stars. Was it time to plant? Would there be rain? Too much? Too little?

In the end Silla fell when a succession of weak rulers and uprisings broke the delicate harmony. The last king abdicated in 935. The succeeding Koryo dynasty moved the capital north.

Resigned to the uncertainty of the present, the Silla people fixed their sights on something beyond. In a sense they achieved this immortality. Their descendants keep faith with nature, living in a magical enclave bounded only by the Korean line that shimmers between reality and legend. □

Coaxed from a tomb by an archaeologist's trowel, a pot with a date corresponding to A.D. 818 was found during a preliminary excavation. But descendants objected to further digging. In



Korea the balance usually tips in favor of respect for family.

Internal strife and invasion from the north ended the Silla dynasty in 935, shattering the harmony of centuries. Yet harmony, so prized in a country accorded so little, somehow endures in the heart and spirit of Kyongju.

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N.Y.TIMES:12-23-88

FOR NORTH KOREA, A HARSH PORTRAIT

Study by Rights Groups Finds Abuses and Class System Tied to Leader Loyalty

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By SUSAN CHIRA
Special to The New York Times

TOKYO, Dec. 22 — In a rare glimpse into North Korea, two human-rights organizations have issued a report describing a society marred by extensive human-rights abuses and deadened by regimentation.

The report, compiled by the two groups, Asia Watch and the Minnesota Lawyers International Human Rights Committee, includes these vignettes of life in one of the world's most closed societies:

¶A North Korean spy decides to defect when he discovers that he too is being spied on, through a bug in his Government-issued Mercedes-Benz.

¶A North Korean official who tells a friend that a North Korean sports team lost a game in the 1976 Montreal Olympics disappears the next day and is sent to a remote factory.

¶A typical day for a North Korean woman begins at 5:30 A.M. when she rises before her family to prepare food, then stretches past midnight as she works at a full-time job, spends two hours in political study groups, and begins her housekeeping at 11 P.M.

Official Calls Report 'Lies'

The report relies on interviews with former residents of North Korea, tourists, defectors, and published accounts in a range of foreign languages because North Korea would not allow researchers to enter the country, which is sealed off from most non-Communist visitors. The report draws a portrait of a rigidly stratified society in which all people are judged by their loyalty to the North Korean leader, Kim Il Sung. It indicates that any opposition, however mild, brings reprisals that range from forced labor to long imprisonment to torture. And all recreational and cultural activities center around a Kim Il Sung personality cult, the report says.

In a letter sent to the groups after reviewing the draft report, Pak Gil Yon, North Korea's representative to the United Nations, where the country has permanent observer status, condemned the report as "full of lies and fabrications defaming our country."

The report says all North Koreans are unofficially divided into at least three groups, which determine where they live, their housing, food rations, clothing, degree of medical care, luxuries like appliances or travel, and how they are treated if they commit crimes.

The most privileged people, who are allowed to live in Pyongyang, North Korea's modern and clean showcase city, belong to the "core" who are perceived to unswervingly support the state. They include high party officials, diplomats, and other professionals.

51 Sub-Categories of Status

The second tier is the "wavering" or "uncertain" group tarnished by suspect backgrounds, like merchants. They may be assigned to live in less desirable cities outside Pyongyang, receiving fewer food rations and a restricted income.

The most unfortunate are classed as a "hostile" group of those who opposed the Government or who come from class backgrounds condemned by the state, like former capitalists or religious leaders.

While North Koreans know whether they belong to one of those general groups, they do not know exactly where they fit into one of as many as 51 subcategories, precisely assessing their reliability and status in the state.

The report condemns North Korea for several specific violations of international human-rights accords the country has signed. According to the report, North Korea has built an extensive surveillance network of agents and informers that reaches into every workplace and residential community. With no effective independent judiciary, a powerful Public Security Ministry decides who will be arrested and imprisoned, either by fiat or through trials in which defense attorneys are expected to persuade their clients to plead guilty.

Newspapers, radios and television stations offer news only about Kim Il Sung and his son and heir apparent, Kim Jong Il, their ideology and achievements, and accounts about visitors from Communist and third-world nations. North Korean radios are designed so that listeners can tune in only to Government stations.

North Koreans usually need Government approval before they can marry, the report says, and premarital sex is harshly punished. The state supervises the rearing and education of children, whose admittance to secondary school often hinges on their class background.

WASH.TIMES:12-23-88

America bashing jolts U.S. troops in South Korea

By Mike Breen
SPECIAL TO THE WASHINGTON TIMES

185\10

SEOUL, South Korea — Morale has never been lower among the American troops who defend the tense border between South and North Korea.

In Panmunjom truce village, the only point where representatives of North and South meet face-to-face, there have been reports in recent weeks of heightened tensions and even scuffles between American and South Korean soldiers.

Elsewhere, as the American soldiers hunker down for the 35th frigid Korean winter since the end of the Korean War, many are questioning for the first time why they are there.

"We have always understood we were here to defend South Korea against the North. But we're wondering now whether it's been worth it," said one officer based in the invasion corridor north of Seoul. "If we had just let the communists take Korea we'd have diplomatic relations with them by now."

More than 33,000 Americans died during the 1950-53 war. U.S. troops near the DMZ serve as a trip wire in the event of a repeat North Korean invasion, guaranteeing immediate U.S. involvement in a future conflict.

Officers say that the morale problem surfaced during the Olympic Games when Americans based in Korea saw their teams being booed by Korean crowds.

The Olympic outburst was fanned by the local press in an apparent drive to demonstrate Korea's independence to the world. American trade pressure on Korea to open its markets to U.S. goods also contributed to anti-U.S. sentiment.

But analysts here say overriding any specific grievance with the United States is a rising nationalistic wave tied to Seoul's growing economic power.

Although anti-Americanism during campus protests had been on the rise through the 1980s, few Americans had personal experience with it until the Olympics. "We'd seen them burning the stars and stripes on TV, but this really hurt," one officer said.

Since the Games, the Korean soldiers working with the U.S. military, mostly English-speaking students doing compulsory national service, have become "emboldened" and are openly contemptuous of the lower-educated GI, the officer said. Almost 6,000 Korean draftees work with the 43,000 American troops in Korea.

In a change from the hitherto standard Korean view that the United States has served as a defender of Korean freedom, Americans are now being told that they are responsible for having divided the Korean peninsula and prevented democracy. Most Korean intellectuals refuse to recognize any Korean responsibility for the separation of North and South.

"It seems that the American contribution has been written out of Korean history. We are blamed for everything," one U.S. diplomat said.

Diplomats and military officers say fights between Americans and civilians are on the rise. Fewer GIs are frequenting local bars and discos, preferring to stay on base.

There is serious concern for relations between the U.S. and South Korean guards of the United Nations Command in Panmunjom. One million men face one another across the 193-mile-long DMZ, but Panmunjom, which is in the middle of the 2½-mile-wide buffer zone, is the only point where the two sides actually meet.

With tongue in cheek, one knowledgeable military official said the Americans seem to be getting on better with the North Koreans at the moment than with their own allies in the truce village.

Recent opinion surveys show a majority of Koreans strongly back a continued U.S. military presence until relations improve with North Korea.

But the government of President Roh Tae-woo is reluctant to condemn anti-Americanism.

Senior U.S. officers privately expressed anger at the Korean government's failure to issue a strong condemnation of radicals after a violent attack on an American family housing compound in Seoul in November.

CHRIS.SCI.MON.:01-03-89
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South Koreans Redefine Ties to US

Resentment of military presence spurs talks on security alliance

By Daniel Sneider 185
Staff writer of The Christian Science Monitor

SEOUL

A PRINT entitled "Uninvited Guest" depicts a Rambo-like American GI, with belts of bullets crisscrossing his body and a machine gun slung over his shoulder, towering over a group of Koreans.

A painting of an Amerasian child, the offspring of a GI and a Korean woman, bears the label: "A scar left by the US."

As these examples from a recent art exhibition here illustrate, South Koreans are openly questioning the American military presence in their country – a subject that has been almost taboo.

With the exception of the radical left, most Koreans still want the 43,000 United States soldiers who are based in South Korea to remain. But more and more, Koreans of all political persuasions resent the military presence as a painful reminder of a dependency on the US that they want to put behind them. Increasingly South Koreans are demanding an adjustment in the symbols, if not the reality, of their security alliance with the US.

The now unfettered Korean media eagerly publicizes incidents of alleged crimes by GIs or military dependents, often making unsubstantiated charges that the Americans are escaping Korean justice due to the agreement which governs US forces here. A golf course on the American headquarters base in the center of Seoul has become a symbol of American arrogance.

The radical left has attempted to exploit such raw nationalistic feelings, even carrying out scattered assaults on US military facilities with firebombs.

While most Koreans reject such violent anti-Americanism, the mood of national assertiveness cannot be ignored. "President Roh Tae Woo wants to capture this, become the point man for it," observes a senior Western diplomat here.

With that in mind, the South Korean government has initiated talks with the US military authorities on a number of highly visible, and emotionally sensitive, issues. Last week they began discussion of revision of the Status of Forces Agreement which governs the US presence, including defining the legal jurisdiction over the troops. The Koreans seek the relocation of the US headquarters command from the center of Seoul, where it occupies a valuable piece of real estate in a crowded city.

The more substantive issue on the agenda is the Combined Forces Command (CFC), a structure in which the senior American general in South Korea also commands most of the Korean forces. "Koreans don't like it because it appears to put American generals in charge of every Korean soldier," a Western diplomat says.

Some Koreans have called for a change in the CFC, such as having a Korean in the top command position or in charge of the ground component. But Korean officials are cautious on this issue, not wanting to undermine the principle of tightly combined forces. "We need a command center if there is a war," a senior official dealing with security affairs says.

Behind this lies the larger issue of the withdrawal of the US troops. American forces have been in Korea since World War II, particularly since the Korean War, when they drove back the invading forces from communist North Korea. They have remained here, though in reduced numbers, to deter further aggression from the North and to act as a bar against the involvement of North Korea's Soviet and Chinese allies.

When the Carter administration first announced plans to withdraw the ground troops in 1977, it caused a major political crisis, even public panic. The US was forced to back off from the idea.

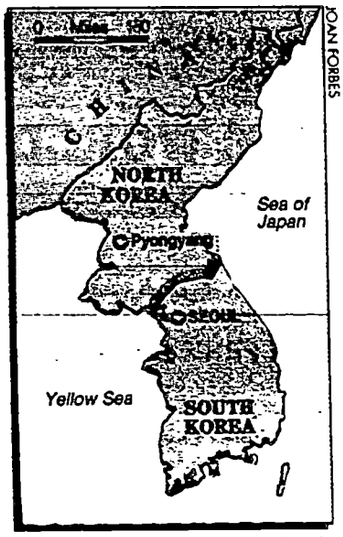
Now, the eventual withdrawal of those troops, when the need for deterrence of the North is greatly diminished, is widely accepted. Withdrawal, both Korean and US officials say, must be preceded by verifiable progress in talks with the North, including movement of their troops back from threatening forward deployment at the border. South Korea's military capability must reach parity with North Korea's now superior force. And they seek reduction in the supply of advanced Soviet military weapons to the North.

Korean officials, and the major opposition parties, are unhesitating in stating their belief that those conditions are far from present. "I think that American soldiers should be stationed here until the 2000s when we will be able to handle our own defense," Defense Minister Lee Sang Hoon said earlier this month.

"It is important for the US to maintain its forces in Korea . . . in order to stabilize the security of the Korean peninsula," opposition leader Kim Young Sam told the Monitor. Mr. Kim cited recent polls, including one conducted by Korea Gallup this month which showed 78.6 percent of the 1,500 people surveyed felt it was necessary to keep the troops here.

Still, the very existence of this public discussion reflects the growing confidence of Koreans in managing their own security. Koreans are emboldened by the success of South Korea's "northward diplomacy," its breakthroughs in developing relations with the Soviet Union, China, and other communist countries that are allies of their North Korean enemy. They see North Korea foundering, diplomatically isolated, an economic wreck facing an unstable transfer of power when aging dictator Kim Il Sung leaves the scene.

Assemblyman Park Chung Soo, who represents the conserva-



tive ruling Democratic Justice Party, favors maintaining tight links to the US. But he warns that Korea is experiencing a mood of "rising nationalism."

"Now the world is changing, and we think we are finding an alternative to dependence on the US by opening up to the Soviet Union, China, and Eastern Europe," Assemblyman Park says. "We are finding other sources for our development and survival. That kind of emotion is surfacing now."

The excitement of the "northward diplomacy" is evident, but some Koreans are counseling that this push should not take place at the expense of Korea's links to its allies. "We should carry out our northward diplomacy on the basis of traditional relations with our allies," opposition leader Kim says.

Aside from the security tie with the US, Kim argues, "As a trade partner, the bilateral economic relationship will be emerging as a major link between the two countries." The US is Korea's largest market, he points out, and Korea is the seventh largest market for American goods.

Korean officials also warn that the attempt to open a dialogue with the North will fail if the security link with the US is visibly weakened at this point. North Korean policy, points out a senior Foreign Ministry official, Kim Suk Kyu, is still aimed at "trying to drive a wedge between the two countries." Relations with China and the Soviet Union, he adds, are possible because of the relaxation of tensions between the US and those powers.

Despite these careful reservations, it is clear that US-Korean relations have entered a new phase. The two countries must shift from a relationship that is unusually based on security ties into a more natural, and complex, partnership. For both sides, it promises to be a difficult transition ahead.

Woe to Those Who Try to Slow Asia 1989

HONG KONG—Asia at the start of 1989 is rife with good fellowship—or at least the talk of peace. Presiding at the love feast are those long-estranged communist comrades, Russia and China. They are planning a Sino-Soviet summit in Beijing some time early this year. The expected meeting between President Mikhail Gorbachev and the 84-year-old de facto Chinese leader, Deng Xiaoping, would end some three decades of Sino-Soviet ill-will, at least officially. The thaw actually has been under way for about five years now, with growing barter in shoddy goods, cultural exhibits and diplomatic roadshows.

In theory, China's communists can now learn about political reform from Soviet *perestroika*, and the Soviets can learn about economic reform by visiting rich Chinese peasants. In practice, China may take comfort that if Russia gets bored with *glasnost*, its top-priority target in Asia is probably the guerrilla-wracked Philippines, not the unwieldy, cadre-ridden old Dragon Throne. The Soviets probably will keep some troops and missiles along China's northern border, and retain their military bases south of China, in Vietnam—just in case.

Asia

By Claudia Rosett

Non-aligned India, meanwhile, is taking the unusual step of trying to live up to the label. Less than two years ago, India under Prime Minister Rajiv Gandhi was edging toward war with both China and Pakistan. Last month Mr. Gandhi took the road to Beijing; the first time an Indian prime minister had visited China in 34 years. Then he held a cheerful meeting with Pakistan's new prime minister, Benazir Bhutto. The two young subcontinental leaders agreed that their countries should stop bothering each other, or at least refrain from attacking each other's nuclear installations. It's too early to say whether this new Indo-Pak friendship is for keeps. Ms. Bhutto was elected just this past November and has almost no track record. Mr. Gandhi is heading into an election year on a downhill record.

Peace is also raging on the Korean peninsula, where the North Korean despot, Kim Il Sung, spent a glum September watching South Korea's capital city of Seoul host the Summer Olympic Games. Now the communist Mr. Kim—known perforce to his subjects as "The Great Leader"—wants to work toward amicable reunification. South Korea's president, Roh Tae Woo, democratically elected in late 1987, is on the verge of establishing normal relations with one old communist enemy, China. An officer of China's army has often sat with the North Korean delegation at the armistice-commission meetings at the Korean demilitarized zone. The South's Mr. Roh is willing to talk to North Korea. A reduction in military tension along the so-called demilitarized zone would not be welcome at any cost—only if it could be gained on the right terms. Before anyone gets serious about reducing Western military aid and troops in South Korea, it's worth noting that twice in this decade North Korea has played nice just before coldly murdering some of its southern cousins. Remember the North's 1983 bombing of a South Korean state delegation in Burma, and the 1987 explosion of a Korean airliner over the Andaman Sea?

Then there are those two festering zones of past Soviet peace initiatives: Afghanistan and Indochina. Afghanistan offers the most imminent opportunity for the Soviets to match words with deeds. It's just six weeks now until the Feb. 15 deadline of the Geneva Accords for complete Soviet troop withdrawal. There hasn't been much motion on that front since half the Soviet troops presumably finished pulling out of Afghanistan in August. Instead, the Soviets have sent in new missiles and bombers.

Vietnam has made a unilateral promise to withdraw its Soviet-backed occupation army from Cambodia by 1990. Vietnam also announced a few weeks ago that it had already pulled all its troops out of Laos—a message the Laotians apparently didn't get. It's doubtful this year will bring completion of that promise, but we can expect more of the usual debates about whether the annual troop withdrawal actually produced a net reduction of Vietnamese troops. Such debate will help feed the growing zeal in the U.S. Congress to recognize Vietnam's communist government and perhaps send it official aid. The theory seems to be that a communist country that has reduced its per capita income to about $100 a year can't be much of a threat. Never mind that Vietnam still fields one of the world's largest armies and the biggest Soviet base outside the Warsaw pact. This is the year of peace for some of the people, some of the time.

Contrary to conventional wisdom, Asians are fast proving that they hate authoritarian rule and want free elections. The past three years have seen elected governments in the Philippines, South Korea and, most recently, Pakistan. The Nationalist Chinese government is headed for the first time by a native of Taiwan, the only province it controls. He is Lee Teng-Hui, and his government is liberalizing at great speed.

Especially in South Korea and Taiwan, the democratic trend suggests Asia cannot cash in on 20th-century prosperity without also developing the freedoms of modern government. Even in Communist China, this relationship is by now widely acknowledged. Much of the debate in Beijing these days takes it for granted that freedom and wealth go together. The practical and thorny problem is how to placate the Communist Party's more than 40 million cadres so that the other 1.1 billion Chinese can get on with modernizing their country.

Unfortunately, Asia also has a few countries moving in the wrong direction. Singapore, for all its economic development, has become the personal political sandbox of Prime Minister Lee Kuan Yew. Hong Kong's British colonial administration, led by Gov. David Wilson, has pretty much conceded that elections are fine for Hong Kong so long as they're postponed until at least 15 years after Communist China takes over. Malaysia's Prime Minister Mahathir Mohamad—proponent of ethnic discrimination and tightly tailored state security laws—seems determined to master the art of government by non-compromise.

One of the most serious threats to Asia's gains—political and economic—remains Western protectionism. The opportunity to trade is crucial not only to Japan and the four tigers—Taiwan, South Korea, Singapore and Hong Kong—but also to their poorer neighbors, such as Indonesia and even Burma. The common Western complaint is that Asian nations remain protectionist themselves while "taking advantage" of the eager buyers in the West. The answer to this can be found in the examples set by Asia's most successful traders so far—where even the politicians are starting to realize that, in the end, a country must import if it is ever to enjoy the profits made on its exports. Japan, Taiwan and South Korea are all making progress toward more open markets. Their neighbors, too, will be watching raptly this year to see whether such moves are snubbed in the West with further nonsense such as textile quotas and semiconductor cartels, or recognized as another sign that much of Asia is fast arriving as a valuable contender in the modern world.

Miss Rosett is editorial-page editor of The Asian Wall Street Journal.

WASH.TIMES:01-18-89

Roh prepares a plan to unite two Koreas

By Mike Breen
SPECIAL TO THE WASHINGTON TIMES

SEOUL, South Korea — President Roh Tae-woo yesterday said he intends to meet with North Korean President Kim Il-sung in the near future and "to achieve epoch-making progress" in reunifying the peninsula.

Mr. Roh, who took office less than a year ago in South Korea's first peaceful transfer of power, said Seoul is preparing a "realistic" proposal to unite the two Koreas by treating North Korea as "a partner that also seeks to solve this problem."

"I will realize inter-Korean summit talks in the near future and achieve epoch-making progress in resolving the Korean question," he said.

"The North is also clearly perceiving the necessity, although it is not expressing it outwardly," he added.

Mr. Roh gave no indication of whether North Korea had signaled its agreement to join in such a summit or when one might take place.

"I'm sorry I cannot go into further details at this time," he said.

At a two-hour New Year's press conference, Mr. Roh also vowed to continue his efforts for trade and other exchanges between the pro-Western South and communist North. He said private-level exchanges with North Korea would be developed into official ties in the near future.

But he said he opposes any cutback of the 43,000 American troops stationed in South Korea without a prior guarantee of the South's security.

"The current level of presence [of the U.S. troops] must be maintained until an institutional apparatus for securing peace on the Korean peninsula is established," Mr. Roh said.

He said North Korea remains "far superior" to the South in military power, adding: "Deterrence must be ensured at any cost."

Meanwhile, senior U.S., South Korean and North Korean military officers held two hours of unannounced closed-door talks at Panmunjom yesterday.

It was the first secret meeting of the Military Armistice Commission in the 35 years since the Korean War was suspended in armed deadlock. The South Korean Defense Ministry confirmed without comment Seoul press reports that the meeting took place and said the aim was to "fix an agenda for reduction of tensions in the Demilitarized Zone (DMZ)" between the two Koreas.

Mr. Roh's pledge to push for a summit is another in a series of dramatic gestures that have been his trademark since he was thrust to the forefront in the summer of 1987 as the presidential candidate of the ruling Democratic Justice Party to succeed Chun Doo Hwan.

Among these have been political concessions to opposition demands that served to end rioting, repeated olive branches extended to his political opponents, economic overtures to China and the Soviet bloc, and a strong effort to open a dialogue with the North.

In the 40 years since creation of North and South Korea in the heat of the postwar East-West confrontation in Asia, their leaders have never met. Mr. Kim, who has ruled the North the entire time, has remained implacably hostile to the South, which he regards as a U.S. puppet.

On Monday, North Korea accepted an offer for talks between the prime ministers of the two governments, proposing a working-level meeting early next month. But it refused South Korea's request to reopen Red Cross talks to help reunite families separated since the 1950-53 Korean War.

Mr. Roh's press conference from his official residence was nationally televised. The foreign press was barred.

Seoul's unification minister, Lee Hong-koo, has described the new plan as a "union of two political systems" in a relationship "a little bit tighter than the British Commonwealth."

Analysts here said Mr. Roh's stated determination to maintain the U.S. troop presence was intended to parry anti-American sentiments, recently on the upswing here.

Radicals demanding the withdrawal of the U.S. forces have thrown fire bombs at U.S. facilities in recent incidents. South Koreans express ambivalence in public about their country's reliance on U.S. security, but opinion polls show most want the troops to remain.

Touching on other issues facing his administration, Mr. Roh pledged to get tough with the more general political violence by students and other radicals.

"Destructive activities like throwing Molotov cocktails, attacking and seizing public foreign diplomatic buildings or public structures can in no way serve the cause of democratization," he said.

He also said South Korea's "new democratic order" should accommodate the democratic right and left, "conservative liberalism" and "reformative democratic socialism," and said he planned to increase taxes on the wealthy.

Mr. Roh, outlining his administration's plans for 1989 on the domestic front, said his government would continue trying to build democracy and ensure continued economic growth to raise living standards.

In a statement read at the start of the two-hour press conference, Mr. Roh said economic goals for 1989 included minimum 8 percent economic growth and maximum 5 percent inflation.

He also promised greater attention to the needs of the poor this year, including more scholarships, establishment of universal medical insurance, heavier taxes on the rich, and construction of 90,000 low-income apartments.

South Korea's economy grew by a hefty 12.2 percent last year, but consumer prices rose more than 7 percent, compared with the less than 3 percent inflation in 1987, raising fears of runaway inflation.

Mr. Roh appealed to South Koreans to foster political stability. He said the transition to democracy since the end of former President Chun's authoritarian government had exposed and aggravated many problems.

"Desires that have long been suppressed have erupted all at once. Discord and discontent among different social strata ... have been dredged up to expose the accumulated problems of our society," he said.

• *This article is based in part on wire service reports.*

WASH.POST:01-23-89

S. Korea Nurtures Fragile Dialogue With North

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By Peter Maass
Special to The Washington Post

SEOUL, Jan. 22—A newspaper cartoon recently showed a bemused South Korean looking at headlines about an array of proposed exchanges with North Korea. "I miss the old days of dictatorship," the man sighs after scanning the headlines. "Then, it was simple. North Korea was our enemy!"

After decades of strictly enforced ideological rigidity, many South Koreans appear to be a bit confused about their elected government's seesaw policy toward archenemy North Korea.

For the first time, official Seoul policy is to regard communist North Korea as a potential partner, not as an enemy. The Seoul government is nurturing a fragile dialogue with Pyongyang and has allowed unprecedented public access to information about the North. But even as it takes these steps, the government is nervously keeping tight control of the process and sometimes appears to be sending different signals at the same time.

As part of the policy, a national television station aired last week a North Korean-produced documentary—the first time that anything of its kind has been allowed on South Korean airwaves. The documentary showed extensive footage of Kim Jong Il, the son and presumed successor of North Korean leader Kim Il Sung. Until a few months ago, neither Kim had been shown on television or in newspapers here, and people were arrested for even looking at clandestine photos or films of North Korea.

A few days before the documentary was broadcast, newspapers reported that North Korea had begun new propaganda broadcasts on the FM band and that Seoul had decided against jamming them.

By week's end, however, the newspapers said jamming had commenced. At about the same time, the media reported that the crop of unofficial books on Kim Il Sung that had begun appearing in bookstores would be withdrawn. The book publishers were reportedly questioned by police.

The government's sometimes erratic approach reflects uncertainty over just how far to allow the process to go. The attempt to develop a dialogue with the North is part of an initiative by President Roh Tae Woo to broaden Seoul's economic ties with the socialist countries that have backed North Korea—particularly China and the Soviet Union.

Trade has expanded with those countries, and they have begun pressing Pyongyang to start a constructive dialogue with Seoul. South Korea hopes the pressure, coupled with Pyongyang's need for economic aid, will induce Kim Il Sung to adopt a conciliatory attitude.

On the domestic front, a breakthrough with North Korea—or China or the Soviet Union—would bolster Roh's standing, which has been battered by the recent scandal over his disgraced predecessor, Chun Doo Hwan, as well as his failure thus far to honor a 1987 campaign pledge to hold a referendum on his rule after the 1988 Seoul Olympics.

Failure to make progress could add to Roh's domestic woes and give militant students an opening to use the issue of reunification of the peninsula as their main protest theme. For many years, students demonstrated here for democratization. But since the 1987 direct presidential election, their central theme has been reunification. That has been combined with a strain of anti-Americanism that arose in part because some South Koreans blame the United States for dividing the peninsula after World War II.

Roh, who addresses many of his official speeches to "my 60 million compatriots"—meaning the 40 million in the South and the 20 million in the North—apparently began making his overtures to Pyongyang in part out of fear that the students might win support among the middle class.

Passions can rise quickly in South Korea over reunification, and the government wants to be sure that the process is well under control. A move that looks wise one day might look foolish the next—and that helps explain some of the government's backtracking.

But these on-again, off-again moves have created a sense of uncertainty in South Korea. Like a child on a first-time shopping trip, South Koreans are pressing their noses against the glass, looking intently at forbidden items on the other side. They realize this could end abruptly.

The North Koreans could stop preliminary talks now being held at the border village of Panmunjom. South Korean authorities could also put a brake on events, fearful that the get-to-know-your-neighbor policy is moving too fast.

For now, though, contacts are moving forward. South Korea announced last week that the country's top industrialist—Chung Ju Young, founder of the Hyundai Group—would be permitted to visit North Korea. It was hard for many South Koreans to determine which seemed more implausible: that the South Korean government would allow Chung to visit the North, or that the North would allow in such a symbol of capitalism.

The North Koreans also agreed recently to hold talks on arranging a meeting of the two Korean prime ministers, but Pyongyang repeated a demand made earlier, saying Seoul must cancel Team Spirit military exercises with the United States. Seoul refuses to do so.

Many experts said they believe the new talks, set to begin next month, will deadlock, as did a series of talks last year to arrange a joint session of the two Korean parliaments.

Part of the reason the dialogue is so fragile is that no one here is sure whether Pyongyang really wants one. "Their sincerity for improving the dialogue with the South is not yet clear," said Kim Hyun Uk, chairman of the National Assembly's Foreign Relations Committee and one of the five South Korean negotiators at the parliamentary talks.

As for Roh, analysts said they believe he wants to make real progress in the dialogue, if only for pragmatic reasons. There are, however, some hard-liners in the government who see the policy as foolish. For example, the Defense Ministry has often appeared to pour cold water on the dialogue, which may help to explain the sometimes conflicting signals from Seoul.

Last month, the Defense Ministry accused Pyongyang of mass-producing chemical weapons. It also issued a White Paper highlighting what it portrayed as the North's undiminished military threat.

But despite the accusations, Seoul has shied away from making ritualistic condemnations of North Korea. When two human rights groups recently issued the first exhaustive report on human rights violations in North Korea, Seoul did little to publicize the report. In the past, Seoul would have hailed the report—which portrays North Korea as an open-air prison—as proof of its intrinsic evil.

Still, old habits and suspicions die hard. Roh announced a long-awaited release of all remaining political prisoners in December. One group of politically motivated convicts was excluded from the pardon, though: North Korean spies.

WASH. POST: 01-26-89

North Korean Armed Forces Now Put at 1 Million

U.S. Officials Estimate 5% of Population Is Under Arms, but See No Cause for Alarm

By Don Oberdorfer
Washington Post Staff Writer

The United States has raised its estimate of North Korea's military forces to more than 1 million troops on active duty, about one of every 20 inhabitants and by far the largest army of any nation its size, according to official sources.

The new figure, more than 160,000 higher than the previous U.S. estimate, was agreed upon recently by the Central Intelligence Agency, Defense Intelligence Agency and other parts of the U.S. intelligence community after months of intense scrutiny and debate.

Officials ascribed the big increase partly to a steady buildup of Pyongyang's ground forces this decade and partly to improved methods of estimation. The United States now estimates North Korean ground forces at 930,000, up from 750,000 last November. Adding in air and naval units brings the North Korean total to more than 1 million in a nation of only 21 million people.

The reported increase, at a time when other communist armed forces are being reduced, may have serious repercussions in Northeast Asia and adversely affect South Korean President Roh Tae Woo's peace initiative with the North, which some of his career military officials oppose. South Korean military forces are estimated at 630,000 troops.

U.S. officials say they are not alarmed by what they call a steady, evolutionary North Korean buildup on the heavily armed and bitterly divided Korean peninsula, one of the world's most dangerous potential flashpoints for decades.

"The biggest question is why," said a Defense Department official. Deployment of North Korean military forces closer to South Korea since 1983-4 has significantly reduced the warning time for an attack, the official said. But invasion by the North against very strong South Korean defenses backed by 43,000 nuclear-armed U.S. troops—which neither Moscow nor Beijing is believed to favor—has long been considered unlikely.

The results of the U.S. reassessment became known as U.S. diplomats had a rare face-to-face meeting with North Korean diplomats Tuesday to discuss their nations' policies.

U.S. sources said the unannounced meeting took place in Beijing with the assistance of the Chinese government, which acts as message-bearer between Washington and Pyongyang. The purpose of the meeting was to pass along the U.S. reply to a Nov. 7 North Korean peace proposal, which was officially passed to U.S. diplomats in Beijing Dec. 6.

The North Korean proposal called for three-way talks among the United States, North Korea and South Korea to work out a three-step withdrawal of U.S. military forces from South Korea and massive phased arms cuts by North and South Korea. The proposal also called for bilateral U.S.-North Korea talks.

The essence of the U.S. response, according to the sources, was that now is not the time for a U.S. diplomatic role in resolving the antagonism and tensions between the two Koreas, and that North Korea should first hold serious negotiations with South Korea over military cutbacks and other issues.

According to the new U.S. troop assessment, North Korea now has the fifth largest regular armed forces in the world, behind the Soviet Union, China, the United States and India, all countries of vastly greater size. Pyongyang's estimated armed forces of 1 million are roughly twice as large as those of France or West Germany and three times as large as those of Britain, all of which are more than twice as populous as North Korea.

North Korea announced in 1987 that it was reducing its military forces by 100,000 troops and taking 150,000 troops out of the frontline near the demilitarized zone between North and South Korea. U.S. officials said they did not detect any reduction, but that a substantial number of troops work at temporary construction jobs.

Increases in North Korean forces run counter to the worldwide easing of military tensions, recent massive reductions in Chinese armed forces and the large-scale reductions promised by Soviet President Mikhail Gorbachev in Soviet forces in the Far East and Europe. North Korea, which borders on both China and the Soviet Union, has been a sensitive issue between the two communist giants, who plan a summit meeting to repair their relations in the first half of this year.

The Soviet Union, now North Korea's main military supplier, supports Pyongyang's modernization program with high-performance aircraft, air defense missiles and other equipment, Washington officials said. The United States has repeatedly, and so far fruitlessly, urged Moscow to reduce this aid.

Korea Is Urgently Seeking Cheaper Credit

Seoul Starts to Overhaul Its Outmoded Financial Markets

By Susan Moffat
Staff Reporter of The Wall Street Journal

SEOUL, South Korea—When Lee Dong Ho joined a stock brockerage two years ago, the industry wasn't seen as entirely respectable. "Girls didn't want to go out with stockbrokers," he recalls.

"But now," says Mr. Lee, "we're very popular."

Korea's booming stock market in two years has tripled the value of Mr. Lee's shares in his firm, Tong Yang Securities Co., and he earns more than twice the salary of his peers in industry. Prospective dates can see he is in a business whose future for the first time looks solid.

The new stature and skyrocketing share prices of Korea's stock market are part of a financial revolution that is beginning to change this booming economy—though much remains to be done. Some of the pressure for change comes from abroad, but the main spur is from Korean companies: With the value of Korea's currency and labor costs rising, Korean manufacturers urgently need cheaper, more efficient financing. And they can't get it unless Korea's closed, underdeveloped financial markets are overhauled.

Drag on the Economy

While Korea's manufacturers boast modern production methods, some analysts fear the financial system could be a drag on the whole economy. Improving the flow of credit—for example, through market-oriented institutions such as a stock exchange—is just as crucial to developing countries like Korea as modernizing assembly lines, analysts say.

"The fundamental motive [of the government's plans for financial liberalization] is to help our corporations maintain international price competitiveness," says Yang Ho Chul, managing director of Dai-shin Securities Co. "It's crucial that they reduce the cost of their financing."

Foreign bankers and securities specialists, who would like to see faster liberalization, note that financial-market-opening measures are often worded vaguely and implemented slowly. But they say change is headed in the right direction.

The government has announced steps in recent months aimed at helping Korea join the ranks of advanced nations in the flow of capital, as it already has in the flow of manufactured goods. The government liberalized bank lending rates in December, announced it will allow companies to issue convertible bonds on the Euromarkets more freely starting this year, in principle liberalized foreign-currency flows, and will allow direct foreign investment in the stock market in 1992. Foreigners now are limited to indirect investments such as the Korea Fund, a mutual fund listed on the New York Stock Exchange.

Net Creditor Soon

Until a few years ago, South Korea was the world's fourth largest developing-country debtor after Mexico, Brazil and Argentina. But with swelling trade surpluses, it should become a net creditor this year. Capital is pouring in to take advantage of high interest rates, an appreciating currency and strong economic growth. Indeed, the flood is forcing Seoul to control money-supply growth.

Policy makers don't want to open up Korea's capital markets until interest rates are more in line with international levels, because an influx of foreign investment would make money-supply control even more difficult. So banking deregulation, particularly of interest rates, has to make progress before the stock exchange can be opened to foreign investment, analysts say.

> **While Korea boasts modern methods of manufacturing, some analysts fear the financial system could be a drag on the whole economy.**

Until this decade, dollars often were traded for won, the Korean currency, in open-air currency black markets. Unofficial moneylenders rather than banks provided much of the country's credit needs. Big borrowers depended on government-subsidized loans and strictly rationed foreign currency. And the stock market was considered more of a gambling den than a seat of corporate finance.

Meanwhile, the government paid only lip service to financial liberalization. But now, economic pressures make it critical to have real progress.

Korean firms pay real interest rates three times that of their overseas competitors, calculates Euh Yoon Dae, a finance professor at Korea University. That's a heavy burden compared with the 1970s, when companies like Hyundai Motor Co. and Samsung Electronics Co. were helped by negative real interest rates created by a combination of high inflation and government subsidies. Now that the government has weaned big firms from soft export loans and liberalized bank lending rates, firms must apply on the basis of their creditworthiness rather than their place in government economic plans.

Debt-Equity Ratios

Big Korean companies tend to have high debt-equity ratios; only a handful qualify for the prime rate of 11%. Ahn Yong Daw, general manager of Daewoo Corp.'s foreign-exchange department, says most big companies are paying nominal rates of 12% or 12.5%.

Foreign lenders have considerable faith in Korean borrowers despite the debt-equity ratios, which average four-to-one. But the government has all but stopped foreign borrowing in an effort to control the swelling money supply and reduce foreign debt. The government also is forcing firms to repay foreign loans ahead of schedule.

"We wish we could raise foreign currency funds, because they are much cheaper than domestic funds, but the government is limiting us," says Park Su Whan, vice president of the Lucky-Goldstar group, which makes everything from televisions to petrochemicals. Lucky-Goldstar has to pay three percentage points more interest on average than its foreign competitors, says Mr. Park.

He adds that if you consider the gains that the group could make by borrowing dollars and paying them back later as the won continues to appreciate, his company is paying 16% more than it would if it had full access to international capital markets. And adding the fact that corporate borrowers have to deposit large sums, interest free, before Korean banks will lend to them, helps explain Prof. Euh's figure of three times world interest levels.

Issues Likely

The government has promised to let Korean firms issue more convertible bonds on the Euromarkets. Hyundai Motor Co. and Kia Motors Co. are likely to issue convertible bonds on the Euromarkets this year, securities analysts say.

A primary government focus lies in nurturing the stock market, now 13th in the world in terms of market capitalization. Some analysts say the Seoul market could become the world's fourth largest in 10 years.

Yet, the stock market is still often avoided as a source of funds by the first-generation entrepreneurs who built Korea's giant conglomerates and are reluctant to share control through public listings. For that reason, the government has been pressuring big corporations to sell more shares, both to broaden the distribution of national wealth and to reduce their high debt-equity ratios. That has helped increase the number of listed companies to 487 from 345 in mid-1986, and market capitalization has grown to $94.5 billion from $7.5 billion in 1985.

But the government wants to clean up and strengthen the market before opening it to direct foreign investment. Corporate accounting methods and reporting practices leave much to be desired, investments can be made under false names, and rumor rather than fundamentals still drives the market, analysts say.

Nor are the free-market concepts basic to an efficient stock market part of the public consciousness. Not only does the government try to dictate how much equity companies should issue, but shareholders have held public protests to demand the government shore up share prices when the market falls.

L.A. TIMES: 01-31-89

Korea's March to Reunification

Convergence of Interests Makes the Impossible a Probability

By WILLIAM J. TAYLOR JR. and MICHAEL J. MAZARR

South Korea is once again seething with discontent. Today the protests are directed at what the political opposition perceives as an insufficiently harsh attitude on the part of President Roh Tae Woo's government toward deposed leader Chun Doo Hwan. A wrenching examination of the crimes of the Chun regime has been under way for some time, and it threatens to undermine political stability, in part by threatening to expose possible evidence of Roh's connection to past corruption and brutality.

Buried in all the political furor, however, is an opportunity of astonishing proportions. North and South Korea, embittered adversaries since 1950, recently have been moving cautiously but unmistakably toward reunification.

The two sides have engaged in periodic but not very serious talk about this concept since the end of the Korean War. But now a convergence of interests is unfolding that could render reunification, or a reasonable facsimile thereof, a real prospect within the next decade. Roh's bold overtures to the north and the renewed U.S. commitment to better relations with Pyongyang have laid the foundation for concrete proposals.

Why is this happening?

First, economic and political developments in the Republic of Korea have opened South Korean minds to the possibility of rejoining the peninsula. South Korea's dynamic economy has provided the self-confidence to boldly pursue reunification and a carrot to tempt citizens and officials of the north into an accord. Politically, the December, 1987, presidential contest marked the first free election in South Korean history. The April, 1988, National Assembly elections yielded another first—a parliament not controlled by the government party. These developments accompany continuing demonstrations of radical students spurred by government concessions on civil rights. Coupled with a rapidly emerging Korean nationalism—fueled by revisionist history that blames the United States for the division of the peninsula—student calls for reunification will become increasingly difficult to ignore.

Second, North Korea's economy is a disaster. Kim Il Sung's brutal regime has become an international pariah because of its participation in terrorism, including the Rangoon bombing in 1983 and the sabotage of KAL Flight 858 in November, 1987. After failing in its bid to co-host the Olympics, Pyongyang desperately needs to improve its economic and diplomatic relations with the outside world.

Third, North Korea's two principal allies, the Soviet Union and China, have developed dynamic new objectives. Both are pursuing economic revitalization at home, and neither wants to pay the economic and political costs of supporting the north in a conflict on the peninsula. Both also seem to view Kim Il Sung as something less than rational, not a promising peg on which to hang their long-term regional ambitions.

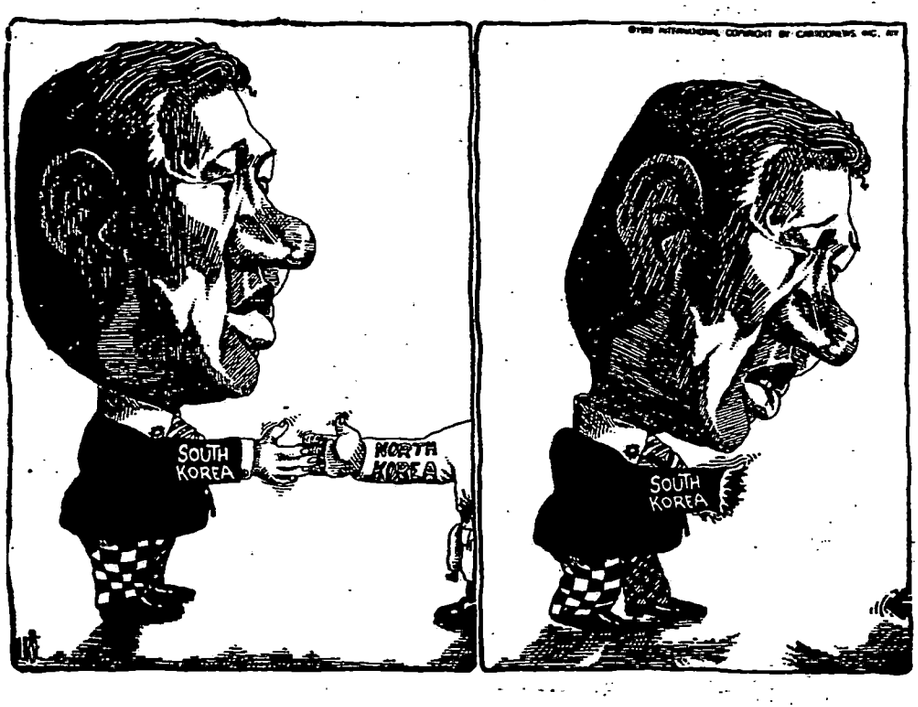
Fourth, South Korea has made impressive new advances toward the communist world. It recently established relations with Hungary, it has sought investments in China and new ties with the Soviet Union and various Eastern European countries. Such overtures are a symptom of both the decline of the Cold War in Northeast Asia and a diminished U.S. demand for tough anti-communist policies. These developments, in turn, allow Seoul to consider better relations with the north.

Fifth, coincident with these changes in Asia, President Bush will confront agonizing decisions on defense spending. Draconian cuts in defense outlays will probably require reductions in U.S. forces stationed abroad. It is highly probable that the first calls for cuts will be aimed at the roughly 43,000 U.S. troops in South Korea. Such American troop reductions would satisfy the north's chief precondition for serious reunification talks.

The outcome of the political debate in South Korea is also important to the emerging issue of Korean reunification. If President Roh's democratic government survives, or if one of the major opposition leaders (Kim Dae Jung or Kim Young Sam) becomes president through the constitutional process, progress toward reunification would be almost assured. Should the South Korean military revert to historical form and seize power, however, all reunification bets are off.

The bottom line is that never since the division of Korea has international interest in reunification converged so forcefully. Reunification, or something like it, would dramatically reduce tensions at this volatile intersection of superpower interests.

However, the continuing maturation of South Korean democracy and progress toward reunification must go hand-in-hand. Each is practically and politically necessary for the success of the other, and only a return to power by the army would halt both trends. American leaders must recognize this and use every means at their disposal to sustain the reunification momentum—as they have begun to do already. Only such a course will serve the interests of South Korean stability and international peace and security.



William J. Taylor Jr. is the vice president for political-military affairs and Michael J. Mazarr is a research analyst at the Center for Strategic and International Studies in Washington.

L.A.TIMES:02-01-89

S. Korean Corruption Probe Ends in 47 Arrests; 8 Are Chun Relatives

By KARL SCHOENBERGER, *Times Staff Writer* 185

SEOUL—The prosecutor's office announced Tuesday that it has concluded an investigation of corruption under Chun Doo Hwan, the former president of South Korea, after arresting 47 people, including eight of Chun's relatives.

No charges were brought against Chun, and the prosecutor's office said it will not delve into allegations of fund-raising irregularities involving Chun or his wife.

The political opposition, which is conducting a separate fact-finding inquiry in the National Assembly, quickly attacked the integrity of the criminal investigation and renewed calls for the appointment of a nonpartisan special prosecutor.

Denies 'Outside Influence'

"The prosecutors could not even touch the essential issue in [Chun regime] corruption because of its ties to the current administration," said Kang In Sop, vice president of the Reunification Democratic Party. "It's our impression that those who are close to [President] Roh Tae Woo have been exempted from punishment."

Park Chong Chul, a senior prosecutor heading a special investigative team responsible for the investigation, denied that there had been any "outside influence" on the prosecutor's office, which technically is under the direct control of the president.

"The probe may not have covered all suspicions—that was partly due to the limit to investigation of political funds," Park told reporters. "But we believe we have done our best."

Park said his special investigative team of 135 people was being disbanded after arresting 47 suspects and indicting 29 others without detention in connection with 19 cases of bribery, embezzlement and coercive fund-raising.

He said the investigation will continue, however, on two unresolved cases—allegations that Lee Keun Ahn, a police captain who has gone into hiding, tortured political suspects including prominent dissident Kim Keun Tae, and allegations of embezzlement against Yoon Sok Min, former president of Korea Shipping Corp.

The crackdown on Chun's relatives and cronies began shortly after Roh's inauguration nearly a year ago with the arrest of Chun Kyung Hwan, 46, younger brother of the authoritarian and unpopular former president. The inquiry culminated last Friday with the arrest of Chang Se Dong, formerly head of Chun's presidential security command and later his intelligence chief.

The younger Chun's case has been the only one to go to trial so far. He was convicted of embezzlement as head of the Saemaul Movement, an official rural development agency, and sentenced to seven years in prison.

Chun's older brother, Chun Ki Hwan, 59, was arrested in connection with graft related to the operation of Seoul's central fish market; two cousins, a brother-in-law and a nephew were among others in the clan charged with various financial wrongdoings.

Two former Cabinet ministers and a ruling party National Assembly member were also arrested.

Donations for Institute

The charges against Chang, once one of the most powerful men in South Korea, centered on allegations that he and others extorted "donations" from private businesses to support the Ilhae Institute, a private foundation that Chun reputedly had intended to use as a power base after stepping down last February.

After public furor mounted over disclosures of corruption and abuse of power during his rule of nearly eight years, Chun was forced to make an emotional apology to the nation last November and retire in disgrace to rural exile at a Buddhist temple.

President Roh subsequently appealed for forgiveness of Chun, once his political mentor and classmate in the Korean Military Academy. Public opinion has since been divided as to whether Chun should be pardoned or prosecuted. A majority of South Koreans believe that Chun should at least be forced to testify about his alleged misdeeds.

It was far from clear whether the controversy will wind down after Tuesday's announcement by the prosecutor's office, which came while all three major opposition leaders were traveling outside the country.

Wanted Probe of 5

The three leaders—Kim Dae Jung, Kim Young Sam and Kim Jong Pil—agreed last week that they would not be satisfied with the results of the criminal investigation unless allegations against five other key figures linked to Chun were also fully explored. Among the five are Chung Ho Yong, commander of a division of paratroopers involved in the brutal suppression of the 1980 Kwangju uprising; Lee Hee Sung, former martial-law commander under Chun, and Ahn Mu Hyok, a former intelligence chief.

Roh's ruling Democratic Justice Party has rejected the opposition demand for the appointment of a special prosecutor under supervision of the National Assembly, saying such an arrangement would violate the constitutional separation of the three branches of government.

WALL ST.J.:02-03-89

U.S. Pushing to Cut Trade Imbalance Is Stirring Hornets' Nest in South Korea

185/53

By Susan Moffat
Staff Reporter of The Wall Street Journal

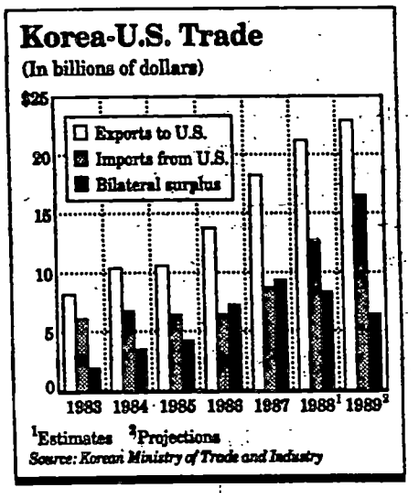
SEOUL, South Korea—United International Pictures discovered first-hand the violent reaction American trade pressure can bring in Korea. When the joint venture of U.S. movie studios MCA Inc., Gulf & Western Inc. and MGM/UA Communications Co. tried to distribute American films here last fall, elbowing into a business that had been a Korean monopoly, protesters picketed theaters that had dealings with UIP, threatened the owners' families, destroyed movie screens and set snakes loose in one crowded movie house.

The U.S. is increasing pressure on South Korea to open its markets, notably by raising the prospect of invoking a tough new trade law. But as UIP's experience shows, the prodding has stirred a hornets' nest in Korea, fueling anti-Americanism in threatened industries such as farming, tobacco, insurance—and film distribution.

Caught in the middle, the government of President Roh Tae Woo is scrambling to meet American demands without provoking a popular outcry.

Pressure Tool

If the Bush administration designates South Korea an unfair trader in a list Washington is expected to issue by May, Seoul will have up to three years to settle differences before punitive tariffs outlined in the 1988 U.S. Trade Act are applied. Some American business executives in Korea want the U.S. to use the retaliation threat to force Seoul to accelerate its market liberalization. "Without pressure, nothing happens. The new trade law is a good tool for that," says one representative of a major U.S. manufacturer.



But others fear that Washington's market-opening drive, aimed at narrowing Korea's multibillion-dollar trade surpluses with the U.S., could backfire by feeding popular resentment of the U.S. and its military and economic presence here. They urge the U.S. to give the Koreans the benefit of the doubt for the time being.

"The general market has been opened up fairly rapidly," says Steve Tsitouris, vice president of American Telephone & Telegraph Co.'s AT&T International Far East Korea division, which sells telephone-switching equipment and other telecommunications products in Korea. "In our field we've been very satisfied."

Indeed, Korea's trade surplus with the U.S. narrowed to an estimated $8.47 billion last year from $9.55 billion in 1987 and is projected to contract further this year to $6.5 billion. Korea "is giving more than Japan or Taiwan," says Paul Baines, president of pharmaceuticals maker Syntex Korea Ltd., a unit of Syntex Corp. of the U.S. "Koreans have been able to see that Japan has made certain mistakes and they are making certain not to do the same thing."

Japan has shown surpluses in its current account, which measures trade in both goods and services, for most years since 1966, including an estimated $78 billion in the fiscal year ending in March. Korea, by contrast, achieved its first current-account surplus only in 1986, and already is squeezing it back down, to a projected $9.5 billion this year from 1988's $14.5 billion.

Even some U.S. executives who think Korea must do much more to liberalize trade worry about negative repercussions, such as a Korean consumer backlash or bureaucratic foot-dragging on licensing and other formalities, if it is pushed too hard. "You need pressure, but if you overstep it it causes difficulties once you're operational," says one U.S. insurance-industry executive, who requested anonymity.

American cigarette makers found out how potent grass-roots resistance can be. A national campaign led by the Young Men's Christian Association and consumer and student groups emphasized the harm imports could inflict on Korean farmers, and accused the U.S. of trying to "export cancer." Partly as a result of that message, sales of U.S. brands remain stuck at about 2.5% of the market, even though their sale was legalized two years ago.

"Once you threaten retaliatory action you're bound to fuel anti-American feelings, and that environment isn't conducive to marketing imported products," concedes Song Duck Young, area director for Philip Morris Asia, Inc., a unit of Philip Morris Cos.

Hard Time

Likewise, the U.S. insurance industry has had a hard time penetrating Korea, even though legal barriers were formally removed in 1986. Only two companies have received licenses to operate in the country, while seven more are waiting. "It hurt certain companies to come in associated with [U.S. arm-twisting]," says one representative of a U.S. firm. "We've been emphatic: We don't want any further pressure."

The wrangling over trade has combined with other factors to deepen Korean resentment of the U.S. Some Koreans believe Washington is obstructing reunification with Communist North Korea. In addition, the country's economic boom and recent diplomatic successes, such as last summer's Olympic Games in Seoul and the openings to China and the Soviet bloc, have reawakened nationalist pride.

President Roh is in a difficult position. Popular support for him is tepid, and if he opens up import markets too fast he will face the wrath of interest groups, such as farmers. If he moves too slowly and Korea is officially designated an unfair trader by Washington, he may be seen as ineffectual in dealing with the U.S.

"The feelings of ordinary people could be aroused. The [U.S. trade] law could have a boomerang effect in terms of people's feelings," Han Seung Soo, trade and industry minister, said in an interview.

Mission to U.S.

The government appears to be trying to liberalize trade without throwing its doors open all at once. Domestic economic factors are increasing the pressure for market liberalization, too: The government wants to increase low-priced imports to reduce inflation, a major concern now. Korea will send missions to the U.S. to buy $4 billion of American goods this year.

The government let the currency, the won, rise nearly 16% against the dollar last year. Korean officials hope opening markets will lessen U.S. calls for further won appreciation, which would make Korean exports more expensive overseas. Seoul is also considering a range of measures to placate Washington, from tougher enforcement of intellectual-property laws to the dismantling of indirect trade barriers such as burdensome labeling requirements.

But because of the political clout of farmers, who make up 20% of the population and are key constituents for more than half the members of the National Assembly, Seoul is expected to go slow in opening agricultural markets.

N.Y.TIMES:02-05-89

North-South Diplomacy

Dreams and Realities Of Korean Unification

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By SUSAN CHIRA

SEOUL, South Korea

SOUTH KOREA's leading capitalist returned from his old hometown in the North last week with more than just a preliminary agreement for the first business ventures between North and South Korea. He also brought new momentum for a rush toward rapprochement that is leaving South Koreans both excited and unnerved.

These are heady days here, days of dreams that North and South can be one nation again. The preliminary deal brought back by Chung Ju Yung, founder of the Hyundai conglomerate, to develop a tourist site in North Korea is the first tangible fruit of a new South Korean openness to the North. His announcement sent land prices soaring in Chorwon, the tiny border town closest to his proposed resort.

Yet unwelcome realities intrude on reveries of a rosier future of unity. North and South continue to suspect each other's motives. The North stands to gain much-needed technology and capital, but many South Koreans suspect that the North wants to lull them into a false sense of security and turn the passion for unification into a movement to expel the 42,000 American troops here.

Many South Korean businessmen are skeptical that the North will honor its commitment to the joint ventures, and some fear the agreement may be a ruse to tie up South Korean capital. The South has a chance to pry open North Korea's closed society and showcase its economic accomplishments, but the North fears that President Roh Tae Woo wants to shore up his position and distract a public angry about his hesitance to redress abuses committed by his predecessor.

So far, the North-South talks have produced more oratory than agreement, and the North is continuing to demand that the South cancel military exercises with the United States that are often held in February.

Still, South Koreans are confronted each day by new developments, and Government officials insist that the dialogue itself marks a step forward. This Wednesday, representatives of both Governments are to meet to discuss possible talks at the prime minister level. On Friday, legislators will meet for the eighth time to try to agree on an agenda for a joint legislative meeting.

New Access

The Government has lifted bans on direct trade, and on some North Korean books and newspapers. Businesses have rushed to apply for permits to import products like coal and fish from the North. New laws are being drawn up to expedite joint ventures.

Before July, when President Roh reversed previous policies and began to reach out to the North, merely showing a slide show with pictures of North Korea landed organizers in jail on an accusation that they had spread propaganda. But student protests calling for a more open policy toward the North aroused enough support to persuade the Government to move. Now almost every politician in South Korea talks about the day when North and South will unite.

Yet the near-universal lip service to unification masks disagreement about just how quickly and ardently South Korea should be wooing the North and its Communist allies.

"On the one hand, North Korea wants to carry out some kind of economic exchange," said Ahn Byung Joon, an international relations professor at Yonsei University in Seoul. "But they are also seeking political aims. We should be clear about what we want to gain."

South Koreans in and out of Government continue to worry that yearning for reunification will prompt naïveté about the North and raise unrealistic expectations of progress.

The Government at once lunges forward and steps back. Although the South has lifted bans on many North Korean books, the police recently confiscated several others as propaganda. Officials float plans about allowing North Korean broadcasts, then warn about a propaganda offensive on FM radio.

Professor Ahn noted that North Korea has indicated a new willingness to allow American troops to be withdrawn gradually, rather than all at once, if tension eases, and that the South is ready to consider a longtime North Korean demand for a non-aggression pact. But he condemned as mischief-making the recent North Korean demand that the South cancel the joint military exercises, called Team Spirit. The South has said they will continue, but some officials have hinted the scale might be cut back.

"What they want is the ejection of United States forces in Korea," said a Western diplomat. "But so far I don't see any great outcry among the broad middle here for a termination of Team Spirit as the price to pay for continuing the dialogue."

Kim Suk Kyu, assistant foreign minister for political affairs, said that South Korea's relationship with the United States remained the basis of its security and foreign policy, and that the United States understood and supported its policy toward the North. He said he shared concerns about the North's motives. But he said the Government would continue to push for closer ties. "To do something important," he said, "you always have to take a certain degree of risk."

WASH. TIMES: 02-08-89

Tourism project may lead way for two Koreas

By Edward Neilan
THE WASHINGTON TIMES

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SEOUL, South Korea — Plans by North and South Korea to jointly develop North Korea's Diamond Mountain as a first-class tourist facility could provide the catalyst for broader economic cooperation between the mineral-rich North and the industrialized South, according to businessmen here.

Agreement on the tourist facility was reached last week during a visit to communist North Korea by one of South Korea's leading capitalists, Chung Ju-yong, founder and honorary chairman of the Hyundai industrial conglomerate.

Mr. Chung, 74, the first South Korean businessman to visit North Korea with the blessing of both governments in more than 30 years, said a survey team for the development of the tourism project will go north in April.

Mr. Chung's agreements with the North Koreans also call for joint participation in Siberian development projects concerning salt, coke and gas production.

While the accord clearly points the way to other such projects, more significantly, it could spur political rapprochement between the long-time rivals.

Political progress is being pursued through two channels.

The first is a ministerial track to explore the possibility of a summit between South Korea's Roh Tae-woo, whose presidency is barely a year old, and Kim Il-sung, who has ruled the North for its entire 41-year history as a communist state. Vice ministers meeting today hope to advance the process one notch higher by arranging a meeting between the prime ministers of the two sides.

On Friday, an eighth meeting of parliamentarians from the two sides is planned with the aim of negotiating an exchange of delegation visits.

The United States has called the Diamond Mountain project "a meaningful development in the current situation on the Korean peninsula."

In a world climate marked by a general lessening of East-West tensions, North and South Korea have remained belligerent adversaries. However, under prodding by China, the Soviet Union and the United States, the Cold War ice is melting here too.

Beginning with the 1988 summer Olympics, Mr. Roh has embarked on a policy of improving ties with China and the Soviet Union and its allies. Full diplomatic ties already have been established with communist Hungary. He also called for a new era of openness with North Korea.

But Mr. Roh's policy so far has done more to raise expectations for reunification in the South than to ease tensions along the DMZ.

Despite these moves and calls on both sides for meetings leading to a summit, efforts for a breakthrough foundered until Mr. Chung's trip.

Mr. Chung undertook the trip at the invitation of Ho Dam, member of the politburo of the Korea Workers' Party and chairman of the Committee for Peaceful Reunification of the Fatherland.

Analysts here say North Korea has studiously avoided any contact that appears to be cooperation with the government of Mr. Roh. A South Korean government official said Mr. Chung's visit to North Korea was aimed at promoting business at a private level, and he made it clear that the Hyundai chief conducted no negotiations on behalf of the South Korean government and did not carry any message or letter from Mr. Roh to Mr. Kim.

The official disclosed that North Korea has been proposing visits to by prominent South Korean businessmen and religious leaders residing in the United States, Japan and Southeast Asian countries since 1985. He said other South Korean businessmen are in contact with Pyongyang.

The official Seoul policy is to push for open exchange visits between North and South in the context of North-South joint projects for national reunification, the official said.

South Korea had no official trade in 1988 with North [illegible] trade has grown stea[illegible] ($1.5 billion in 1987) a[illegible] Soviet Union ($164 million in [illegible]).

But since Seoul lift[illegible] ban on inter-Korean trade in O[illegible], North Korea has exported fish and several hundred art pieces to South Korea.

A first-ever direct shipment of coal from North Korea arrived in the South Korean port of Inchon last week on a Singaporean vessel.

Hyundai has said it plans barter trade with the North, exporting sweaters in exchange for fish.

L.A. TIMES: 02-09-89

Demands by North Bring Shaky Start to Korean Talks

By KARL SCHOENBERGER, *Times Staff Writer* 185

PANMUNJOM, Korea—Talks aimed at opening a new channel of dialogue between North and South Korea got off to a dubious beginning Wednesday as delegates from the north pressed their demands that the south abandon plans for annual joint military exercises with the United States.

Hopes had been raised for an improvement in north-south relations after the return from North Korea last week of a prominent South Korean businessman, Chung Ju Yung, founder of the Hyundai conglomerate, who surprised his compatriots by announcing a private accord on limited economic cooperation with the Communist government in the north.

But the impasse in Wednesday's border talks drove home the harsh realities of confrontation and mutual mistrust between the hostile halves of the peninsula.

Negotiators agreed to resume contact March 2, but only after haranguing each other over the "Team Spirit" war games, which if held as scheduled next month would bring together about 200,000 U.S. and South Korean troops.

"We get the impression that the south is not too sincere about this meeting," Paek Nam Chun, chief of the North Korean delegation, told reporters after the three-hour session at this truce village in the demilitarized zone.

In a strong signal of its displeasure over the south's position on "Team Spirit," North Korea postponed a separate round of talks that were to be reopened Friday at Panmunjom, aimed at arranging a conference of legislators from both Koreas. No progress was made in the first seven sessions of those talks, which began last August when the south was urging North Korea to abandon its boycott of the 1988 Seoul Olympics.

The dispute over "Team Spirit" has stymied the fragile north-south dialogue since South Korea and the United States first conducted the war games in 1976. The north has characterized "Team Spirit" as "provocative" and linked its criticism of it to a demand that U.S. troops be withdrawn from the Korean Peninsula.

Northern Demand

In a widely anticipated move, the delegates from Pyongyang, the North Korean capital, said Wednesday that it would be impossible to convene a proposed meeting of prime ministers and other high officials unless this year's exercises were canceled.

The South Korean side countered that the exercises are strictly defensive in nature and that they should be discussed, if at all, in the prime ministerial meeting, not in preliminary rounds.

Paek, the chief North Korean delegate, denied allegations by South Korea and the United States that North Korea has held joint naval exercises with the Soviet Union as recently as last December. The two navies have only exchanged "protocol delegations" during independent operations at sea, Paek said, adding that "these are not military exercises."

The "Team Spirit" exercises were designed as a show of force against a menacing military buildup by North Korea. Recent U.S. intelligence estimates placed North Korean troop strength at more than 1 million, much of it concentrated near the border with the south. The Soviet Union continues to supply Pyongyang with such military hardware as advanced jet fighters and medium-range missiles, according to U.S. and South Korean analysts.

The threat from the north has not abated, despite the recent thaw in superpower relations and South Korea's successful trade initiatives with Pyongyang's major allies, hard-liners in Seoul say.

"Military tension is growing on the Korean Peninsula," said Rhee Sang Woo, director of the Institute for East Asian Studies at Sogang University. "Now is not the time to talk about the withdrawal of U.S. troops or cut back on 'Team Spirit.' We need to demonstrate to the Soviet Union and North Korea the U.S. willingness to support the Republic."

But the exercises and the U.S. military presence have become the subject of controversy in South Korea since democratic reforms allowed more open debate on the issue of Korean reunification.

President Roh Tae Woo has seized the initiative in the popular concern over reunification by proposing a bold program of reconciliation with North Korea. But Roh's "nordpolitik," as it is called, has been dismissed by some critics as crafted more for domestic consumption—to bolster the stability of his government—than for genuine rapprochement with Pyongyang.

Improved Ties

The dizzying pace of improved ties with socialist countries has prompted calls for caution. Over the past two weeks, the once staunchly anti-Communist south established diplomatic relations with Hungary, and Hyundai's Chung returned from his private trade mission with a radical plan to help North Korea build an international tourist resort at Mt. Kumgang, north of the DMZ.

Although the South Korean media at first celebrated Chung's dramatic plan, it is now settling down to a far more cautious tone.

Indeed, a Pyongyang-based East Bloc journalist, who covered the talks, conceded privately that North Korea's apparent strategy is to capitalize on growing anti-American sentiment in the south in order to divide opinion over the U.S.-South Korea military alliance.

L.A. TIMES: 11-19-88

Millions Captivated by Televised Probe Into Bloody 1980 Uprising 185

Kwangju Hearings Have South Koreans Spellbound

By KARL SCHOENBERGER,
Times Staff Writer

SEOUL—The 1980 Kwangju incident, a chaotic uprising in which about 200 South Koreans were killed by brutal military suppression, moved Friday from the murky realm of dissident rumors and campaign rhetoric to chilling historical record.

A National Assembly committee investigating the uprising began televised hearings, captivating millions of Koreans with a story of political martyrdom and official corruption.

The star witness was Kim Dae Jung, an opposition leader blamed by martial-law authorities at the time for inciting the people of Kwangju to rise up in rebellion.

Jailed and Exiled

Kim was sentenced to death for sedition but was released from prison, allowed to go into exile in the United States and ultimately permitted to return home and reenter politics. Now, Kim heads the largest opposition party in an opposition-controlled National Assembly. On Friday, he faced the cameras under oath to accuse his old nemesis, disgraced former President Chun Doo Hwan, of masterminding the "Kwangju massacre."

Televisions blared all over Seoul as crowds gathered in shops, restaurants, offices and bus stations to watch the testimony. Cab drivers kept their radios tuned to the broadcast. In the provincial capital of Kwangju, where emotions still run high, many companies, realizing that little work would get done, gave employees the day off.

Reuters

Kim Dae Jung as he testified about the Kwangju uprising.

"What they are saying now will be recorded as true history," said Lee Byong Ha, 32, a trade agent who stopped to watch the testimony on a television set in a Seoul storefront window. "Of course, we've heard it all before, but we were told not to believe it by the government. This will set the record straight."

In his testimony Friday, Kim said he believed that Chun and other generals provoked the revolt to allow them to seize power in the chaotic days that followed the assassination of President Park Chung Hee in 1979. Kim accused the United States "of taking a bystander's role" in the uprising.

Although the official death toll in the uprising was 193, unofficial estimates put it at about 265.

Similar televised hearings held last week by another National Assembly committee investigating corruption in the Chun regime drew a peak 62% viewer rating—higher than the Summer Olympics, held in Seoul this year.

The Korea Herald reported that Friday's broadcast set a record for viewership but did not report the figure. A series of related hearings, delving into such subjects as Chun's purge of the media, are scheduled to continue for weeks, possibly months.

Chun, meanwhile, has ignored a summons to testify before the Kwangju committee and resisted mounting pressure to explain and apologize for alleged financial irregularities and abuse of power committed before he stepped down in February.

News reports Friday quoted aides to Chun as saying that the ex-president plans to make a public apology, turn over most of his wealth to the government and leave Seoul in an effort to quiet complaints about his alleged involvement in corruption. An aide said Chun will announce his decision at a news conference next week, but there has been no word from Chun himself on his plans.

The testimony concerning Kwangju, unfolding as hearings continue today and next week, may heighten the lynch-mob atmosphere already brewing.

"People eventually will believe that Chun was responsible for all this murdering," said Kwon Young Hee, 38, a bookkeeper who worked on an abacus Friday with one eye on the television set in the corner of his office. "I think he must be dealt with under the law and that any kind of political pardon should be considered only later."

One middle-aged housewife, though, had a more charitable view of Chun as she watched the televised hearing in her luxury apartment south of the Han River.

"I feel sorry for him," said Kim Ryung Hon, who is married to an economist. "The final analysis is that Chun committed wrongdoings, but it was the Korean people who made him what he was. We must ask ourselves what we did to encourage and accelerate his crimes."

Political Melodrama

Kim said she is already tiring of the political melodrama, which is the chief topic of discussion at her Wednesday "hobby club," a group of women who do embroidery.

"I wish this would be over tonight," she said. "It's so unpleasant and depressing. We're digging away at the scars and the sadness and the regrets and talking about remedies, but it's all talk."

However, Kim said she will tune in to the Kwangju hearings "as long as I'm home and have nothing better to do."

WASH.POST:11-23-88

Ex-President Apologizes to South Koreans

By Peter Maass
Special to The Washington Post

SEOUL, Nov. 23 (Wednesday)—Former president Chun Doo Hwan, who for eight years headed a right-wing government accused of human-rights abuses and corruption, made an extraordinary apology today in which he agreed to return his wealth to the state and accept a humiliating rural exile.

"I am standing here to express heartfelt sorrow, with painful reflection and repentance," said ex-general Chun, dressed in a conservative gray business suit and speaking in front of a simple wood lectern at his luxury home—which was protected by squadrons of riot police.

Chun announced that he is giving back all of his personal property, which he valued at $3 million, plus accumulated political donations of $20 million. He said he does not have any foreign assets, denying opposition charges that he stashed away a fortune in real estate and investments in the United States and Australia. He blamed the mistakes he made on inexperience in handling state affairs during hard times but insisted that national stabiliy was his main concern.

The dour Chun, 57, appeared to be more grim than usual, speaking slowly and in a subdued, occasionally halting voice during his 27-minute apology, which was broadcast live on television.

"I am ready to take entire responsibility for the wrongdoings and mistakes during my tenure," he said. "I will not hesitate to accept any punishment from the people and I will go anywhere the people ask me to go, except away from my homeland . . . . I am now leaving in the hope that the people will forget their dark memories about me and think about the bright future."

The apology means that Chun, who left office in February expecting to be lauded as the country's first leader to step down peacefully, will likely go down in history as a disgraced dictator, chased out of town. Accustomed to issuing ultimatums while in power, Chun suddenly found himself in the past few weeks on the receiving end of an ultimatum delivered by the people he so recently ruled: fully apologize or face possible prosecution.

Elected President Roh Tae Woo and his ruling party hope the forced apology, which they reluctantly pressed Chun to make, will halt the politically damaging controversy over Chun's legacy, which has cast a shadow over the current administration.

Initial reaction from the main opposition parties was skeptical. "Chun's statement fell far short of clearing up doubts that the people harbor," said a statement from Kim Dae Jung's Party for Peace and Democracy, the largest opposition group. Kim Young Sam's Reunification Democratic Party said, "Despite Chun's apology, the truth must be brought to light and the question of legal action can be discussed later."

About a half hour after making the apology, Chun and his wife emerged from their home, emotionally shook hands with a few friends and were driven away in a sedan with tinted windows. News reports said Chun will stay at a rural Buddhist temple until a permanent place of exile is found. Rural exile is a traditional punishment for disgraced Korean officials.

In the nine months since handing over power to Roh, Chun has been forced to resign from his honorary political posts, has been turned on by the ruling party he founded and has watched as his closest relatives were jailed.

Like one of the country's monthly air raid drills, his apology virtually emptied streets as people went indoors to watch the long-awaited broadcast.

Initial reaction from a sprinkling of South Koreans was mixed.

"From the viewpoint that this will make a historical precedent, I would like to give him a lenient pardon instead of emotional punishment," said Kim Chang Kil, 59, a businessman. Chung In Sook, 32, an office worker, said, "I felt sorrow and pity to see the former presidential couple leaving their house . . . . I believe [the Chuns] have felt great pain and agony."

But Park Ki Chol, a 42-year-old grocer, said, "I couldn't believe what Chun said, in the sense that he didn't have any money at home or abroad besides what he announced. He tried to appear sincere in the statement but he was short of convincing the people and short of frankness."

South Korea's three main opposition leaders, who were either thrown in jail, arrested or stripped of their assets during Chun's rule, had previously indicated that a full apology, return of wealth and rural exile should be enough to excuse Chun from criminal investigation and prosecution. But the opposition leaders also say the final decision should be made by the public.

Politicians will try to gauge in the coming days whether the public is satisfied with Chun's apology or whether more action might be necessary to deal with a controversy. President Roh has hinted that he hopes to pardon Chun if the apology is viewed as sincere and is accepted by the public and the opposition political parties. One report said the pardon could come as early as Thursday.

Public anger over Chun, who was unpopular almost from the moment he staged the murky 1979 coup aided by Roh, soared in the past month as a half dozen of the ex-president's closest relatives were arrested on corruption charges.

Special correspondent Young Ho Lee in Seoul contributed to this report.

WALL ST.J.:11-23-88

Chun's Apology: Democracy Needs Better Model

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SEOUL—Only last year Chun Doo Hwan was lord of the presidential Blue House while Kim Dae Jung spent a good deal of his time under house arrest. Today, however, it is Mr. Chun who is holed up in his home here while Mr. Kim basks in the limelight—the former president confined by violent student demonstrations in his neighborhood and the former dissident appearing before the National Assembly in public hearings that have all South Korea riveted to the TV screen. As if playing out an assigned part in a national morality

Asia

By William McGurn

skit, Mr. Chun was scheduled to take to the airwaves this morning in Korea to apologize publicly to the Korean people for his misdeeds during the eight years of the Fifth Republic.

In one sense the outcry against former President Chun comes as refreshing evidence of a people enjoying their first taste of long-denied freedoms. Yet this also leads to natural excesses that are not without their troubling aspects. There is, for example, the danger that authoritarians elsewhere will take a lesson from Mr. Chun's experience—never to step down, as he did, lest they find themselves exposed to the wrath of the people. More immediately disturbing for Korea is what Mr. Chun's recent experience illustrates: Despite the great strides of the past 18 months, the political agenda of this emerging economic power is still being set on the streets.

The Chun affair puts particular pressure on the infant presidency of Roh Tae Woo. As a minority president who won last year's election only because the egos of the two main opposition leaders were too large to settle on a single candidate, Mr. Roh must dissociate himself from the authoritarianism of the previous government, which means dissociating himself from Mr. Chun. At the same time, should things get too rough for either Mr. Chun or his more-despised wife it could trigger a reaction from army officers upset at the treatment of one of their own. Above all, President Roh must impress upon his countrymen that in a democratic society a respect for process is as important as the outcome.

"I think President Roh has done his best in staying within the bounds of reasonableness and yet dealing with the problem in a just way," says the chief secretary to the speaker of Korea's National Assembly, Lee Dong Bok, a member of the ruling Democratic Justice Party. "It's more a matter of politics than legal justice."

To a visiting reporter it appears mostly a matter of sheer hatred. Doubtless continuing public hearings into both financial scandals surrounding the Fifth Republic and the former president's role in the brutal suppression of the 1980 uprising in Kwangju have helped whip anti-Chun sentiment to a high pitch. But it is also linked to a general feeling among Koreans that they were cheated out of their fair share of the undeniable economic achievements of the Chun era (the "rich-poor gap"). Indeed, his imperious manner and the abuses of his family have helped make the former president unpopular in his own DJP as well. Nine of his relatives already have been arrested or imprisoned for assorted financial shenanigans. "You ask anyone here," says one DJP official with a wave of his hand, "and they want Chun punished."

Yet few really want to see the man go to jail, partly because it would be an embarrassment for the nation and at least partly because what Koreans really object to is Mr. Chun's lack of remorse. Even the opposition has stopped short of calling for criminal proceedings if Mr. Chun makes a suitable apology. "We feel that his crimes should be fully investigated but that his person should not have to go to prison," says Mr. Kim, the leader of the Party for Peace and Democracy. Cynics say that one reason no politician wants to see Mr. Chun prosecuted is that there aren't many on either side of the political fence who could stand up to the same scrutiny themselves.

Most people here think that if Mr. Chun makes his apology, agrees to return any ill-gotten moneys and gives up his house in Seoul to retire to the countryside, Koreans will be satisfied. Nevertheless, it won't be enough for the students, who are also calling in their anti-Chun demonstrations for the downfall of the Roh administration. This is important, because although the middle class frequently refuses to support the students on given issues, it by and large supports the student role in defining the debate. In charting his own course after Mr. Chun's appearance, President Roh needs to wean people away from these pre-democratic patterns of dissent by showing them that the new system works.

The point is that dictatorship enervates those on the bottom as much as it corrupts those on the top. Democracy, by contrast, means self-rule and all the responsibility that implies. The real issue here is not whether Mr. Chun is punished now that he's down but whether the Korean people have enough respect for their own considerable achievements of the past few months to take the political debate off the streets and out of the barracks and put it in the hands of freely elected representatives working through the proper channels. "Outsiders think the Koreans are being irresponsible but really it is just immaturity," says the editor of Korea Business World, Lee Kie Hong. "It takes time to build a democracy."

Mr. McGurn is deputy editorial page editor of The Asian Wall Street Journal.

L.A.TIMES: 11-26-88

Roh Appeals to S. Koreans to Forgive Chun

By KARL SCHOENBERGER,
Times Staff Writer

SEOUL—President Roh Tae Woo asked South Koreans today to forgive his authoritarian predecessor, Chun Doo Hwan, who three days earlier made an emotional public apology for his abuses while in power.

In an attempt to gain control over a volatile political situation, in which Roh has come under criticism because of direct ties between his administration and Chun's regime, Roh announced a package of democratic concessions and said he will soon reshuffle his government.

Roh said in his videotaped statement, broadcast on nationwide television this morning, that he will issue an amnesty for all political prisoners and release them by the end of the year.

Compensation Program

He also will establish a compensation program for victims of the 1980 Kwangju uprising, in which nearly 200 citizens were killed by army troops, and of a brutal re-education camp where an estimated 50 inmates died. Civil servants and journalists purged by Chun will also receive compensation and "their honor will be restored," Roh said.

Opposition parties say as many as 600 prisoners of conscience remain in detention after several previous amnesties issued since Roh replaced Chun in February.

In appealing for a "political pardon" for the former president, who is under investigation by the opposition-dominated National Assembly for corruption and abuse of power during his seven-year rule, Roh asked the nation, "Should he alone be stoned?"

Roh did not directly address the question of whether Chun would be forced to comply with a controversial subpoena seeking his testimony before the panel, which is also probing the Kwangju incident.

But he made it clear that he opposed an investigation into the shadowy political fund that the strongman accumulated. Roh, as Chun's protege and chosen successor, is widely believed to be the major beneficiary of Chun's well-financed political machine.

During his public apology Wednesday, Chun offered to surrender millions in wealth he acquired as president. The largest component was a $20-million political fund he took with him into retirement, when he became the first leader in South Korea's 40-year history to step down voluntarily after a democratic election.

Roh's statement today came as opinion polls suggested that public indignation had softened in the wake of Chun's apology, but street protesters continued to call for his arrest and punishment. On Friday, Buddhist monks joined student radicals in a violent clash with police, demanding that Chun and his wife leave the temple sanctuary in the mountains east of Seoul, where they took up temporary residence after Wednesday's televised appeal for forgiveness. A band of student activists continued to occupy a ruling party training facility this morning.

The political opposition does not support the call for prosecution of Chun, whose family has been the target of a widening criminal investigation of influence-peddling during his presidency.

But the two major opposition parties have called for appointment of a special prosecutor to lead a fact-finding inquiry of Chun's financial irregularities. Testimony before an Assembly committee looking into corruption during the former general's regime indicated that Chun's subordinates extorted donations from business leaders.

The opposition expressed initial dissatisfaction after Roh's announcement, pressing their demand for full disclosure of how Chun allegedly used political funds to divide and undermine the opposition parties.

Would Ban 'Quasi-Taxes'

Roh proposed enacting a law that would clean up the use of political funds and ban "quasi-taxes," or forced donations. And he said he will establish a team within the prosecutor's office to "continue to investigate irregularities and wrongdoings of the past administration." But it is unclear how far such an investigation might be allowed to go.

Roh urged his countrymen to put the past behind them and forsake "political retaliation" to concentrate on building stability in South Korea's new democracy.

"I believe we have now come to the point to put aside all this past pain," Roh said. "These affairs of the past should not continue to cause chaos in the whole of society."

Roh, as president, has powers under the constitution to grant a legal pardon to criminal suspects. But he made no suggestion that he was now considering such a legal measure, apparently to avoid irritating the raw emotions that surround the accusations against Chun.

A "drastic reorganization" of the government and the ruling Democratic Justice Party, which Chun founded, is also in the works, Roh said.

Roh was not specific about the pending shake-up. Several of his Cabinet ministers and the core of the party leadership are carryovers from the Chun regime, and it is widely believed that the president, who like Chun is a former army general, cannot fully cleanse himself of the stain of the past while they remain in office.

Roh revealed a conspicuous awareness of the role of international opinion in safeguarding South Korea's democratic reforms, which began after riotous protests against Chun's repressive government shook the country in early 1987.

"We have overcome the turbulent wave of last year, much to the wonder of the world," Roh said. "And the success of the Seoul Olympics was the envy of all the people of the world.

"We have maintained high economic growth. Ours are a great people," Roh added. "Yet, the world again is watching us with worry."

WALL ST.J.:11-20-88

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Anti-Americanism Heads South of the Korean Divide

Asia

By William McGurn

PANMUNJOM, Korea - Here at the front lines of an uneasy armistice that has held for more than 35 years, metaphor reigns. The barbed wire looped 151 miles across the belly of the Korean peninsula points to a war that has never ended; the granite flecked mountains bespeak the inflexibility of the governments on either side of the divide; and the visible presence of the U.S. Eighth Army reminds that a bond conceived in blood almost four decades ago remains firm today.

Or does it? The rebirth of democracy in South Korea, the country's successful hosting of the 1988 Summer Olympics and its opening to the hitherto forbidden communist world are together calling the old assumptions into question. While most South Koreans continue to regard the U.S. as their best friend, they would like to see Washington begin to treat Seoul more as a partner. Radicals go further, blaming America for the division of the peninsula. In recent months they have been taking their case to the streets in a way that now has American GIs wondering whether they're here to protect South Korea from invasion by North Koreans or themselves from attacks by South Koreans.

Like most things in the Land of the Morning Calm, anti-Americanism is easily exaggerated. Yet it exists, and its angry manifestations are on the rise. Last week saw another attempt by students--their third this year--to storm the U.S. Information Service building in downtown Seoul. Just days earlier other protestors, armed with firebombs and iron pipes, went on a rampage through the Hannan Village complex where the families of U.S. military personnel live, the first such assault on a civilian target. The middle class, too, is beginning to vent frustration, offended by the behavior of American athletes and press during the Olympics as well as by what they perceive as U.S. bullying of a weaker ally over trade issues. Above all, the reemergence of unification as a national priority is leading South Koreans to take a second look at Uncle Sam at a time when their knowledge of the outside world is still spotty.

"The establishment here has taken U.S. relations for granted for too long," says the minister for unification, Lee Hong-Koo, over a breakfast of waffles and maple syrup. "These incidents indicate there is no longer automatic good will. It's something we will have to work at."

Americans might be surprised at the passion for reunification here--the Korean for this is *yul mang*, or "fervent desire"--and would certainly be appalled to find themselves now considered the main obstacle to its achievement. Minister Lee notes, however, that the Korean perspective has been distorted by years of dictatorship, when foreign travel was closed, information limited to government propaganda, and discussion of unification banned. An intellectual void was created that favored the left, and some of the ideological mud has stuck. To a reporter's remark that Americans want to see a free and united Korea, for example, a pig farmer in Ichon shoots back: "Who drew the line at the 38th parallel?"

The reference is to the Allied decision in 1945 that America would accept the Japanese surrender below the parallel and the Soviets above it, the line becoming permanent when the Soviets refused United Nations calls for countrywide elections and instead installed Kim Il-Sung in Pyongyang as the dictator of a communist North. Yet a poll conducted last month by the International Affairs Research Institute of Seoul's National University disclosed that only 1.6% of students consider the U.S. Army "liberators"; a scant 12.5% agree that the Korean War was "North Korea's war of aggression at Soviet instigation"; and 60.4% believe the U.S. Army perpetuates the Korean divide. The machinations of the North notwithstanding, a good part of these attitudes have to do more with ignorance than ideology.

U.S. pressure for South Korea to "solve" the trade-deficit "problem" by appreciating the won only provides the Yankee-Go-Home crowd with more ammunition. Ask anyone here what he knows about Secretary of State-designate James Baker, for example, and he's apt to tell you Mr. Baker used President Roh Tae-Woo's inauguration to call for a revaluation of Korea's currency. Although the U.S. is right to complain about closed Korean markets, it helps to remember that per-capita income here is below $3,000, and many Koreans thus see trade pressure in terms of big America picking on little Korea.

Public hearings this month in the National Assembly focused on what some argue was America's tacit approval of the brutal suppression of the 1980 Kwangju rebellion heighten such tension, and the local press is having a field day playing up the inevitable brawls and mishaps involving American servicemen. U.S. press coverage of the Olympics, too, is a sore spot, with NBC's repeated broadcast of a clip showing Koreans jumping into an Olympic boxing ring to beat up a referee itself escalating into an international incident. And it's hard to overlook the piece of real estate the U.S. Army occupies in Seoul: a site equivalent to New York's Central Park, complete with golf course.

At bottom, South Korea's growing sensitivity to real or imagined slights is a cover for the embarrassment at the continued division of the fatherland. Koreans are even more racially pure than the Japanese, and they reject the German model because they believe it means accepting a permanent division not of a nation but of a people. So although President Roh's kimchi ostpolitik has to date yielded only 88 pounds of much-photographed North Korean clams that arrived here last Tuesday via Japan, Koreans all want it pursued. "Every time there is a breath of fresh air here unification resurfaces as an issue," says a longtime American resident.

America's easing of restrictions on contact with North Korea in response to a request from the Roh administration, was thus appreciated. But the U.S. must also avoid cutting into Seoul's dance. Pyongyang would like nothing better than direct talks with Washington, an offer repeated this month, the purpose of which is to show up South Korea as the "American stooge" Kim Il-Sung claims it is. In this charged atmosphere even reasonable statements can explode, and a Bush administration too eager about the possibilities of Korean detente could arouse as much suspicion as one that was too reluctant.

Ultimately Washington's best bet is simply to let freedom take its course following President Roh's political reforms. In the short run this probably means putting up with Korea's nationalistic excesses while waiting for emotions to level out. For in the long run, interests between America and South Korea remain intact, the general good will on both sides still obtains, and the real anti-Americanism is confined to a minority of students. "After many years of authoritarian rule people just want to see for themselves," says one of President Roh's top cabinet advisers, Hyun Hong-Choo, minister for legislation. "Once they understand that they now have a free press, see the hearings on television, and start to realize that there is nothing being hidden from them, the students will be less influential and we can get on with the normal business of any country."

Mr. McGurn is deputy editorial page editor of The Asian Wall Street Journal.

L.A. TIMES: 11-30-88

Seoul Poised to Rein in Intelligence Units

By KARL SCHOENBERGER, *Times Staff Writer* 185

SEOUL—The South Korean government Tuesday gave its strongest indication to date that it intends to rein in the feared intelligence organizations that helped past rulers and the current leadership alike to consolidate their grasp on power.

An advisory group to President Roh Tae Woo proposed changes in Korean law that would bar the Agency for National Security Planning, formerly known as the KCIA, from conducting political surveillance, and would limit the Defense Security Command to military intelligence.

Both agencies have a substantial record of alleged human rights violations, ostensibly in the name of safeguarding national security.

They stand accused of torturing and blackmailing suspects, censoring and manipulating the media and contributing to divisions between opposing politicians with covert funds. In addition, several foreign journalists in Seoul have complained of surveillance and intimidation by intelligence agents. Even business leaders and members of the ruling Democratic Justice Party are believed to have been subjected to eavesdropping.

Effectiveness a Question

It was not clear, however, how effective the guidelines recommended by the Public Administration Reform Commission might be in checking the alleged abuses.

Indeed, despite steady progress on democratic reforms over the last year, South Koreans continue to be haunted by the intelligence apparatus.

Since Roh was inaugurated last February, critics concede, intelligence operatives have adopted a low profile and replaced threats and intimidating intrusions with a more discreet style.

But the structure of the intelligence community remains essentially unchanged since the days of Roh's predecessor, authoritarian Chun Doo Hwan. And some dissidents say they believe electronic surveillance has increased under Roh.

Continued Political Role Seen

"The Korean Central Intelligence Agency is still involved in politics," said Kim Dae Jung, the opposition leader who 15 years ago was abducted from a Tokyo hotel room by KCIA agents and taken back to Seoul. "They're more careful now, but they're basically doing the same thing."

Reform of the intelligence apparatus is expected to be a major issue and a test for South Korean democracy in the months ahead.

"If they're put under pressure to get rid of these security organs, then they are going naked into the future," said one Western diplomat, who spoke on the condition of anonymity. "If they keep them, they have a mechanism with which they can monitor and cover the situation. But as long as those organizations are around, the ruling party loses the chance to be perceived as democratic."

Earlier this month, Kim's Party for Peace and Democracy proposed a draft law that would curb electronic surveillance by requiring all wiretaps to be screened by an independent panel under the prime minister.

No Legislative Oversight

That was designed to check potential abuses while at the same time allowing for legitimate counterespionage, which even the most outspoken critics acknowledge is necessary to cope with the threat from Communist North Korea. Currently, there is no effective legislative or judicial oversight of the agencies.

Prominent dissidents, meanwhile, say they remain under frequent surveillance and that their private mail is routinely inspected.

"It's a fact of life that they are listening and watching," said the Rev. Kim Dong Wan, director of the Human Rights Committee of the Korean National Council of Churches. "They find out who you meet and what you discuss. They know how many forks and spoons you have in your home."

Roh, a retired army general who once briefly directed the Defense Security Command, has said he reorganized the two agencies since becoming president to ensure that "they would return to their proper missions."

Bae Myung In, a former Justice Ministry official whom Roh appointed as director for National Security Planning in May, told National Assembly auditors this month that the agency no longer would use a controversial reserve fund to underwrite "political maneuvering," according to local press reports.

The Korea Times said the agency reportedly used more than 1 trillion won (about $1.4 billion) from the reserve fund during Chun's seven-year presidency.

Sources among political dissidents estimate that the Agency for National Security Planning has a network of up to 100,000 officers, agents and informants—which, if accurate, would mean that there is one spy for every 420 citizens. However, that figure cannot be confirmed.

Staff of 6,000 Reported

Meanwhile, Defense Minister Oh Ja Bok told Assembly auditors in October that the Defense Security Command will discontinue investigation of civilians. He said the command has shut 37 of its branch offices and reduced its staff by 112.

A former employee of the organization said it keeps a staff of 6,000 professionals and estimated that it has more than 10,000 military personnel.

At the same time, some Seoul-based foreign journalists say brazen snooping by National Security Planning agents was sharply curtailed when Roh took office.

But dissidents argue that cloak-and-dagger activities could resume if the stability of Roh's government is seriously threatened in the future.

"Mr. Roh is not entirely stable yet," said Lee Boo Young, a released political prisoner. "Superficially, he promised he'll strengthen the process of democracy, but he needs to maintain his control at the same time."

N,Y,TIMES:12-04-88

Korea Asks: Is Disgrace Enough for Its Ex-President?

By DAVID E. SANGER 185

SEOUL, South Korea

FOR the seven years of his repressive rule, President Chun Doo Hwan dominated South Korea's images of itself: Nearly every day Koreans were fed innocuous pictures of him dedicating a new highway or inspecting a factory, while few dared to openly criticize his Government.

Last week, South Korea was transfixed by a very different image of Mr. Chun. In taxis, shops and living rooms, all activity stopped as the country listened to live television and radio broadcasts of National Assembly legislators grilling Mr. Chun's former military aides in hearings on abuses in his administration.

For the first time they heard the details of how the head of the Korean Central Intelligence Agency killed President Park Chung Hee at the dinner table in 1979, paving the way for Mr. Chun to stage a quick coup and later suppress dissent at the cost of hundreds of lives.

While the people watched and argued over what Mr. Chun's fate should be, the disgraced former leader, now in a self-imposed internal exile after his apology to the nation two weeks ago, padded around an austere monastery in the mountains and left the Government in a quandary.

No one, least of all Roh Tae Woo, once Mr. Chun's right-hand man and now his elected successor, dares to stop an inquiry that has started a national catharsis. But Mr. Roh has much to lose if it continues.

At best, he told the nation eight days ago in a tepidly received plea for forgiveness for his political mentor, the inquiry threatens to fixate a troubled nation on its violent past. Left unsaid was the likelihood that it will implicate some members of Mr. Roh's own Cabinet, holdovers from the Chun era. Mr. Roh must have squirmed himself last week as his own name kept cropping up in the hearings.

All this has unleashed a host of conflicting emotions in a country whose turbulent postwar history of overthrown governments and assassinations casts a long shadow over its first, tentative experiments with democracy. Many want revenge against Mr. Chun, who is widely blamed for the 1980 student uprising in Kwangju, in which at least 200 people were killed, and for efforts to "re-educate" dissidents in torture camps.

But polls show that even more seem to want a full investigation but no punishment.

"We are reluctant to humiliate a person, especially after he has apologized for his misdeeds," Hong Sa Duk, a former member of the National Assembly and now a political commentator, said last week.

"We don't have an alternative but to forgive the former president. We must work for our future," he said.

As Mr. Hong spoke, Mr. Roh was racing to divorce himself from links to the Chun era. While urging forgiveness, he offered no legal pardon.

He openly admitted the Government's past abuse of power. And he said he would compensate survivors and victims of Kwangju and "restore honor" to the 5,000 civil servants, journalists and ordinary citizens fired from their jobs as part of a Government "purification" drive.

By year's end Mr. Roh also plans to release most political prisoners, whose numbers are estimated at between 200 and 1,000. A Cabinet shuffle to oust Chun holdovers is in the works. Meanwhile the Education Ministry is turning out new school textbooks, substituting laudatory passages about Mr. Chun with a dose of facts. But for a country trying to define what democratic institutions are all about, perhaps the biggest sign of change last week came when a panel convened by Mr. Roh suggested the unsuggestable: that the time had come to rein in South Korea's two intelligence agencies and limit the K.C.I.A. and the military's Defense Security Command to their original task of keeping an eye on North Korea.

A little more than a year ago, open discussion of such changes would have invited a long interrogation, maybe prison.

Drafty Quarters

The moves are bolder than many expected of Mr. Roh after he defeated a divided opposition last year. But many South Koreans are still deeply suspicious of him, believing that his past military ties may have a stronger influence than his new commitment to democracy.

And there is still the problem of Mr. Chun. No one seemed convinced when the former leader invited television cameras in the other day to demonstrate that his monastery quarters are sparse and drafty, a return to his humble roots in the Korean countryside. Instead, the Government launched an investigation to see if he had shipped money abroad during his rule in the style of Ferdinand E. Marcos.

But there are differences between the case of Mr. Chun and the case of Mr. Marcos, and they may offer hints for the future. Mr. Chun has expressed no interest in exile abroad, and could conceivably live out his days in South Korea in peace unless the investigations create more clamor for his arrest.

Moreover, most people here seem to think that democracy's roots, while fragile, are strong enough to keep military leaders like Mr. Chun from seizing power again.

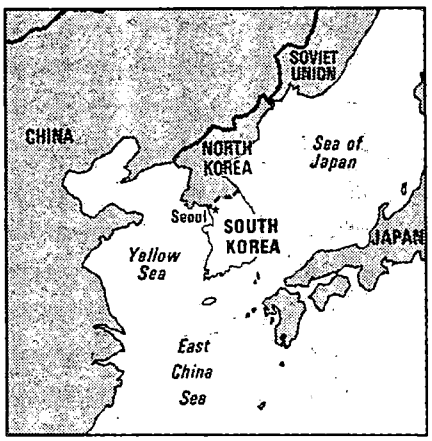
"The Marcoses were eager to accumulate their own fortune," said Hyun Hong Joo, the Minister of Legislation and one of Mr. Roh's most trusted aides. "For all his abuses, Mr. Chun was patriotic, trying to manage his own country. He left office in an orderly way. That was a first for Korea, and people don't want retribution."

background notes

[South] Korea

United States Department of State
Bureau of Public Affairs

April 1987



Official Name: Republic of Korea

PROFILE

Geography

Area: 98,500 sq. km. (38,000 sq. mi.); about the size of Indiana. **Cities:** *Capital*—Seoul (over 10 million). *Other major cities*—Pusan (3.4 million), Taegu (2.0 million), Inchon (1.2 million). **Terrain:** Partially forested mountain ranges, separated by deep, narrow valleys; cultivated plains along the coasts, particularly in the west and south. **Climate:** Temperate.

People

Nationality: *Noun and adjective*—Korean(s). **Population** (1986): 43.3 million. **Annual growth rate:** 1.5%. **Ethnic groups:** Korean; small Chinese minority. **Religions:** Buddhism, Christianity, Shamanism, Confucianism. **Language:** Korean. **Education:** *Years compulsory*—6. *Number of students*—11,121,000. *Attendance* (1984)—of those eligible, 98.8% attended middle school, 89.7% attended high school. *Literacy*—over 90%. **Health** (1983): 1 doctor/1,509 persons. *Infant mortality rate* (1983)—29/1,000. *Life expectancy*—men 64 yrs., women 71 yrs. **Work force** (15.4 million, 1985): *Agriculture*—24.9%. *Industry*—30.5%. *Services*—44.6%.

Government

Type: Republic with power centralized in a strong executive. **Independence:** August 15, 1948. **Constitution:** July 17, 1948; revised 1962, 1972, 1980.

Branches: *Executive*—president (chief of state). *Legislative*—unicameral National Assembly. *Judicial*—Supreme Court and appellate courts, Constitutional Court.

Subdivisions: Nine provinces, four administratively separate cities (Seoul, Pusan, Inchon, Taegu).

Political parties: *Government party*—Democratic Justice Party (DJP). *Opposition parties*—New Korea Democratic Party (NKDP), Korean National Party (KNP). **Suffrage:** Universal over 20.

Central government budget (1985): *Expenditures*—$17.4 billion.

Defense (1986 est.): $47 billion, approx. 5.1% of GNP and 31.2% of government budget. About 600,000 active in armed forces.

Flag: Centered on a white field is the ancient Chinese symbol of yin and yang, a divided circle of interpenetrating blue (top) and red (bottom), representing the union of opposites. At each corner of the white field is a different trigram of black bars, symbols of the elements from the ancient pan-East Asian *I Ching* or "Book of Changes." Together, the yin-yang and the four trigrams represent eternal unity.

Economy

GNP (1986 est.): $91.750 billion. **Annual growth rate** (1961-81): 8%. **Per capita GNP** (1985): $2,032. **Consumer price index** (1985 avg. increase): 3.2%.

Natural resources: Limited coal, tungsten, iron ore, limestone, kaolinite, and graphite.

Agriculture (including forestry and fisheries, 16.4% of 1985 GNP): *Products*—rice, barley, vegetables. *Arable land*—22% of land area.

Mining and manufacturing (42.0% of 1985 GNP): Textiles, footwear, electronics, shipbuilding, motor vehicles, petrochemicals, industrial machinery.

Social overhead capital and other services: 41.6% of 1985 GNP.

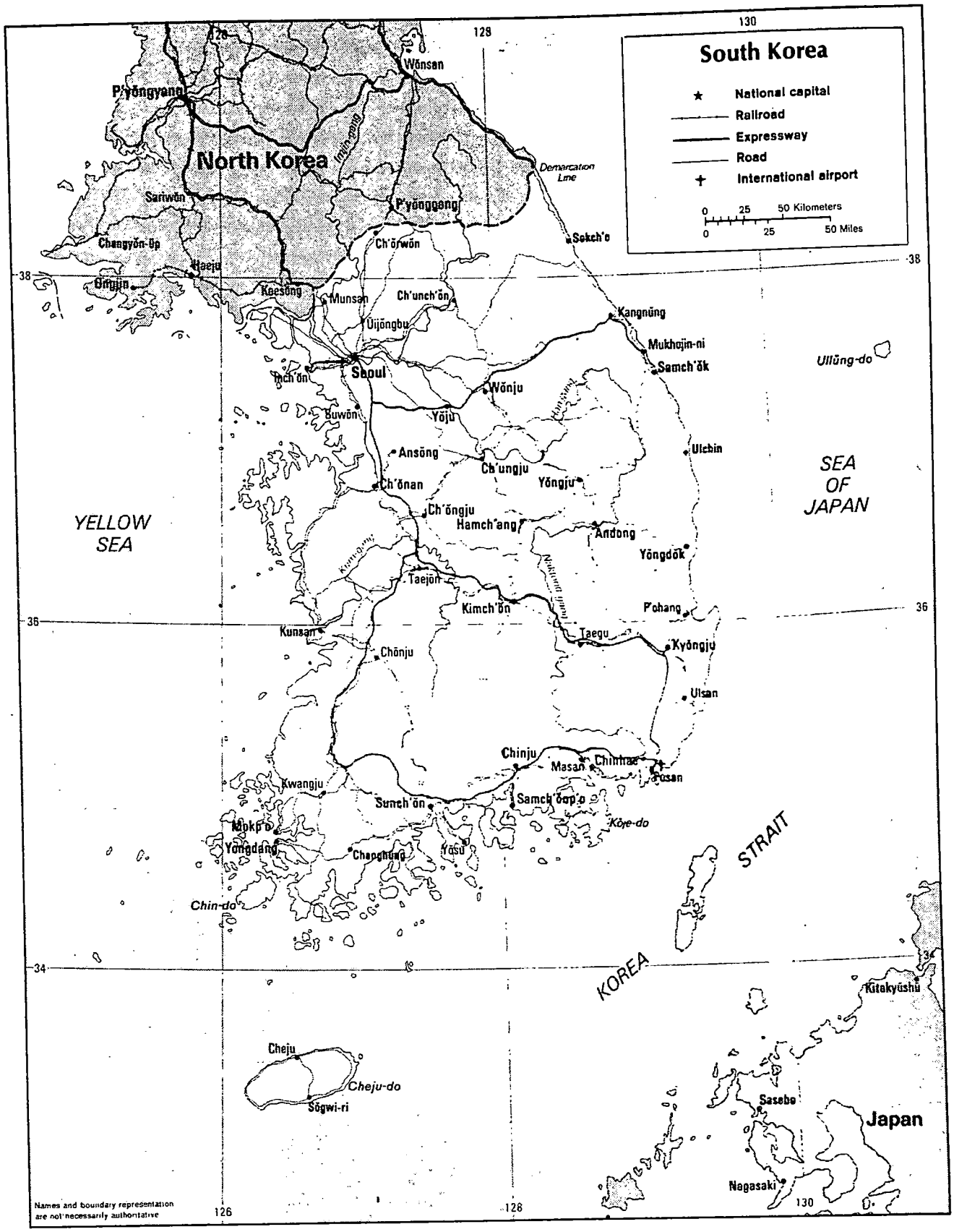
Trade (1986): *Exports*—$33.9 billion: manufactures; textiles; ships; electrical products; footwear; steel. *Major markets*—US, Japan, European Community, Middle East. *Imports*—$31.5 billion: crude oil; food; machinery and transportation equipment; chemicals and chemical products; base metals and articles. *Major suppliers*—Middle East, Japan, US.

Official exchange rate (March 1987): 852 won=US$1.

Fiscal year: Calendar year.

Membership in International Organizations

Official observer status at UN; active in many UN specialized agencies (FAO, GATT, IAEA, IBRD, ICAO, IDA, IFAD, IFC, IMF, IMO, ITU, UNCTAD, UNDP, UNESCO, UNICEF, UNIDO, UPU, WHO, WIPO, WMO, WTO) and other international organizations (Asian-African Legal Consultative Committee, ASPAC, Asian People's Anti-Communist League, World Anti-Communist League, Colombo Plan, Economic and Social Commission for Asia and the Pacific, Geneva Conventions of 1949 for the Protection of War Victims, Asian Development Bank, INTELSAT, International Whaling Commission, Interparliamentary Union, INTERPOL); official observer status in African Development Bank (member of Africa Development Fund), International Labor Organization, and Organization of American States.


South Korea
National capital
Railroad
Expressway
Road
International airport
0 25 50 Kilometers
0 25 50 Miles
North Korea
P'yŏngyang
Wŏnsan
Sariwŏn
Changyŏn-ŭp
Haeju
Ongjin
Kaesŏng
Munsan
Ch'unch'ŏn
Ŭijŏngbu
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Seoul
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Taejŏn
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Ulchin
Kangnŭng
Mukhojin-ni
Samch'ŏk
Sokch'o
P'yŏnggang
Demarcation Line
Imjin-gang
Kŭm-gang
Naktong-gang
YELLOW SEA
SEA OF JAPAN
KOREA STRAIT
Chinju
Masan
Chinhae
Pusan
Kwangju
Sunch'ŏn
Samch'ŏnp'o
Kŏje-do
Mokp'o
Yŏngdang
Changhŭng
Yosu
Chin-do
Cheju
Cheju-do
Sŏgwi-ri
Kitakyūshū
Sasebo
Nagasaki
Japan
126
128
130
34
36
38
Names and boundary representation are not necessarily authoritative

GEOGRAPHY

The Republic of Korea (South Korea) occupies the southern portion of a mountainous peninsula, about 966 kilometers (600 mi.) long and 217 kilometers (135 mi.) wide, projecting southeast from China and separating the Sea of Japan from the Yellow Sea. Japan lies about 193 kilometers (120 mi.) east of Pusan across the Sea of Japan (called the East Sea by Koreans). The most rugged areas are the mountainous east coast and central interior. Good natural harbors are found only on the western and southern coasts.

South Korea's only land boundary is with North Korea, formed by the Military Demarcation Line (MDL) marking the line of separation between the belligerent sides at the close of the Korean war. The Demilitarized Zone (DMZ) extends for 2,000 meters (1.2 mi.) on either side of the MDL. The North and South Korean Governments hold that the MDL is not a permanent border but a temporary administrative line.

Seoul, the capital, is less than 48 kilometers (30 mi.) from the DMZ, near the west coast. Seoul's climate is hot and rainy in summer; winters are cold, dry, and windy, with generally light snowfall, and mean January temperature is -5 °C (23 °F). Fall is traditionally the Koreans' favorite season, with warm days, cool nights, and clear skies; such weather often lasts into mid-December.

PEOPLE

Korea was first populated by a Tungusic branch of the Ural-Altaic family, which migrated to the peninsula from the northwestern regions of Asia. Some of these people also settled parts of northeast China (Manchuria), and Koreans and Manchurians still show physical similarities—in their height, for example. Koreans are racially and linguistically homogeneous, with no indigenous minorities.

South Korea's major population centers are mostly in the northwest area of Seoul-Inchon and in the southern fertile plains. The mountainous central and eastern areas are sparsely inhabited. Between 1925 and 1940, the Japanese colonial administration in Korea concentrated its industrial development efforts in the comparatively underpopulated and resource-rich north, resulting in considerable migration of people to the north from the southern agrarian provinces. This trend was reversed after World War II, when more than 2 million Koreans moved from the north to the south following the division of the peninsula into U.S. and Soviet military zones of administration. This southward migration continued after the Republic of Korea was established in 1948 and during the Korean war (1950–53). About 10% of the people in the Republic of Korea are of northern origin. With over 40 million people, South Korea has one of the world's highest population densities—much higher, for example, than India or Japan—while the territorially larger North has about 20 million people. Expatriate Koreans live mostly in China (1.2 million), Japan (600,000), the United States (500,000), and the Soviet Union.

Language

Korean is a Uralic language, remotely related to Japanese, Hungarian, Finnish, and Mongolian. Although dialects exist, the Korean spoken throughout the peninsula is mutually comprehensible. Chinese characters were used to write Korean before the Korean Hangul alphabet was invented in the 15th century. These characters are still in limited use in South Korea, but the North uses Hangul exclusively. Many older people retain some knowledge of Japanese from the colonial period (1910–45), and most educated Koreans can read English, which is taught in all secondary schools.

Religion

Korea's traditional religions are Shamanism and Buddhism. Although Buddhism has lost some influence since the Koryo dynasty (A.D. 935–1392), it still commands the greatest number of adherents of any faith—about 18.9% of the population. Shamanism, the traditional spirit worship, is still practiced in some rural areas. Confucianism remains the dominant cultural influence; however, its religious adherents are few and mostly elderly. Christian missionaries arrived in Korea in the 19th century and founded schools, hospitals, and other modern institutions throughout the country. Today, nearly 7 million Koreans, or 16% of the population, are Christian (about 75% Protestant)—the largest figure for any East Asian country except the Philippines.

HISTORY

According to legend, the god-king Tangun founded the Korean nation in 2333 B.C., after which his descendants reigned over a peaceful kingdom for more than a millennium. By the first century A.D., the Korean Peninsula, known as Chosun ("morning calm"), was divided into the kingdoms of Silla, Koguryo, and Paekche. In A.D. 668, the peninsula was unified under the Silla kingdom, rulership of which was taken over in 918 by the Koryo dynasty (from which is taken the name "Korea"). The Yi dynasty, which supplanted Koryo in 1392, lasted until the Japanese annexed Korea in 1910.

Throughout most of its history, Korea has been invaded, influenced, and fought over by its larger neighbors. Major Japanese invasions occurred in 1592 and 1597, and the Chinese attacked in 1627. To protect themselves from such foreign buffeting, the Yi kings finally adopted a closed-door policy, which earned Korea the title of "Hermit Kingdom." Though the Yis showed nominal fealty to the Chinese throne, Korea was in fact independent until the late 19th century, when Japanese influence became predominant.

In the late 19th and early 20th centuries, Japanese, Chinese, and Russian competition in Northeast Asia led to armed conflict. Having defeated its two competitors, Japan established dominance in Korea, annexing it in 1910. The Japanese colonial era was characterized by almost total control from Tokyo and by ruthless efforts to replace the Korean language and culture with those of the colonial power.

As World War II ended, the United States and the Soviet Union agreed at Yalta that Japanese forces in Korea would surrender to the United States south of the 38th parallel and to the Soviet Union north of that line. This division of Korea was intended as a temporary administrative measure only. However, in 1946–47, the Soviet administration in the North refused to allow free consultations with representatives of all groups of the Korean people for the purpose of establishing a national government, and the United States and the Soviet Union subsequently were unable to reach agreement on a unification formula.

Korean War

In the face of communist refusal to comply with the UN General Assembly resolution of November 1947, calling for UN-supervised elections throughout Korea, elections were carried out under UN observation in the U.S. zone of occupation, and on August 15, 1948, the Republic of Korea (ROK) was established there. The Republic's first president was a prominent Korean nationalist, Syngman Rhee. In September 1948, the

Soviet Union established the Democratic People's Republic of Korea (DPRK) in the North under Kim Il Sung, a former Soviet Army major, who claimed authority over the entire peninsula. On December 12, 1948, the UN General Assembly declared the ROK the only lawful government in Korea.

The United States withdrew its military forces from Korea in 1949. On June 25, 1950, North Korean forces invaded the Republic of Korea. The United Nations, in response and in accordance with the terms of its Charter, engaged in its first collective action through the establishment of the UN Command (UNC), to which 16 member nations sent troops and assistance. At the request of the UN Secretary General, this international effort was led by the United States, which contributed the largest contingent. UN forces initially succeeded in advancing almost to the Yalu River, which divides the Korean Peninsula from China, but large numbers of "people's volunteers" from the army of the People's Republic of China joined the North Korean forces. In December 1950, a major Chinese attack forced UN troops to withdraw southward. The battle line fluctuated up and down the peninsula until the late spring of 1951, when it finally stabilized north of Seoul near the 38th parallel.

Armistice negotiations began in July 1951, but hostilities continued until July 27, 1953, when, at the village of Panmunjom, the military commanders of the DPRK forces, the Chinese people's volunteers, and the UNC signed an armistice agreement. Neither the United States nor the ROK is a signatory of the armistice per se, though both adhere to it through the UNC. No comprehensive peace agreement has been signed in Korea, and the 1953 armistice agreement remains in force. A Military Armistice Commission, composed of 10 members, 5 appointed by each side, is empowered to supervise implementation of the terms of the armistice.

The armistice called for an international conference to find a political solution to the problem of Korea's division. This conference met at Geneva in April 1954, but, after 7 weeks of futile debate, ended inconclusively.

Postwar Developments

Syngman Rhee served as president of the Republic of Korea until April 1960, when university students and others, demonstrating in protest against irregularities in the presidential election of that year, forced him to step down. A caretaker government was established, the constitution was amended and, in June, national elections were held. The opposition Democratic Party easily defeated Rhee's Liberals, and, in August, the new National Assembly named Chang Myon prime minister. Chang's democratic but administratively ineffectual government—the Second Republic—lasted until May 1961, when it was overthrown in an army coup led by Maj. Gen. Park Chung Hee.

After 2 years of military government under Gen. Park, civilian rule was restored with the advent of the Third Republic in 1963. Park, who had retired from the army, was elected president (and was reelected in 1967, 1971, and 1978). In 1972, a popular referendum approved the Yushin (revitalizing) constitution, which greatly strengthened the executive branch's powers. Key provisions included indirect election of the president, presidential appointment of one-third of the National Assembly, and presidential authority to issue decrees to restrict civil liberties in times of national emergency. Park subsequently issued several such decrees; the best-known of these, EM-9, banned discussion of false rumors, criticism of the constitution or advocacy of its reform, and political demonstrations by students.

The Park era, marked by rapid industrialization and extraordinary economic growth and modernization, ended with his assassination in October 1979. Prime Minister Choi Kyu Ha assumed office briefly (the Fourth Republic), promising a new constitution and presidential elections. In December 1979, Maj. Gen. Chun Doo Hwan and his close colleagues removed the army chief of staff and soon controlled the government. By September, President Choi had been forced to resign, and General Chun, by then retired from the army, was named president.

During this process and in opposition to it, demonstrations by campus activists and others increased through the spring of 1980. In mid-May, the government declared martial law, banned all demonstrations, and arrested many political leaders and dissidents. In Kwangju City, Special Forces units reacted harshly to demonstrators who ignored the ban, setting off a confrontation which left an official estimate of 170 dead. Unofficial sources claim a higher figure. This incident left a wound that has proven slow to heal.

In October, a referendum approved a new constitution, beginning the Fifth Republic. This document retained key features of earlier ones, including a strong executive and indirect election of the president but limited the chief executive to one 7-year term. Elections were held in early 1981 for a National Assembly and an electoral college; the latter elected President Chun to a 7-year term beginning in March of that year.

Although martial law ended in January 1981, the government, under laws enacted during the martial law period, retains broad legal powers to control dissent. An active and articulate minority of students, intellectuals, clergy, and others have remained critical of the Chun government and from time to time have organized demonstrations against it. Some of these demonstrations, such as those in Inchon in May 1986 and at Konkuk University in the fall of 1986, have been marked by considerable violence.

President Chun, who is barred from succeeding himself, has pledged to step down when his term ends in 1988. In April 1986, the President responded to a signature campaign by the opposition New Korea Democratic Party (NKDP), calling for direct election of the next president by proposing that the assembly try to reach agreement on a constitutional amendment. The government party, the Democratic Justice Party, supported a parliamentary system with a weakened president and a greatly strengthened prime minister, both elected by the assembly. The NKDP carried forward its earlier call for a directly elected president. Neither side has shown a willingness to compromise, and the outcome of the process to create what is hoped will be a more open political system with broad support from the Korean people was uncertain as of early 1987.

Principal Government Officials

President—**Chun** Doo Hwan
Prime Minister—**Lho** Shin Yong
Deputy Prime Minister; Chairman, Economic Planning Board—**Kim** Mahn Je
Minister of Foreign Affairs—**Choi** Kwang-soo
Minister of National Defense—**Lee** Ki Baek

Ambassador to the United States—**Kim** Kyong Won
Ambassador to the United Nations—**Park** Kun
Speaker of the National Assembly—**Lee** Chai Hyung

Korea maintains an embassy in the United States at 2320 Massachusetts Avenue NW., Washington, D.C. 20008 (tel. 202-939-5600).

ECONOMY

Over the past 25 years, the Republic of Korea's economic growth has been spectacular. The nation has advanced in a single generation from one of the world's poorest countries to the threshold of full industrialization, despite the need to maintain one of the world's largest military establishments. Lacking natural resources, Korea's greatest asset is its industrious, literate people.

The division of the Korean Peninsula in 1945 created two distorted economic units. North Korea inherited most of the mineral and hydroelectric resources and most of the existing heavy industrial base built by the Japanese. South Korea was left with a large, unskilled labor pool and most of the peninsula's limited agricultural resources. Although both the North and South suffered from the widespread destruction caused by the Korean war, an influx of refugees added to the South's economic woes. For these reasons, South Korea began the postwar period with a per capita gross national product (GNP) far below that of the North.

South Korea's meager mineral resources include tungsten, anthracite coal, iron ore, limestone, kaolinite, and graphite. There is no oil, and energy is a concern for ROK's economic planners. The country's ambitious program to build nuclear power plants is well underway; this year their sixth plant went into operation, and five more are under construction or on order.

The ROK was self-sufficient in rice production in 1977, but rising demand and several disappointing harvests have since made it a net importer. In 1985, Korea purchased about $1 billion in U.S. agricultural products. Korea is the United States' seventh largest source of imports and its eighth largest market for exports. The resulting trade imbalance was about $5 billion in 1985. Korea's economy is rapidly approaching full maturity—a marked change from the 1960s and 1970s, when it was a major recipient of U.S. foreign assistance (U.S. direct-aid programs in Korea ended in 1980).

The nation's successful industrial growth program began in the early 1960s, when the Park government instituted sweeping economic reforms emphasizing exports and labor-intensive light industries. The government also carried out a currency reform, strengthened financial institutions, and introduced flexible economic planning.

From 1963 to 1978, real GNP rose at an annual rate of nearly 10%, with average real growth of more than 11% for the years 1973–78. While Korea's national production was rising throughout the 1960s and 1970s, the annual population growth rate declined to the current 1.5%, resulting in a 20-fold increase in per capita GNP in those two decades. Per capita GNP, which reached $100 for the first time in 1963, now exceeds $2,000, far above that of North Korea.

Internal economic distortions, the political and social unrest that followed the 1979 assassination of President Park, and the effect of world economic developments, such as the drastic increase in world oil prices in 1979, triggered a severe recession in Korea in 1980. The economy recovered somewhat in the following 2 years, but it was not until the spring of 1983 and the strengthening of economic recovery in the United States that Korean economic performance began to take on the buoyancy of earlier days. Korea's economic planners have shifted their emphasis from high to stable growth. After registering 5% real GNP growth in 1985, low by Korean standards, the Korean economy rebounded impressively. Nineteen eighty-six is widely viewed as the Korean economy's most successful year ever, as booming exports led once again to double-digit growth of 12%. Korea achieved surpluses in both its current account balance and the trade balance in 1986. Long-term growth prospects remain extremely bright, and Korea continues to successfully manage its large external debt (about $45 billion, including short-term).

The continuing military threat from the North and the lack of foreign economic assistance require Korea to devote a third of its national budget to defense. In light of this, Korea must continue large defense expenditures while maintaining economic growth.

FOREIGN RELATIONS

South Korea is committed to peaceful settlement of international differences, a commitment best illustrated by its restrained response to a number of armed provocations over the past 15

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For information on economic trends, commercial development, production, trade regulations, and tariff rates, contact the International Trade Administration, US Department of Commerce, Washington, DC 20230.

years. These include the 1968 Blue House raid, the shooting down in September 1983 of a Korean Air Lines airliner by Soviet fighters, and the October 1983 terrorist bombing in Rangoon, Burma, which killed six of the ROK's most valued leaders.

South Korea has cast its lot with the West and the noncommunist world. It is active in international affairs and seeks to enhance its already impressive stature in the world community. Although not a member of the United Nations, South Korea keeps an observer mission, headed by an ambassador, at the UN General Assembly and is active in many of the UN's specialized agencies.

Following the ratification in 1965 of a treaty normalizing relations between Japan and Korea, the two nations have developed an extensive relationship centering on mutually beneficial economic activity. Although both countries' historic antipathy has at times impeded cooperation, relations at the government level have improved steadily and significantly in the past several years.

Korea's economic growth, energy requirements, and need for basic raw materials and for markets have given economic considerations high priority in the country's foreign policy. In light of these concerns, Korean diplomacy in recent years has concentrated on broadening its international base of support with Third World nations, the Association of South East Asian Nations (ASEAN), and the Middle East.

A recurrent theme in all phases of Korea's foreign relations is its perennial competition with the DPRK for world stature and recognition. In this effort, the ROK has been highly successful: while most of the world's nations recognize the reality of two Koreas, more maintain diplomatic relations with the ROK than the DPRK (122 versus 103, with 67 countries having relations with both). The South's network of international trading relationships is far broader than the North's, and South Korea has been selected to host a series of prestigious international events, including the 1985 International Monetary Fund and World Bank annual conference, the 1986 Asian Games, and the 1988 Summer Olympics (to be held in Seoul).

Negotiating Efforts With North Korea

Throughout the postwar period, both Korean governments have repeatedly affirmed their desire for reunification of the Korean Peninsula, but until 1971 no direct communications or any other contacts took place between the two governments or their citizens except through the Military Armistice Commission.

In August 1971, the DPRK and the ROK agreed to hold talks through their respective Red Cross societies with the stated aim of reuniting the many Korean families separated during the Korean war. Following a secret meeting on July 4, 1972, North and South Korea announced an agreement to work toward national reunification through peaceful means and to end the atmosphere of hostility that had formerly prevailed. Although official visits were exchanged and regular communication was established through a North-South Coordinating Committee and the Red Cross, no substantive progress was made. The contacts quickly broke down and were finally terminated by the North. This breakdown reflected basic differences in approach, with Pyongyang insisting that immediate steps toward reunification be taken before discussion of specific issues and Seoul maintaining that, given the two sides' history of violence, any realistic approach to reunification must be a gradual, step-by-step process.

President Chun has repeatedly suggested a summit meeting with President Kim of North Korea to discuss any and all proposals, an agreement to normalize inter-Korean relations pending reunification, and other specific measures to reduce tensions and promote humanitarian and cultural exchanges. In January 1982, President Chun, for the first time, addressed the central political issue, proposing that the North and South organize a conference to draft a constitution for a unified democratic republic of Korea. The ROK intends to present its draft constitution and urges the North to do so. The ROK maintains that a dialogue should be based on de facto recognition of each other's existing political, social, and economic systems. Seoul supports the recognition of both Koreas by the major powers in the region (the United States, U.S.S.R., China, and Japan), and the admission of both Koreas to the United Nations pending peaceful reunification. North Korea rejects these ideas on the grounds that they would perpetuate the peninsula's division.

Tension between North and South Korea increased dramatically in the aftermath of the October 9, 1983, North Korean assassination attempt on President Chun in Burma. North-South sports talks the following spring became acrimonious after the Rangoon bombing. South Korea's suspicions of the North's motives were not diminished by Pyongyang's proposal for "tripartite" talks on the future of the Korean Peninsula. This initiative, made public on January 10, 1984, called for talks with the United States, in which "South Korean authorities" would be permitted to participate. The tripartitie talks would replace the armistice agreement with a peace treaty, which would provide for withdrawal of all U.S. troops and issue a declaration of nonaggression between North and South.

Travel Notes

Climate and clothing: Korea's temperate, four-season climate is like that of the eastern US. Dress is more conservative than in the US.

Customs: All travelers entering the ROK must have a visa, which may be obtained from a Korean Consulate. Tourist visas are good for 60 days. No immunizations are required of travelers from the US.

Health: Health services are fair to good in most major cities. Many Korean physicians have been trained in Western medicine, and hospital services are adequate. Outside of the major hotels, water generally is not potable.

Transportation: International airports serve Seoul (Kimpo), Pusan (Kimhae), and Cheju Island. Extensive intercity air, rail, and bus service is available, as is an excellent network of local bus, taxi, and (in Seoul) subway services.

Telecommunications: Seoul is 14 time zones ahead of eastern standard time (13 hrs. during daylight-saving time). International direct-dial service is available to Korea's major cities. Internal telephone and telegraph services are available.

Tourist attractions: The Yi dynasty palaces in Seoul—Kyongbok, Changdok, and Toksu—are recommended, as are the National Museum of Korea and the Korean Folk Museum. The folk village at Suwon, located less than an hour's drive from Seoul, is a fine example of a "living museum." Sorok Mountain and Cheju Island are popular scenic attractions, while Pusan and Masan are examples of a modern Korean port and industrial site. The southeastern city of Kyongju has many fine antiquities. English is widely spoken at major tourist sites and facilities in the principal cities; in other areas, English speakers may be less readily found.

National holidays: Businesses and the US Embassy may be closed on the following holidays—National Day (Independence Day), August 15; New Year, January 1–3; Foundation Day (commemorating the founding of the nation by the god-king Tangun), October 3; Hangul Day (commemorating the creation of the Korean alphabet in 1446), October 9; Chusok (harvest moon festival), date varies, usually in August or September.

North Korea's offer to provide relief goods to victims of severe flooding in South Korea in September 1984—and South Korean acceptance—signaled the beginning of renewed dialogue between the two parties. Both sides began discussions on a variety of fronts—Red Cross talks that address the plight of family members separated by the division of Korea, economic/trade talks, and parliamentary talks. However, citing the U.S.-ROK Team Spirit joint military exercise, the North suspended these talks in January 1986. In addition, both sides have met under International Olympic Committee auspices to discuss cooperative ways of approaching the 1988 Summer Olympics to be held in Seoul.

U.S.-KOREAN RELATIONS

The United States remains committed, as it has for the past 30 years, to maintaining peace on the Korean Peninsula—a commitment vital to the peace and stability of the entire Northeast Asian region. The United States agreed in the 1954 Mutual Security Treaty to help the Republic of Korea defend itself from external aggression. In support of that commitment, the United States maintains about 39,000 troops in Korea, including the Second Infantry Division and several Air Force tactical squadrons. To coordinate operations between these units and the 600,000-strong Korean Armed Forces, a Combined Forces Command (CFC) has been established, headed by a U.S. four-star general who serves concurrently as Commander in Chief of the UN Command (CINCUNC). These U.S. forces effectively supplement the Korean people's ongoing and successful effort to deter aggression.

On Korean reunification, the United States believes that direct, government-to-government talks between the authorities of South and North Korea are necessary and that steps to promote greater understanding and reduce tension are needed to pave the way for reunifying the nation. Because the United States believes that the fundamental decisions on the future of the Korean Peninsula must be taken by the Korean people themselves, it has refused to be drawn into separate negotiations with North Korea, as Pyongyang has suggested. The United States stands prepared to participate in any discussions between the representatives of North and South Korea, if so desired by both Korean governments and provided that both are full and equal participants in such talks.

Perhaps the most rapidly developing area in Korean-U.S. relations is that of economics and trade. Korea has become the United States' seventh largest commercial partner. The United States seeks to improve its trade imbalance through greater access to Korea's expanding market and improved investment opportunities for U.S. business. Korea has embarked on an investment liberalization policy designed to open 90% of all industries to foreign investment by 1988. Korean leaders seem determined to manage successfully the complex economic relationship, and there appears to be widespread recognition in Korea of the benefits to be gained from greater U.S. private sector involvement in the country's development process.

Since the 1950s, the U.S.-Korean relationship has developed into one of the most important in Asia. The celebration in May 1982 of the centennial of Korean-American diplomatic relations and President Reagan's subsequent visit to Korea in the fall of 1983 underscore the special quality of U.S.-Korean relations and the determination of both governments to further develop that relationship.

Principal U.S. Officials

Ambassador—James R. Lilley
Commander in Chief, UNC—Gen. William J. Livsey
Deputy Chief of Mission—Thomas S. Brooks
Counselor for Political Affairs—Thomas P.H. Dunlop
Counselor for Economic Affairs—Donald F. McConville
Counselor for Administrative Affairs—Robert G. Deason
Counselor for Public Affairs—John M. Reid
Consul General—Andrew F. Antippas
Counselor for Commercial Affairs—George Mu
Chief, Joint U.S. Military Advisory Group, Korea—Mg. Todd P. Graham

The U.S. Embassy is located at 82 Sejong-Ro, Chongro-ku, Seoul (tel. 732-2601; telex AMEMB 23108). ■

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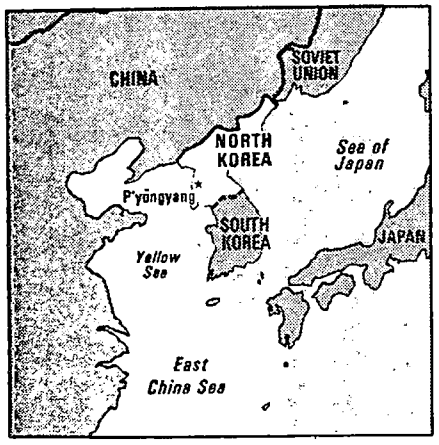
[North] Korea

United States Department of State
Bureau of Public Affairs

May 1986



Official Name: Democratic People's Republic of Korea

PROFILE

People

Nationality: *Noun and adjective*—Korean(s). **Population** (1985 est.): 20 million. **Annual growth rate:** 2.3%. **Ethnic group:** Korean. **Religion:** Buddhism, Shamanism; religious activities have been essentially nonexistent since 1945. **Language:** Korean. **Education:** *Years compulsory*—11. *Attendance*—3 million (primary, 1.5 million, secondary, 1.2 million, tertiary, 0.3 million). *Literacy* (est.)—99%.

Health: Medical treatment is free; one doctor for every 600 inhabitants; one hospital bed for every 350. *Infant mortality rate*—30/1,000. *Life expectancy*—65.6 yrs.

Geography

Area: 121,730 sq. km. (47,000 sq. miles), about the size of Mississippi. **Cities:** *Capital*—Pyongyang. *Other cities*—Chongjin, Wonsan, Nampo, and Kaesong. **Terrain:** Numerous ranges of moderately high and partially forested mountains and hills separated by deep, narrow valleys and small cultivated plains. **Climate:** Temperate.

Government

Type: Communist state, one-leader rule. **Independence:** September 9, 1948. **Constitution:** 1948, revised 1972.

Branches: *Executive*—president (chief of state); premier (head of government). *Legislative*—Supreme People's Assembly. *Judicial*—Supreme Court, Provincial, city, county, and military courts (subordinate to Supreme People's Assembly).

Subdivisions: 9 provinces, 4 province-level municipalities—Pyongyang, Kaesong, Chongjin, Nampo.

Political parties: Korean Workers' (communist) Party. **Suffrage:** Universal at age 17.

Defense (1985 est.): Over 20% of GNP, with about 12% of men ages 17-49 in the regular armed forces.

Holidays: National Day, Independence Day, September 9; Kim Il Sung's birthday, April 15; other holidays.

Flag: Two blue horizontal stripes at the top and bottom; two white narrow stripes; and a wide center band on which appears a red star in a white circle.

Economy*

GNP (1984 est.): $23 billion. **Per capita GNP** (1984): $1,175.

Agriculture (including forestry and fishing, 1982—25% of GNP): *Products*—rice, corn, potatoes, fruits, vegetables, and tobacco.

Industry (including mining and manufacturing, 1982—70% of GNP): *Types*—steel, cement, textiles, petrochemicals, machines.

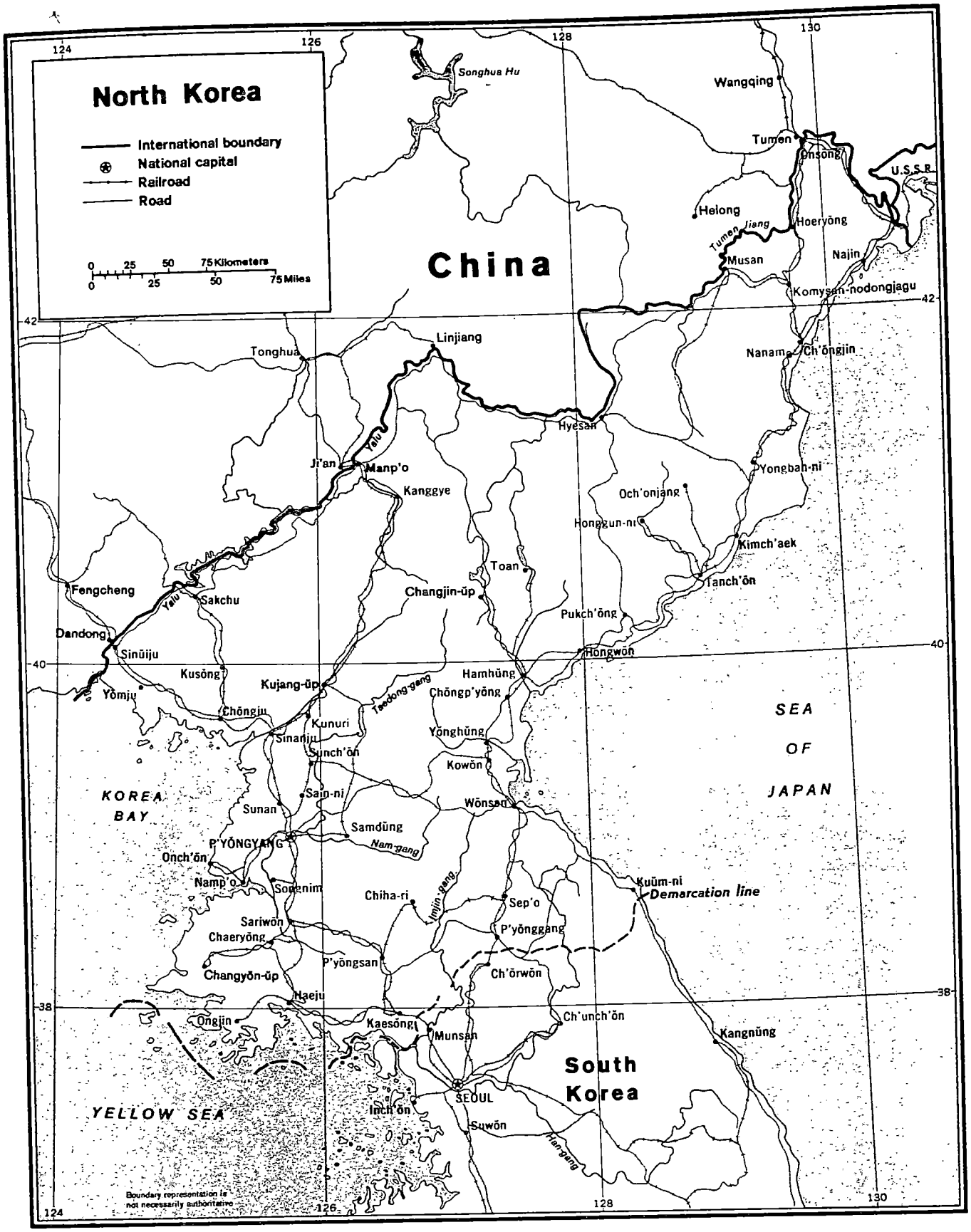
Trade (1983): *Exports*—$1.4 billion: machinery and equipment, iron, steel, metal ores, nonferrous metals, nonmetallic minerals, textile fibers, chemicals, foodstuffs. *Imports*—$1.5 billion: machinery and equipment, petroleum, foodstuffs, coking coal. *Major partners*—USSR, PRC, East European nations, Japan, West Germany, France (about 54% is with communist countries).

Official exchange rate: 2 won=US$1.

Membership in International Organizations

Official observer status at UN—Food and Agriculture Organization (FAO), International Civil Aviation Organization (ICAO), International Postal Union (IPU), International Telecommunications Union (ITU), UN Conference on Trade and Development (UNCTAD), UN Development Program (UNDP), UNESCO, World Health Organization (WHO), World Intellectual Property Organization (WIPO), World Meteorological Organization (WMO), International Atomic Energy Agency (IAEA), International Maritime Organization (IMO); IRCS, Nonaligned Movement.

*In most cases, the figures used here are estimates based upon incomplete data and projections.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National capital
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South Korea
SEA OF JAPAN
KOREA BAY
YELLOW SEA
Songhua Hu
Wangqing
Tumen
Onsong
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Helong
Tumen Jiang
Hoeryŏng
Musan
Najin
Komyŏn-nodongjagu
Linjiang
Tonghua
Nanam
Ch'ŏngjin
Hyesan
Yalu
Ji'an
Manp'o
Kanggye
Yongbŏn-ni
Och'onjang
Honggun-ni
Kimch'aek
Toan
Tanch'ŏn
Fengcheng
Sakchu
Changjin-ŭp
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Hŏngwŏn
Kusŏng
Kujang-ŭp
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Kunuri
Yŏnghŭng
Sinanju
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Kowŏn
Sain-ni
Wŏnsan
Sunan
Samdŭng
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GEOGRAPHY

The Democratic People's Republic of Korea (DPRK, North Korea) occupies the northern portion of a mountainous peninsula about 966 kilometers (600 mi.) long and 217 kilometers (135 mi.) wide, projecting southeast from China, between the Sea of Japan and the Yellow Sea (known in Korea as, respectively, the East Sea and West Sea). Japan lies about 193 kilometers (120 mi.) east of the peninsula, across the Sea of Japan. North Korea shares common borders with the People's Republic of China—along the Yalu and Tumen Rivers—and with the Soviet Union—along the Tumen River. The boundary with South Korea is formed by the military demarcation line (MDL), marking the line of separation between the belligerent sides at the close of the Korean war. A demilitarized zone (DMZ) extends for 2,000 meters (just over a mile) on either side of the MDL. Both the North and South Korean Governments hold that the MDL is not a permanent border but a temporary administrative line.

North Korea's terrain consists of numerous ranges of moderately high and partially forested mountains and hills separated by deep, narrow valleys and small cultivated plains. The most rugged areas are the north and east coasts. Good harbors are found on the eastern coast. Pyongyang, the capital, is located near the country's west coast.

The climate is temperate. July and August are normally the warmest months, with temperatures averaging 30°C (85°F) at Pyongyang. Rainfall is concentrated in the summer months, usually occurring in June and July. January is the coldest; temperatures often drop below -20°C (-4°F). Snowfall is generally light, but the ground is covered for long periods.

PEOPLE

Korea was first populated by a Tungusic branch of the Ural-Altaic family, which migrated to the peninsula from the northwestern regions of Asia. Some of these peoples also populated parts of northeast China (Manchuria), and Koreans and Manchurians still show physical similarities—in their height, for example. Koreans are racially and linguistically homogeneous, with no indigenous minorities.

The population is unevenly distributed, with greater concentrations in the fertile plains than in mountainous areas. Between 1925 and 1940, the Japanese colonial administration in Korea concentrated its industrial development efforts in the comparatively underpopulated and resource-rich north, resulting in a considerable movement of people northward from the agrarian southern provinces. This trend was reversed after the end of the World War II, when more than 2 million Koreans moved from the north to the south following the division of the peninsula into U.S. and Soviet military zones of administration. This southward migration continued after the establishment of the Republic of Korea (ROK, South Korea) in 1948, and during the Korean war (1950–53). Korea's population and population density are now unequally divided, with 40 million people in the territorially smaller south (38,000 sq. mi.) and 20 million in the north (47,000 sq. mi.).

Language

Korean is a Uralic language, remotely related to Japanese, Mongolian, Hungarian, and Finnish. Although there are dialects, the Korean spoken throughout the peninsula is mutually comprehensible. Chinese characters were used to write Korean before the invention of the Korean Hangul alphabet in the 15th century. These characters are still in limited use in South Korea; North Korea uses Hangul, exclusively.

Religion

Korea's traditional religions are Buddhism and Shamanism. Christian missionaries arrived in the 19th century and founded schools, hospitals, and other modern institutions throughout Korea. Major centers of missionary activity included Seoul and Pyongyang. Although religious groups nominally exist in North Korea, the preponderance of evidence indicates that the government allows these groups to exist only for the sake of its international image; it actively discourages all forms of religious observance.

HISTORY

According to legend, the god-king Tangun founded the Korean nation in 2333 B.C., after which his descendants reigned over a peaceful kingdom for more than a millennium. By the first century A.D., the Korean Peninsula, known as Chosun ("morning calm"), was divided into the kingdoms of Silla, Koguryo, and Paekche. In A.D. 668, the peninsula was unified under the Silla kingdom. Its rulership was taken over in 918 by the Koryo dynasty (from which is derived the Western name "Korea"). The Yi dynasty, which supplanted Koryo in 1392, lasted until the Japanese annexed Korea in 1910.

Throughout most of its history Korea has been invaded, influenced, and fought over by its larger neighbors. Major Japanese invasions occurred in 1592 and 1597, and the Chinese attacked in 1627. To protect themselves from such constant buffeting, the Yi kings finally adopted a closed-door policy, earning Korea the title of "Hermit Kingdom." Though the Yi's showed nominal fealty to the Chinese throne, Korea was, in fact, independent until the late 19th century, when Japanese influence became predominant.

In the late 19th and early 20th centuries, Japanese, Chinese, and Russian competition in Northeast Asia led to armed conflict. Having defeated its two competitors, Japan established dominance in Korea. The Japanese colonial era was characterized by virtually total control from Tokyo and by ruthless efforts to replace the Korean language and culture with those of the colonial power.

As World War II neared an end, the United States and the Soviet Union agreed at Yalta that Japanese forces in Korea would surrender to the United States south of the 38th parallel and to the Soviet Union north of that line. This division was intended as a temporary administrative measure only. However, in 1946–47, the Soviet administration in the north refused to allow free consultations with representatives of all groups of the Korean people for the purpose of establishing a national government, and the United States and the Soviet Union subsequently were unable to agree on a unification formula.

Korean War

In the face of communist refusal to comply with the UN General Assembly resolution of November 1947, calling for UN-supervised elections throughout Korea, elections were carried out under UN observation in the U.S. zone of occupation, and on August 15, 1948, the

Republic of Korea was established. The republic's first president was the prominent Korean nationalist, Syngman Rhee. In September 1948, the Soviet Union established the Democratic People's Republic of Korea in the north under Kim Il Sung, a former guerrilla who, by some accounts, served during World War II as a Soviet Army major. Although Kim claimed authority over the entire peninsula, the UN General Assembly, on December 12, 1948, declared the Republic of Korea to be the only lawful government in Korea.

The United States withdrew its military forces from Korea in 1949. On June 25, 1950, North Korean forces invaded South Korea. In response, the United Nations, in accordance with the terms of its Charter, engaged in its first collective action through the establishment of the UN Command (UNC), to which 16 member nations sent troops and assistance. At the request of the UN Secretary General, this international effort was led by the United States, which contributed the largest contingent. UN forces initially succeeded in advancing almost to the Yalu River, which divides the Korean Peninsula from China; however, there, large numbers of "people's volunteers" from the army of the People's Republic of China (P.R.C.) had joined North Korean forces. In December 1950, a major Chinese attack forced UN troops to withdraw southward. The battle line then fluctuated up and down the peninsula until the late spring of 1951, when it stabilized north of Seoul near the 38th parallel.

Armistice negotiations began in July 1951, but hostilities continued until July 27, 1953, when, at the village of Panmunjom, the military commanders of the North Korean forces, the Chinese people's volunteers, and the UNC signed an armistice agreement. Neither the United States nor South Korea is a signatory of the armistice per se, though both adhere to it through the UNC. No comprehensive peace agreement has ever replaced the 1953 armistice agreement, which remains in force. A Military Armistice Commission composed of 10 members, 5 appointed by each side, is empowered to supervise implementation of the terms of the armistice.

The armistice called for an international conference to find a political solution to the problem of Korea's division. This conference met at Geneva in April 1954 but, after 7 weeks of futile debate, ended inconclusively.

Reunification Policy

North Korea has pursued its goal of reunification by regular and irregular military measures and by negotiations.

Military Measures. Although North Korea did not take advantage of political turmoil in the South in the early 1960s to launch a military attack of "liberation," it subsequently perpetrated a number of violent acts across the demilitarized zone and in South Korea, which were directed both at U.S. and South Korean forces and South Korean Government officials. These efforts included the 1968 infiltration into Seoul by a 31-agent team, which attempted to assassinate President Park, the seizure 2 days later of the U.S.S. *Pueblo* while it was in international waters and the subsequent imprisonment and torture of its crew, and the shooting down of an unarmed U.S. EC–121 reconnaissance aircraft. North Korea is also thought to have dispatched the assassin who, while attempting to kill President Park in 1974, killed Mrs. Park Chung Hee, South Korea's First Lady. In 1976, North Korean troops, wielding axes, killed two U.S. Army officers in the DMZ.

In the early 1970s, although the North scaled back its infiltration and sabotage against the South, it began a major long-term conventional military buildup. The extent of this buildup did not become evident to the outside world until the late 1970s. North Korea now has the fifth largest army in the world. The disparity between the North and South Korean forces, which resulted from this military expansion, led the U.S. Government in mid-1979 to cancel planned withdrawals of U.S. ground combat forces from South Korea.

The comparative military balance continues to favor the North. The North has about 850,000 armed personnel, compared to about 600,000 in the South. North Korean forces are well equipped and have a substantial advantage (at least 2-to-1) in several key categories of offensive weapons: tanks, long-range artillery, and armored personnel carriers. The North has perhaps the world's second largest commando force (after the Soviet Union) designed for insertion behind the lines in wartime. North Korea also has more than twice as many combat aircraft than the South, although South Korean/U.S. forces have the qualitative edge. North Korean exercises have revealed impressive sophistication in terms of joint and combined forces operations.

In addition to their size and capabilities, the challenge posed by North Korean forces is compounded by factors of time and distance. The bulk of North Korean forces are deployed well forward, along the DMZ and, recently, North Korea has begun to move even more of its rear echelon troops to hardened bunkers much closer to the DMZ. Given the proximity of Seoul to the DMZ (some 25 miles), South Korean and U.S. forces are presented with an extremely difficult indications and warning problem. Consequently, a high state of readiness is required at all times. The U.S. Government continues to believe that the U.S. troop presence in South Korea remains an important deterrent against North Korean aggression.

North Korea's continued, though intermittent, infiltration and sabotage actions against the South in recent years include construction of several military tunnels deep under the DMZ. This tunneling effort continues. In October 1983, North Korean Army officers set off a bomb in Rangoon, Burma, killing 17 members of an official South Korean delegation and 4 Burmese. Although President Chun escaped harm, four South Korean cabinet ministers and several senior advisers were among those slain.

Negotiating Efforts Between the Two Koreas. Throughout the postwar period, both Korean Governments have repeatedly affirmed their desire to reunify the Korean Peninsula, but until 1971 no direct communications or any other contacts took place between the two governments or their citizens except through the Military Armistice Commission.

In August 1971, North and South Korea agreed to hold talks through their respective Red Cross societies with the stated aim of reuniting the many Korean families separated following the division of Korea and the Korean war. Following a secret meeting on July 4, 1972, both countries announced an agreement to work toward national reunification through peaceful means and to end the hostile atmosphere that had formerly prevailed. Although officials exchanged visits and regular communications were established through a North-South Coordinating Committee and the Red Cross, no substantive

progress was made. The contacts quickly broke down and were finally ended by the North. The breakdown reflected basic differences in approach, with Pyongyang insisting that immediate steps toward reunification be taken before discussion of specific issues and Seoul maintaining that, given the two sides' long history of violence, any realistic approach to reunification must be a gradual, step-by-step process.

President Chun repeatedly has suggested a summit meeting with President Kim to discuss any and all proposals, an agreement to normalize inter-Korean relations pending reunification, and other specific measures to reduce tensions and promote humanitarian and cultural exchanges. In turn, Kim Il Sung has periodically reiterated his 1980 proposal for a grand national conference to establish a Confederal Korean Republic.

In his January 1982 proposals, President Chun, for the first time, addressed the central political issue. He proposed that the North and South organize a conference to draft a constitution for a unified democratic Korean republic. South Korea intends to present its draft of a constitution and urges the North to do likewise. South Korea maintains that a meaningful dialogue should be based on *de facto* recognition of each other's existing political, social, and economic systems. South Korea supports the recognition of both Koreas by the major powers in the region (U.S.A., U.S.S.R., P.R.C., and Japan), and the admission of both Koreas to the United Nations pending peaceful reunification. North Korea rejects these ideas on the grounds that they would perpetuate the peninsula's division.

Tension between North and South Korea increased dramatically in the aftermath of the October 9, 1983, North Korean assassination attempt on President Chun in Burma. North-South sports talks the following spring became acrimonious over the Rangoon bombing, and Pyongyang ultimately boycotted the Los Angeles Olympics. South Korea's suspicions of the North's motives were not diminished by Pyongyang's proposal for "tripartite" talks on the future of the Korean Peninsula. This initiative, made public on January 10, 1984, called for talks with the United States, in which "South Korean authorities" would be permitted to participate. The tripartite talks would replace the armistice agreement with a peace treaty, which would provide for withdrawal of all U.S. troops and issue a declaration of nonaggression between North and South.

North Korea's offer to provide relief goods to victims of severe flooding in South Korea in September 1984—and South Korean acceptance—signaled the beginning of renewed dialogue between the two parties. Since then, both sides have begun discussions on a variety of fronts: Red Cross talks that address the plight of family members separated by the division of Korea; economic/trade talks; and parliamentary talks. In addition, both sides have met under International Olympic Committee auspices to discuss cooperative ways of approaching the 1988 Summer Olympics to be held in Seoul. Little progress has emerged from these discussions so far, but they appear to offer the greatest hope for reducing tensions on the Korean Peninsula.

GOVERNMENT

North Korea has a strongly centralized government under the complete control of the Korean Workers' (communist) Party. It is dominated by one man, Kim Il Sung, who, in addition to his titles of general secretary of the KWP and president of North Korea, is generally referred to as "Great Leader." A few minor parties are allowed to exist in name only, presumably to present a facade of representative government to the outside world.

In December 1972, the Fifth Supreme People's Assembly (SPA) ratified a new constitution replacing that of 1948. The 1972 constitution created the position of President of North Korea and a high-level government agency, the Central People's Committee (CPC). In theory, the SPA, North Korea's legislature, is the highest organ of state power. The constitution states that members are elected every 4 years. In the past, usually only two meetings were held annually, each lasting a few days. A Standing Committee of 19 members elected by the SPA performs legislative functions when the assembly is not in session. In reality, the assembly serves only to ratify decisions made in other communist party and government bodies. The constitution designates the Central People's Committee as the government's top policymaking body. Headed by the President of North Korea, who also nominates the other 24 committee members, the CPC makes high-level policy decisions and supervises the Cabinet (State Administration Council). The council is headed by a premier and is the dominant administrative and executive branch of government. The judiciary is subordinate to the Supreme People's Assembly. The SPA's Standing Committee appoints judges to the state's highest court for 4-year terms concurrent with that of the assembly.

Politically, North Korea is divided into nine provinces and four provincial-level municipalities—Pyongyang, Chongjin, Nampo, and Kaesong. It also appears to be divided into nine military districts.

Little is known about the actual lines of power and authority in the North Korean Government despite the formal structure set forth in the constitution. It is clear, however, that 74-year-old Kim Il Sung, who has ruled North Korea continuously since the government's establishment in 1948, wields dictatorial power. Kim and a group of long-time associates, all ranking members of the Korean Workers' Party, dominate the government and the economy through an elaborate party structure and through the civilian and military bureaucracies. This group of officials holds positions in both government and party structures. Kim Il Sung is the object of an intensive and far-reaching personality cult, probably unequaled in the rest of today's world. A similar cult has been developing around President Kim's son, Kim Chong Il, 44, who is being groomed to succeed his father. Many observers now credit the younger Kim with day-to-day running of domestic affairs.

Principal Government Officials

President and General Secretary of the Central Committee of the Korean Workers' Party—**Kim** Il Sung

Vice Presidents

Pak Song-ch'ol
Yim Chun-chu
Yi Chong-ok

Premier—**Kang** Song-san

Vice Premiers (in order of rank)

Yon Hyong-muk
Kim Yong-nam
Kim Pok-sin
Chong Chun-ki
Ch'oe Kwang
Cho Se-ung
Hong Song-nam
Hong Si-hak
Kim Ch'ang-chu

Ministers

Foreign Affairs—**Kim** Yong-nam
People's Armed Forces—**O** Chin-u

ECONOMY

The division of the Korean Peninsula in 1945 resulted in imbalances of natural and human resources, with disadvantages for both the North and South. By most economic measures, after partition the North was left better off in terms of industry and natural resources. The South, however, had two-thirds of the work force. In 1945, about 65% of Korean heavy industry was in the North, but only 31% of light industry, 37% of agriculture, and 18% of the peninsula's total commerce.

North and South both suffered from the massive destruction caused by the Korean war. Since that time, North Korea's command economy has concentrated its labor force (estimated at 6.1 million in 1980) and natural resources on an effort to achieve rapid economic development. The regime has been assisted by large amounts of aid from other communist countries, notably the Soviet Union and China. This aid was particularly effective in the years immediately following the end of the Korean war, when the economy experienced a high growth rate.

During the early 1970s, North Korea, probably noting the more rapid economic development of the South, attempted a large-scale modernization program through the importation of Western technology, principally in the heavy industrial sectors of the economy. By the end of 1976, the North's hard-currency debt had reached $1.6 billion, about six times the average annual hard-currency exports. It also owed at least another $1 billion to communist creditors. Unable to finance its debt through exports, it became the first communist country to default on its loans from free market countries. In 1979, North Korea was able to renegotiate much of its international debt, but in 1980, it defaulted again on all of its loans except those from Japan. Despite intermittent efforts to address its foreign debt, North Korea remains in default to Western creditors on an estimated $1.5 billion.

Largely because of these debt problems but also because of a prolonged drought, North Korea's industrial growth slowed in 1976, and Pyongyang fell short of many of its 6-year plan's industrial targets. In 1976, for the first time, the North's per capita GNP fell below that of the South, and by the end of 1979, per capita GNP in the North was only about one-third of that in the South. Although the causes for this relatively poor performance are complex, a major factor is the disproportionately large percentage of GNP (over 20%) that the North devotes to the military.

In April 1982, Kim Il Sung announced a new economic policy giving priority to increased agricultural production through land reclamation, development of the country's infrastructure—especially power plants and transportation facilities—and reliance on domestically produced equipment. More recently, there have been signs of a shift in policy emphasis toward expanding trade. In September 1984, North Korea promulgated a joint venture law to attract foreign capital and technology. To date North Korea's default on its foreign debt is in large measure responsible for scant foreign interest in joint ventures. The new emphasis on expanding trade and acquiring technology has not shifted internal economic priorities away from support of military industry. In fact, North Korea secretly and illegally acquired 87 U.S.-made Hughes helicopters during 1983–84 in order to improve its military capabilities vis-a-vis South Korea. The United States views illegal acquisition of U.S. equipment and technology with concern. The 1983–84 diversion is the subject of an investigation by Federal authorities.

FOREIGN RELATIONS

After 1945, the Soviet Union supplied the economic and military aid that enabled the North Koreans to mount their invasion of the South in 1950. Soviet aid and influence continued at a high level during the war; after hostilities ended, it was in large part responsible for rebuilding North Korea's economy. However, the assistance of Chinese "volunteers" during the war and the presence of these troops until 1958, gave Beijing considerable influence in Pyongyang. In 1961, North Korea concluded formal mutual security treaties with the Soviet Union and China, which continue in force.

Recent events, such as the establishment of diplomatic relations between the United States and China, the Soviet-backed Vietnamese occupation of Cambodia, and the Soviet occupation of Afghanistan, created strains in North Korea's relations with each of the two major communist powers. Pyongyang generally has tried to maintain an equidistant position between Moscow and Beijing, obtaining aid from both and avoiding dependence on either. During the past 2 years Pyongyang has strengthened its ties with Moscow. The Soviets reportedly are increasing economic assistance and have provided advanced MiG-23 planes to North Korea. Still, Pyongyang and Beijing continue frequent leadership consultations, a sign that ties continue to be close.

Despite reliance on Soviet and Chinese aid and its strong orientation toward other communist nations, North Korea proclaims a militantly independent stance in its foreign policy in accordance with President Kim's continued emphasis on the doctrine of self-reliance. Pyongyang seeks to enlarge its representation abroad wherever possible and has had some success in the past decade. However, following the October 1983 assassination attempt on the South Korean President in Rangoon, Burma, the Burmese Government broke relations with North Korea, and several other governments followed suit. Moreover, various incidents, mostly smuggling and blackmarketing offenses by North Korean diplomats, have caused some countries to be reluctant to open relations with North Korea and others to expel or decline to admit North Korean missions. North Korea has increasingly emphasized its relations with other members of the Third World and aspires to a leadership role in the Nonaligned Movement. As of February 1986, North Korea had diplomatic relations with 103 countries, South Korea with 122, and 67 nations had diplomatic relations with both Koreas.

U.S. POLICY TOWARD NORTH KOREA

The United States maintains no representation and conducts no trade with North Korea. Financial and commercial transactions by persons or firms subject to U.S. jurisdiction are prohibited under U.S. law except under license by the Secretary of the Treasury. There are no restrictions on travel by private U.S. citizens to North Korea.

The U.S. Government supports the principle of peaceful reunification of Korea. It has long been the position of the U.S. Government that the future of the Korean Peninsula is primarily a mat-

ter for the people of Korea to decide. The United States therefore believes that a constructive and serious dialogue between the authorities of South and North Korea is necessary to resolve the issues on the Korean Peninsula, and that concrete steps to promote greater understanding and reduce tension are needed to pave the way for reunifying the Korean nation. Because the United States believes that the fundamental decisions must be taken by the Korean people themselves, it has refused to be drawn into separate negotiations with North Korea, as Pyongyang has suggested, on replacing the armistice agreement with a peace treaty. The United States is prepared to participate in any discussions between the representatives of North and South Korea, if so desired by both Korean Governments and provided that both are full and equal participants in any such talks. ■

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32ND STORY of Level 1 printed in FULL format.

The Associated Press

April 24, 1982, Saturday, PM cycle

SECTION: International News

LENGTH: 650 words

BYLINE: By JIM ABRAMS, Associated Press Writer

DATELINE: TOKYO

KEYWORD: Bush-Japan

BODY:

Vice President George Bush said today that the Reagan administration does not want a "two-China" policy and will not sell advanced warplanes to Peking's rival Chinese Nationalist government on Taiwan.

Bush made the remark during a 90-minute meeting with Japan's Prime Minister Zenko Suzuki in Tokyo where he stressed the importance of China-U.S. relations, a Foreign Ministry spokesman said.

But Bush told Suzuki the recently announced sale of $60 million worth of military parts to Taiwan is proper under the Taiwan Relations Act passed after ties with China were restored in January 1979, the ministry spokesman said.

Suzuki told Bush he would convey the remarks to Chinese Premier Zhao Ziyang on Zhao's visit to Tokyo next month, said the spokesman who declined to be identified.

The parts sale upset Chinese Communist leaders who accused Washington of implementing a "two China policy" by refusing to set a deadline for ending all arms sales to Taiwan. Peking considers the island of 18 million people a Chinese province and says the sales violate its sovereignty.

U.S. and Chinese officials reportedly are discussing a possible Peking stopover for Bush, former chief of the U.S. liaison office in the Chinese capital, at the end of his five-nation Asian trip.

On economic issues, the vice president told Suzuki the Reagan administration does not blame Japan for U.S. economic problems. But Bush said he hopes Japan will act quickly to rectify what he called unfair trade practices, the ministry spokesman said.

Suzuki told Bush that Japan will announce a new package of trade measures next month to increase access to Japanese markets and reduce its lopsided trade surplus with the United States _ $16 billion last year.

The Japanese leader said differences remained after recent bilateral talks on removing import restrictions on farm products, but that the dialogue will

continue.

Import restricting is a sharply debated issue in this nation, already heavily dependent on foreign food shipments.

The ministry spokesman said Bush called for Western unity in economic sanctions against the Soviet Union following the Polish government's declaration of martial law Dec. 13. Bush said President Reagan will discuss the issue with Suzuki at the Versailles summit of industrialized nations in June.

Bush later met Emperor Hirohito, who turns 81 in five days, at the moat-ringed Imperial Palace in central Tokyo.

The vice president and his wife Barbara were hosted by the emperor at a luncheon banquet also attended by Crown Prince Akihito and Princess Michiko, Suzuki, other senior Japanese officials and U.S. Ambassador Mike Mansfield.

In an address to the Foreign Correspondents Club of Japan, Bush said moves to protect American industries from Japanese competition pose a threat to U.S.-Japan trade ties, but declared: "We cannot allow trade disagreements to dominate our dialogue."

Bush said the combined economic might of the United States and Japan "is a formidable weapon against the adversaries of freedom."

Bush arrived Friday to begin a two-week tour which also will take him to South Korea, Singapore, Australia and New Zealand. He leaves for Seoul, South Korea, early Sunday.

After Bush's talks with Suzuki he planted a pine tree at the 600-year-old Zojoji Buddhist temple, where former President Ulysses S. Grant planted a cedar more than a century ago. Officials said the idea was proposed by the American side as a symboli of U.S.-Japanese friendship.

Grant, president from 1869 to 1877, planted the cedar when he visited Japan for two months during a two-year around-the-world trip after his term in office. The tree is about 65 feet tall.

Bush's tree also symbolized U.S.-Japan trade problems. The American side reportedly proposed planting an American tree but was forced to use a domestic brand because of Japan's strict plant-import rules.

20TH STORY of Level 1 printed in FULL format.

The Associated Press

April 26, 1982, Monday, PM cycle

SECTION: International News

LENGTH: 360 words

HEADLINE: Bush Addresses Legislature, Meets President

BYLINE: By K.C. HWANG, Associated Press Writer

DATELINE: SEOUL, South Korea

KEYWORD: Bush- Korea

BODY:

Vice President George Bush told lawmakers here that the opportunities for political pluralism are strong in South Korea and added the United States sees "political diversity as a source of strength, not of weakness."

Bush also delivered a letter from President Reagan to President Chun Doo-hwan praising "the steps you have taken toward national reconciliation."

Chun was appointed by the military in May 1980. He later reinstated the constitution and held legislative elections. Religious leaders have accused him of repression in the name of anti-communism and the right-wing regime continues to arrest dissidents.

Bush's visit here, part of a five-nation Asian and Pacific tour that started in Japan, is the highlight of the commemoration of 100 years of U.S.-Korean diplomatic relations. There was an official welcoming ceremony Monday on the plaza of the Capitol.

The vice president attended a breakfast hosted by Ambassador Richard Walker, lunched with Chun, and then addressed a special session of the National Assembly. On Sunday, Bush visited U.S. and South Korean troops deployed along the Demilitarized Zone that splits Korea. He was to leave Tuesday for Singapore, Australia and New Zealand.

Bush told the National Assembly the United States supports reunification of North and South Korea, but repeated Reagan's vow not to withdraw the 38,000 U.S. troops still stationed in the south.

"The United States has no intention of stepping aside in Korea so Kim Il Sung can launch another invasion and set the clock back 32 years," Bush said in his luncheon toast to Chun, referring to the communist invasion in 1950.

Kim, the president of Communist North Korea, has rejected all reunification proposals.

The Associated Press, April 26, 1982

U.S. Embassy officials said human rights were among subjects discussed at a breakfast attended by about 30 people. Guests included the Rev. Park Hyong-kyu, a signer of a recent ecumenical statement demanding the recall of Walker and U.S. military commander Gen. John A. Wickham Jr. for statements allegedly insulting to Koreans.

There were no anti-American demonstrations during Bush's visit, his first to South Korea.

26TH STORY of Level 1 printed in FULL format.

April 26, 1982, Monday, AM cycle

SECTION: International

LENGTH: 426 words

BYLINE: By PAUL SHIN

DATELINE: SEOUL, South Korea

KEYWORD: Bush

BODY:

Vice President George Bush, reaffirming America's military commitment to South Korea, disclosed Monday he may visit China during his five-nation tour of Asia and the Pacific.

''There is a possibility that I would go to China. There will be an announcement on that soon,'' Bush said before ending his three-day Korean visit and flying to Singapore.

Relations between the two super powers have grown so strained that China had threatened to downgrade the status of its embassy in Washington.

Leaders in Peking were extremely critical of the Regan administration's proposal to sell $60 million in military equipment to Taiwan, which the Chinese government considers as an integral part of its territory.

In a speech to South Korea's National Assembly, Bush said the ''United States is a Pacific power and (South) Korea is one of our most vital allies.''

But the vice president added, ''The United States will remain a power in Korea only as long as we are welcome.''

Bush, on the tour of Asia and the Pacific, also delivered a personal letter from President Reagan to South Korean President Chun Doo Hwan, in which Reagan said he hoped liberalization in South Korea would expand along with the restoration of political stability.

In Seoul for a three-day visit, Bush praised the South Korean president's peace initiatives to North Korea and pledged the United States would not initiate direct talks with North Korea and bypass the South.

Chun has made a series of peace initiatives to North Korea since he came to power following the assassination of President Park Chung-Hee in late 1979.

North Korea rejected the southern proposals as ''a two- Korea policy'' and repeated its demand that the 39,000 U.S. ground forces stationed in South Korea be withdrawn.

''I would like to take this opportunity to urge (North Korean President) Kim Il-Sung to respond to President Chun in the same spirit,'' Bush said, ''and to admonish him to redirect his rhetorical energies elsewhere,'' Bush said.

''The United States has no intention of stepping aside in (South) Korea so Kim Il-Sung can launch another invasion and set the clock back 32 years,'' he said.

Reagan said in his letter to Chun that Bush's visit underscores Washington's firm determination to protect South Korea from outside aggression and maintain peace and stability in northern Asia.

Bush is scheduled to conclude his Korean visit Tuesday with a news conference. The vice president earlier visited Japan and his remaining schedule will take him to Singapore, Australia and New Zealand.

29TH STORY of Level 1 printed in FULL format.

The Associated Press

April 25, 1982, Sunday, AM cycle

SECTION: International News

LENGTH: 542 words

HEADLINE: Vice President Visit Forward Army Units in Korea

BYLINE: By Edwin Q. White, Associated Press Writer

DATELINE: WARRIOR BASE, South Korea

KEYWORD: Bush

BODY:

Vice President George Bush watched American soldiers at this forward base Sunday prepare to patrol the Demilitarized Zone that divides South Korea from the communist North.

"Most impressive," Bush said after talking with troops and looking at their weapons, "and very, very important."

Within hours after his arrival for a three-day visit to South Korea, Bush was aboard a helicopter for a tour of forward positions of the Demilitarized Zone.

The vice president first toured the headquarters of the combined field army for a briefing, then to a South Korean hill post overlooking North Korea, and finally to Warrior Base, currently home for the 1st Battalion, 23rd Infantry, 2nd U.S. Division, about two miles south of the DMZ.

After receiving a plaque bearing a tomahawk, the unit symbol, Bush moved along ranks of soldiers wearing camouflage uniforms, shook hands and told them they were "doing good work, keep it up."

Bush arrived at mid-morning in Seoul, about 30 miles to the south, from Japan for the second stop on a tour of five Asian and Pacific nations. After ending his stay here Tuesday, he will go on to Singapore, Australia and New Zealand.

The airport welcome for Bush was relatively low-key since an official welcoming ceremony is scheduled Monday at the national capitol building in Seoul. He was greeted by Prime Minister Yoo Chang-soon, and long lines of schoolchildren waving American and South Korean flags along the route of the motorcade from the airport into Seoul.

There have been some anti-American sentiments expressed here recently, blamed officially on small numbers of dissident students and some religious activists, but none of this was in evidence at the arrival of the American vice president on his first visit to South Korea.

COLLEGIAN: In another area which involves Soviet domination, there is a movement in the Senate to oppose the withdrawal of the remaining American ground troops in South Korea, in view of the fact that our assessment of North Korean ground troop strength was recently raised from 440,000 to 500,000. Do you support this movement?

MR. BUSH: I've never been in favor of pulling our troops out of Korea. In my view, the unilateral withdrawal of American troops from Korea risks destabilization of the Korean peninsula. I opposed President Carter when he did this, and I still oppose him, in pulling our troops out of Korea. I would love to have them come out, but not until we can see that reunification, or even the continuance of separate powers, will be peaceful.

The U.S. is a deterrent to aggression by the North Koreans. The North Koreans, led by Kim Il Sung, whom I consider a bit of a madman, could well move if the U.S. troops weren't there as a deterrent. Indeed it does appear that they have many more troops there than we thought. We should be concerned, and we should cease unilateral withdrawal.

The Hillsdale Collegian
2-15-79

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Honol. Star 10/29/79

Bush also said he applauds Carter's reversal of a campaign promise to pull U.S. troops out of South Korea.

"I think the idea that we were going to pull out all of our troops from Korea unilaterally shook up Japan and our other Asian allies," he said. 205

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He said that South Korea is a key country in the defense of freedom of Japan and other Asian countries.

"I have always supported our position of stationing U. S. troops in South Korea," Bush said.

"I'm glad that President (Jimmy) Carter recently changed his mind about reducing the U.S. military manpower there," Bush said. 2

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Secondly, Bush charged that Carter sent unnecessary shock waves through other Asian nations with his announcement that he would pull U.S. combat troops out of South Korea.

"This sent the wrong signal to Japan, to the ASEAN countries, to China itself," he said. 205

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I happen to be opposed on the other part of the world to the withdrawal of our troops from Korea. I think it's the wrong. It's ill-conceived. And, I don't think that we should be risking the destabilization on the Korean peninsula by withdrawing these troops.

E020500 FOREIGN POLICY - KOREA, The Washington Post, 4/27/82

The United States see "political diversity as a source of strength, not weakness."

"The United States has no intention of stepping aside in Korea so [North Korean leader] Kim II Sung can launch another invasion and set the clock back 32 years."

Bush is likely to visit China after May 6 when he has completed scheduled visits to Australia and New Zealand, the last two stops of the five-nation tour.

American and Chinese officials declined to comment on the purpose of the visit but it was commonly believed that any trip by the American official would be aimed at easing Chinese concerns about U.S. arm sales to Taiwan.

The Reagan administration -- despite Chinese disapproval -- recently moved to sell $60 million worth of military spare parts to Taiwan.

China's communist regime considers Taiwan one of its provinces and denounced Washington's overtures as intervention in its internal affairs.

During his stay in South Korea, Bush met with President Chun Doo Hwan and other top Korean and U.S. officials and visited the demilitarized zone (DMZ) that separates North and South Korea. He began the tour in Japan.

''The United States continues to take pride in being an integral part of the forces along the DMZ, which have been the key element in preserving peace on the Korean Peninsula,'' Bush said during his stay.

During his stay, Bush reaffirmed the U.S. military commitment to South Korea and praised Seoul's peace initiatives toward communist North Korea.

6TH STORY of Level 1 printed in FULL format.

The Associated Press

April 27, 1982, Tuesday, AM cycle

SECTION: International News

LENGTH: 210 words

HEADLINE: Clash With Riot Police

DATELINE: SEOUL, South Korea

KEYWORD: Dissidents

BODY:

Several hundred dissidents clashed with riot police in Seoul Tuesday night in a demonstration that broke out after a two-hour prayer meeting for political prisoners at an Anglican church.

It was the second protest in Seoul in two days.

The demonstrators, mostly college students, marched from the church toward the Kwanhwamun intersection near the capitol building.

Some 200 to 300 riot police moved in and broke up the protesters as they attempted to reach the intersection, one of the busiest spots in Seoul. About a dozen demonstrators were seized.

A group of families of "prisoners of conscience" distributed copies of a statement demanding the unconditional and immediate release of political prisoners.

The statement also accused the government of continuing political arrests and torturing political prisoners, while challenging the official claim that South Korea now is free of political suppression.

The statement also called for fair reporting on the part of the domestic press.

On Monday, while Vice President George Bush was in Seoul, 200 to 300 people demonstrated outside a Roman Catholic cathedral in support of a priest arrested for harboring people accused of setting a fire at the American Cultural Center in Pusan on March 18.

14TH STORY of Level 1 printed in FULL format.

April 27, 1982, Tuesday, PM cycle

SECTION: International News

LENGTH: 380 words

BYLINE: By James Foley

DATELINE: SEOUL

KEYWORD: Bush

BODY:

Vice President George Bush left here today saying that human rights had improved in South Korea under the government of President Chun Doo-Hwan.

While the political situation here might not be perfect by American standards, things were much better than in the past, Bush told an airport press conference as he left for Singapore on the third leg of a five-nation Pacific tour.

Chun, a former army strongman, became president in 1980.

Yesterday the vice president handed Chun a letter from President Reagan congratulating the Seoul government for its steps toward national reconciliation.

Bush also said today an announcement would be made very soon on whether he would go to China at the end of his tour.

Peking is annoyed with Washington's plan to sell $60 million worth of military equipment to Taiwan. Bush, a former head of the U.S. Liaison Office in Peking, would be the highest Reagan administration official to go to China.

The cooling of links between Washington and Peking over the arms sale issue has concerned U.S. allies in Asia, especially Japan.

Bush visited South Korea at a time of growing anti-American sentiment because of the Reagan administration's support of the South Korean government.

Last night riot police broke up a demonstration by several hundred Catholic students protesting against the Chun government and U.S. support for it.

The demonstration followed a special mass attended by 2,000 people in the Roman Catholic Myongdong Cathedral for a priest arrested for allegedly harboring fugitives implicated in an arson fire at the American Cultural Center in the southern port of Pusan last month.

Informed sources said the United States and South Korea had discussed a Reagan administration plan to increase U.S. arms aid to South Korea.

Deputy Assistant Secretary of State Thomas Shoesmith told a Senate subcommittee in Washington yesterday the administration was requesting $210

million for mobile Hawk anti-aircraft missiles, tank production and other weapons for South Korea.

The deputy chief of the Pentagon's East Asia division, Charles Jameson, told the subcommittee that Washington might have to consider sending more troops to South Korea if Moscow significantly increased military aid to Communist North Korea.

Korea

DRAFT OF PRESIDENT BUSH'S SPEECH TO

THE NATIONAL ASSEMBLY OF KOREA

Mr. Speaker, Members of the National Assembly of the Republic of Korea, I am honored by your invitation to address this body today. As a former member of the United States House of Representatives, I take particular pleasure in coming to this legislative chamber where the freely elected representatives of Korea's own democratic success story meet to debate and to implement the will of the Korean people.

I am also pleased that this trip -- my first outside the Western Hemisphere as President -- has taken me back to Asia. My attachment to, my interest in this region is long-standing. For Barbara and for me, this trip is a homecomimg.

Some of you may recall that I addressed this body back in 1982. This National Assembly is a far different body, in a far different Korea, in a far different world. The intervening years have been marked by accelerating change internationally and here in the Republic of Korea.

Internationally, the years have witnessed the emergence of the Asia-Pacific region. This trip stands as testimony to that reality. In recent meetings with Prime Minister Takeshita of Japan, with China's Deng Xiaoping, and with you and your political leaders, I have discussed challenging bilateral, global and regional issues, and I would add that our discussions were at all times marked by a spirit of friendship and cooperation.

We agreed on the need to work toward a resolution of the conflict in Cambodia and toward a reduction of tension on the Korean Peninsula. These issues are critical issues for the peoples of the region and for the American people, for as an Asia-Pacific nation, we recognize that our future is inextricably tied to the future of this region.

Today, Asia is where the action is -- economically, politically, and diplomaticly. And, as highlighted by the success of last year's Olympic Games, the Repbulic of Korea stands at the forefront of this dynamic and vibrant region. The Republic of Korea is a world-class commercial competitor; your commitment to democracy is demonstrated daily in this chamber; your creative diplomacy -- your Nordpolitik -- is reshaping relations in and beyond the Asia-Pacific region.

At the start of each new administration it is customary in Washington to ask: what will be the nature of its policies?

Before I answer that question, I think it important first to look at the world to assess where it is and where it is going.

As I look at the world, the one constant I see is change. And, for the most part, the direction of change is positive from the standpoint of American and Korean values and interests. In the Soviet Union, in China, there is a growing recognition of our -- American and Korean -- shared values of openness, individual initiative, and entrepeneurship. There as elsewhere, nations are coming to realize that the freeing of market forces and human creativity is the true basis for sustained prosperity and national success.

Yet, we have to recognize that there are important differences, based on fundamental values and interests, which guide the policies of nations toward their own citizens and the international community. Being fundamental, these differences must never be minimized, nor do they lend themselves to easy resolution.

We must also recognize that nothing in this world is irreversible. That is why America's foreign policy is grounded on values that abide.

The idea of freedom is lasting, but we, Americans and Koreans alike, know that the price of democracy is eternal vigilance. That is why our policies should be marked by constancy in a time of change.

The United States will maintain our long-standing security commitments globally and in the Asia-Pacific region. The United States will remain committed to an open and expanding international trading system -- a system which has brought great prosperity to the peoples of the Asia-Pacific region, to our two peoples. And we will continue to work constructively and cooperatively with our allies, friends, and adversaries to respond to the changes affecting our world today.

Within that framework, constancy in core values and commitments, cooperation in adjusting to change will guide the United States in its relations with the Republic of Korea. These qualities will be required of both peoples and governments as we move to adjust our relationships in light of ever-changing realities.

Constancy will mark our support for democracy and human rights in the Republic of Korea.

America's support for democracy is fundamental, universal and long-standing. It is based on both our own value system and on the lessons of our national experience.

As Americans, we have a moral commitment to the system of popular democracy which respects the individual and which has served us so well over the two hundred years of our constitutional history. We believe that similar systems of democracy will best serve other peoples. And it is for that reason that we applaud the efforts of the Korean people and their freely elected representatives to build democracy.

As Americans we are convinced that, over the long run, governments based on a broad consensus of popular support are our most effective allies and reliable trading partners. That conviction is solidly rooted in our national history.

As a former legislator, I recognize that the democratic process is not disciplined, that sometimes conflicting interests are involved, that passions at times run high -- both in this body and in our Congress. But, as legislators, we must also recognize that compromise is what makes democracy work. And it is in that spirit which should mark the relations between our two democracies.

Constancy will likewise mark our security relations with the Republic of Korea. As President, I am committed to maintaining American forces in Korea in support of our Mutual Defense Treaty as long as the threat from the North continues and as long as the Korean people wish them to remain. And, as we have in the past, we must in the future work together to fine tune our security relationship, to take into account the emerging aspirations of the Korean people and the evolving security situation on the Korean Peninsula and in Northeast Asia.

Peace through Strength is a formula which has served and will continue to serve well the mutual security interests of our two people. But, deterrence alone is not sufficient to ensure comprehensive security needs of the Korean people. We need to complement deterrence with an active diplomacy in search of dialogue with our adversaries, in search of reconciliation, and ultimately accommodation with the North.

The American people share your goal of peaceful unification on terms acceptable to the Korean people. It is for that reason that we actively support the initiatives of President Roh to build bridges to the North.

I will work closely with President Roh to coordinate our efforts to draw the North toward practical and productive dialogue, to ensure that our policies are complementary and mutually reinforcing.

You, my fellow parliamentarians, will play a key role in shaping your government's approach to the North, and you will have the responsibility, once policy is agreed on, to support your government's efforts. It is important to remember that the essential element for a successful democratic foreign policy is the support of the people and their representatives.

In this regard, let me state the United States full support for your country's Nordpolitik -- your efforts to expand the Republic of Korea's ties with China, the Soviet Union, and Eastern Europe. The recent opening of diplomatic relations with Hungary is an epoch-making, diplomatic event -- one that highlights the changes in today's world and one that is a direct result of your success and initiative.

With proper pace and timing, these initiatives can contribute to security and stability both on the Korean Peninsula and in Northeast Asia. And I think your pace and timing are right on the mark.

The spirit of cooperation which marks our approach to the mamangement of our political, diplomatic and security relationships should also light the way to a more effective management of our economic relations. We all recognize their importance of our economic relations for well-being of both our two peoples and the international economy.

"Economic miracle" is a term often applied to the Republic of Korea. It is true, but it is also an abstraction. I believe that it fails to do justice to the diligence and industry of the Korean people -- qualities which have made the Republic of Korea a world-class competitor. Today, Hyundai Daewoo, Samsung and Goldstar are household words in the United States; their products are internationally recognized as trademarks of quality. Their acceptance by the world testifies to the breadth of your success.

Yet we cannot overlook the fact that your very success has generated an issue that cannot be overlooked in the management of our bilateral economic relations. For the American people, and for the Korean people as well, managing down our bilateral trade imbalance will be both a challenge and opportunity. The challenge will be to resist protectionism, to open markets; the opportunity will be to expand our mutual well-being.

We both have a lot at stake. You are our seventh largest trading partner, surpassing our trade with many of our traditional European trading partners. We are your single largest overseas market, and you are a major market for our goods and services.

As a major trading power, the Republic of Korea will have to shoulder important responsibilities for the health of the global trading system. You, the representatives of the Korean people, will face the challenge to continue to open domestic markets, to improve living standards, and to adopt appropriate international financial policies that reflect your standing as a trading nation.

Such steps are important for several reasons: they enhance overall national economic well-being; they promote efficient management of global trade and investment; check trends toward protectionism, and thus they preserve and strengthen the world trading system from which we all benefit.

The United States too shares similar responsibilities for the well-being of the world economy. As President, I am committed to resist the forces of protectionism in my country. To do so successfully, I will need your help and the help of our trading partners.

Our two peoples should, at all times, bear in mind that our trading system is truly an international "joint venture;" that we share a special responsibility for its continued success

I began with a theme of success. And I believe that success is a proper theme to close on. For your country is an on-going success story. Economically, politically, and culturally, the Republic of Korea has enriched the lives its people and, through them, the world at large. As Americans, we are proud to your friends, to work with you.

And work with you we will, for the challenges in the years ahead will indeed be testing ones, ones that will require the acceptance and accommodation of change by our two peoples. Yet I am confident that, as we have in the past, so too in the future, we will respond; we will prevail; and we will prosper -- together.

Thank you.